EDP Renováveis, S.A.

Annual Accounts
31 December 2011

Directors´ Report
2011

(With Auditors´Report Thereon)

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

Auditors' 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 2011, 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 2011 present fairly, in all material respects, the equity and financial position of the Company at 31 December 2011, 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 2011 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 2011. 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

29 February 2012

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EDP Renováveis, S.A.

Balance Sheets
at 31 December 2011 and 2010

(Expressed in thousands of Euros)

Assets	Note	2011	2010
Intangible assets	5	2,555	9,025
Property, plant and equipment	6	1,942	1,833
Non-current investments in group companies and associates		8,490,224	8,126,176
Equity instruments	8	4,189,354	4,004,389
Loans to group companies	10.a	4,293,063	4,121,787
Derivatives	11	7,807	-
Non-current investments		246	110
Deferred tax assets	18	2,109	4,579
Total non-current assets		8,497,076	8,141,723
Trade and other receivables		16,247	7,288
Trade receivables from group companies and associates – current	9	16,143	6,074
Other receivables	9	91	225
Personnel	9	2	1
Public entities, other	18	11	988
Current investments in group companies and associates	10.a	652,082	483,081
Debt securities		303,436	302,813
Derivatives	11	2.056	1,368
Other investments		346,590	178,900
Prepayments for current assets		100	79
Cash and cash equivalents	12	788	182,767
Cash		788	134
Cash equivalents		-	182,633
Total current assets		669,217	673,215
Total assets		9,166,293	8,814,938

The accompanying notes form an integral part of the annual accounts for 2011.

EDP Renováveis, S.A.

Balance Sheets
at 31 December 2011 and 2010

(Expressed in thousands of Euros)

Equity and Liabilities	Note	2011	2010
Capital and reserves			
Capital	13.a	4,361,541	4,361,541
Share premium		1,228,451	1,228,451
Reserves		152,371	108,280
Profit for the year		59,018	44,091
Total equity		5,801,381	5,742,363
Non-current provisions		1,015	-
Long-term employee benefits	14	1,015	-
Non-current payables		79,184	144,049
Derivatives	11	79,184	144,049
Group companies and associates, non-current	16.a	2,986,433	2,799,548
Deferred tax liabilities	18	28,117	30,621
Total non-current liabilities		3,094,749	2,974,218
Current provisions	14	-	13,766
Current payables	16.b	451	1,324
Group companies and associates, current	16.a	250,746	60,964
Trade and other payables		18,966	22,303
Current payables to suppliers	16.c	1,555	1,689
Suppliers, group companies and associates, current	16.c	13,106	16,579
Personnel (salaries payable)	16.c	4,022	3,838
Public entities, other	18	283	197
Total current liabilities		270,163	98,357
Total equity and liabilities		9,166,293	8,814,938

The accompanying notes form an integral part of the annual accounts for 2011.

EDP Renováveis, S.A.

Income Statements
for the years ended
31 December 2011 and 2010

(Expressed in thousands of Euros)

	Note	2,011	2,010
CONTINUING OPERATIONS			
Revenues	9 and 21.a	274,012	246,509
Work carried out by the company for assets		473	390
Other operating income		7,977	2,059
Non-trading and other operating income		7,977	2,059
Personnel expenses		(11,170)	(9,834)
Salaries and wages		(9,763)	(8,782)
Employee benefits expense	21.c	(1,407)	(1,052)
Other operating expenses		(18,289)	(29,692)
External services	21.d)	(15,515)	(15,878)
Taxes		(2,025)	(35)
Other administrative expenses	14	(749)	(13,779)
Amortisation and depreciation	5 and 6	(769)	(553)
Impairment and gains/(losses) on disposal of fixed assets		-	12
Results from operating activities		252,234	208,891
Finance income	9	133	46
Other investment income		133	46
Other		133	46
Finance expenses	15	(157,242)	(143,344)
Group companies and associates		(156,606)	(143,297)
Other		(636)	(47)
Change in fair value of financial instruments	9 and 15	8,981	(1,164)
Exchange gains/losses	10.d and 16.f	(21,345)	476
Net finance income/(expense)		(169,473)	(143,986)
Profit/(loss) before income tax		82,761	64,905
Income tax expense	18	(23,743)	(20,814)
Profit/(loss) from continuing operations		59,018	44,091
DISCONTINUED OPERATIONS		-	-
Profit/(loss) for the year		59,018	44,091

The accompanying notes form an integral part of the annual accounts for 2011.

EDP Renováveis, S.A.

Statements of Changes in Equity for the years ended
31 December 2011 and 2010

A) Statements of Recognised Income and Expense
for the years ended
31 December 2011 and 2010

(Expressed in thousands of Euros)

	Note	2,011	2,010
Profit/(loss) for the year		59,018	44,091
Total income and expense recognised directly in equity		-	-
Total amounts transferred to the income statement		-	-
Total adjustments to non-financial assets and non-financial liabilities		-	-
Total recognised income and expense		59,018	44,091

The accompanying notes form an integral part of the annual accounts for 2011.

EDP Renováveis, S.A.

Statements of Changes in Equity for the years ended
31 December 2011 and 2010

B) Statements of Total Changes in Equity for the years ended
31 December 2011 and 2010

(Expressed in thousands of Euros)

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

Entity	Capital	Share premium	Reserves	Share capital increase costs	Profit/(loss) for the year	Total
Balance at 31 December 2009	4,361,541	1,228,451	74,838	(34,570)	68,012	5,698,272
Recognised income and expense	-	-	-	-	44,091	44,091
Other changes in equity	-	-	68,012	-	(68,012)	-
Balance at 31 December 2010	4,361,541	1,228,451	142,850	(34,570)	44,091	5,742,363

The accompanying notes form an integral part of the annual accounts for 2011.

EDP Renováveis, S.A.

Statements of Cash Flows for the years ended
31 December 2011 and 2010

(Expressed in thousands of Euros)

	Note	2011	2010
Cash flows from operating activities			
Profit/(loss) for the year before tax		82,761	64,905
Adjustments for:		(106,948)	(88,216)
Amortisation and depreciation (+)	5 and 6	769	553
Change in provisions (+/-)	14	(3,178)	13,766
Proceeds/losses from disposals of fixed assets (+/-)		-	(12)
Finance income (-)	9	(274,145)	(246,555)
Finance expense (+)	15	157,242	143,344
Exchange gains/losses (+/-)	10.d and 16.f	21,345	(476)
Change in fair value of financial instruments (+/-)	15	(8,981)	1,164
Changes in operating assets and liabilities		(14,226)	970
Trade and other receivables (+/-)		(3,481)	(284)
Other current assets		(21)	123
Trade and other payables (+/-)		(3,423)	1,328
Other current liabilities (+/-)		(7,301)	(197)
Other cash flows from (used in) operating activities		(220,779)	(533,793)
Interest paid (-)		(119,585)	(72,225)
Interest received (+)		260,779	229,991
Payments for (collections of) loans extended to subsidiaries (+/-)		(339,202)	(676,313)
Income tax paid (received) (+/-)	18	(22,771)	(15,246)
Cash flows from (used in) operating activities		(259,192)	(556,134)
Cash flows from investing activities			
Payments for investments (-)		(83,766)	(75,608)
Group companies and associates		(80,260)	(65,530)
Intangible assets		(3,492)	(8,585)
Property, plant and equipment		(14)	(1,493)
Proceeds from sale of investments (+)		3,739	97
Property, plant and equipment	6	3,739	97
Cash flows from (used in) investing activities		(80,027)	(75,511)
Cash flows from financing activities			
Proceeds from and payments for financial liability instruments		158,819	529,731
Issue			
Group companies and associates (+)		158,819	529,731
Redemption and repayment of			
Group companies and associates (-)		-	-
Cash flows from (used in) financing activities		158,819	529,731
Effect of exchange rate fluctuations		(1,579)	27,129
Net increase/decrease in cash and cash equivalents		(181,979)	(74,785)
Cash and cash equivalents at beginning of year	12	182,767	257,552
Cash and cash equivalents at year end	12	788	182,767

The accompanying notes form an integral part of the annual accounts for 2011.

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

31 December 2011

(1) Nature and Activities of the Company

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

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

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

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

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

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

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

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

The directors authorised for issue the 2011 consolidated annual accounts of EDP Renováveis, S.A. and subsidiaries on 28 February 2012 (23 February 2011 for the 2010 annual accounts), which show consolidated profits of Euros 90,624 thousand and consolidated equity of Euros 5,453,725 thousand (Euros 83,038 thousand and Euros 5,393,511 thousand in 2010). The consolidated annual accounts will be filed at the Asturias Mercantile Registry.

(2) Basis of Presentation

(a) Fair presentation

The accompanying annual accounts have been prepared on the basis of the accounting records of EDP Renováveis, S.A. The annual accounts for 2011 have been prepared in accordance with prevailing legislation and the Spanish General Chart of Accounts to present fairly the equity and financial position at 31 December 2011 and the results of operations, changes in equity, and cash flows for the year then ended.

The directors consider that the accompanying annual accounts for 2011, authorised for issue on 28 February 2012, will be approved with no changes.

(b) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2011 include comparative figures for 2010, which formed part of the annual accounts approved by shareholders at the annual general meeting held on 11 April 2011.

(c) Functional and presentation currency

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

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

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

- *Relevant accounting estimates and assumptions*

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

Due to the nature of its activity, the Company is subject to regulatory and legal processes. The Company recognises a provision if it is probable that an obligation will exist at year end which will give rise to an outflow of resources embodying economic benefits and the outflow can be reliably measured. Legal processes usually involve complex legal issues and are subject to substantial uncertainties. As a result, the directors use significant judgement when determining whether it is probable that the process will result in an outflow of resources embodying economic benefits and estimating the amount.

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

- *Changes in accounting estimates*

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2011, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

(Continues)

(3) Distribution of Profit

The proposed distribution of 2011 profit to be submitted to the shareholders for approval at their annual general meeting is as follows:

	Euros
Basis of allocation	
Profit for the year	59,018,372.5
Distribution	
Legal reserve	5,901,837.25
Voluntary reserve	53,116,535.25
Total	59,018,372.5

The distribution of profit and reserves of the Company for the year ended 31 December 2010, approved by the shareholders at their annual general meeting held on 11 April 2011, is as follows:

	Euros
Basis of allocation	
Profit for the year	44,091,046.97
Distribution	
Legal reserve	4,409,104.70
Voluntary reserve	39,681,942.27
Total	44,091,046.97

At 31 December non-distributable reserves are as follows:

	Thousands of Euros	
	2011	2010
Non-distributable reserves		
Legal reserve	18,689	14,280
	18,689	14,280

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

(Continues)

(4) Significant Accounting Policies

(a) Foreign currency transactions, balances and cash flows

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

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

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

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

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

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

(b) Intangible assets

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

Capitalised personnel costs of employees who implement computer software are recognised as work carried out by the company for assets in the income statement.

Computer software maintenance costs are charged as expenses when incurred.

(c) Property, plant and equipment

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

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

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

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

(d) Financial instruments

(i) Classification and separation of financial instruments

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

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

(ii) Offsetting principles

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

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

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

- it eliminates or significantly reduces the measurement or recognition inconsistency between financial assets and financial liabilities or

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

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

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

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

(iv) Loans and receivables

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

(v) Investments in group companies

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

(vi) Interest

Interest is recognised using the effective interest method.

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

(vii) Derecognition of financial assets

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

(viii) Impairment of financial assets

- Impairment of financial assets carried at amortised cost

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

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

- Investments in group companies

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

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

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

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

The recognition or reversal of an impairment loss is recorded in the income statement.

(Continues)

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

(ix) Financial liabilities

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

(x) Derecognition of financial liabilities

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

(xi) Fair value

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

(e) Cash and cash equivalents

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

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

(f) Provisions

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

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

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

If it is no longer probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

(g) Income tax

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

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

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

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

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

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between group companies, derived from the process of determining consolidated taxable income.

(Continues)

- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

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

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

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

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

(i) Taxable temporary differences

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

(ii) Deductible temporary differences

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

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

(Continues)

(iii) Measurement

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

(iv) Offset and classification

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

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

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

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months after the 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 after the balance sheet date.

- Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the balance sheet date or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

- Financial liabilities are classified as current when they are due to be settled within twelve months after the balance sheet date, even if the original term was for a period longer than twelve months, and an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the annual accounts are authorised for issue.

(Continues)

(i) Environmental issues

- *Environmental assets*

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

- *Environmental expenses*

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

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

- *Environmental provisions*

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

(j) Related party transactions

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

(k) Hedge accounting

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

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

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

The Company hedges net investments in foreign operations in relation to its investment in the group company EDP Renewables North America, LLC.

Hedges of a net investment in a foreign operation

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

(l) Long- and short-term employee benefits

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

(5) Intangible Assets

Details of intangible assets and movement are as follows:

	Thousands of Euros			
	Balance at 31/12/10	Additions	Disposals	Balance at 31/12/11
Cost				
Computer software	2,259	449	-	2,708
Computer software under development	7,443	2,449	(8,804)	1,088
	9,702	2,898	(8,804)	3,796
Amortisation				
Computer software	(677)	(564)	-	(1,241)
	(677)	(564)	-	(1,241)
Carrying amount	9,025	2.334	(8,804)	2,555

	Thousands of Euros			
	Balance at 31/12/09	Additions	Disposals	Balance at 31/12/10
Cost				
Computer software	2,253	6	-	2,259
Computer software under development	1,861	9,321	(3,739)	7,443
	4,114	9,327	(3,739)	9,702
Amortisation				
Computer software	(225)	(452)	-	(677)
	(225)	(452)	-	(677)
Carrying amount	3,889	8,875	(3,739)	9,025

Additions to computer software mainly comprise wind farm management software acquired during the year. Disposals reflect various wind farm management applications invoiced to the Company's subsidiaries EDPR EU and EDPR NA.

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

At 31 December 2011, the Company has commitments to purchase intangible assets, namely computer software, within one year amounting to Euros 405 thousand (in 2010 Euros 7,230 thousand within one year, Euros 2,352 thousand in one to three years and Euros 1,016 thousand in three to five years).

(Continues)

(6) Property, Plant and Equipment

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

	Thousands of Euros			
	Balance at 31/12/10	Additions	Disposals	Balance at 31/12/11
Cost				
Other installations	1,357	282	-	1,639
Information technology equipment	143	19	-	162
Under construction	466	13	-	479
	1,966	314	-	2,280
Depreciation				
Other installations	(87)	(164)	-	(251)
Information technology equipment	(46)	(41)	-	(87)
	(133)	(205)	-	(338)
Carrying amount	1,833	109	-	1,942

	Thousands of Euros			
	Balance at 31/12/09	Additions	Disposals	Balance at 31/12/10
Cost				
Other installations	363	994	-	1,357
Information technology equipment	208	32	(97)	143
Under construction	-	466	-	466
	571	1,492	(97)	1,966
Depreciation				
Other installations	(18)	(69)	-	(87)
Information technology equipment	(26)	(32)	12	(46)
	(44)	(101)	12	(133)
Carrying amount	527	1,391	(85)	1,833

(Continues)

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

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

(7) Risk Management Policy

(a) Financial risk factors

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

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

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

(i) *Currency risk*

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

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

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

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

At 31 December 2011, had the Euro strengthened by 10% against the US Dollar, with the other variables remaining constant, post-tax profit would have been approximately Euros 26.7 million higher (Euros 15.6 million in 2010), mainly as a result of translating foreign currency payables.

(ii) *Credit risk*

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

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

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

(iii) *Liquidity risk*

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

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

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

(iv) *Cash flow and fair value interest rate risks*

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

(Continues)

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

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

(8) Investments in Equity Instruments of Group Companies

Details of equity instruments of group companies are as follows:

	Thousands of Euros	
	2011	2010
EDP Renováveis Brasil	14,143	12,383
EDP Renewables Europe, S.L.U.	884,352	884,352
EDP Renewables North America, LLC	3,288,669	3,107,654
EDP Renewables Canada, Ltd.	2,190	3
Uncalled equity holdings in EDP Renewables Canada, Ltd.	-	(3)
	4,189,354	4,004,389
	(note 10.a)	(note 10.a)

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

(a) Investments in group companies

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

In 2011 the Company subscribed a share capital increase carried out in its subsidiary EDP Renováveis Brasil on 9 December 2011 totalling Euros 1,760 thousand (Brazilian Reais 4,259 thousand).

In 2010 the Company subscribed two share capital increases carried out in its subsidiary EDP Renováveis Brasil on 28 October and 14 December 2010 totalling Euros 3,000 thousand (Brazilian Reais 12,760 thousand).

In 2010 and 2011 the Company financed its subsidiary EDPR NA by subscribing successive share capital increases amounting to Euros 185,355 thousand and Euros 77,218 thousand, respectively (US Dollars 231,355 thousand and US Dollars 103,300 thousand, respectively).

(Continues)

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

(i) *Foreign currency*

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

(ii) *Hedged investments*

Details of investments, the fair value of which is hedged against currency risk at 31 December 2011 and 2010, are as follows:

	Thousands of Euros	
	2011	2010
EDP Renewables North America, LLC. (EDPR NA)	3,288,669	3,107,654
	3,288,669	3,107,654

To hedge the currency risk arising from the exposure of this investment denominated in a foreign currency, in 2008 Company management contracted a hedging instrument comprising three swaps for a total notional amount of US Dollars 2,632,613 thousand, equivalent to Euros 1,826,175 thousand applying the exchange rate at that date. In 2011 the change in fair value of the investment in EDP Renewables North America, LLC totals Euros 64,410 thousand and the change in fair value of the hedging instrument amounts to Euros 64,410 thousand (Euros 142,782 thousand and Euros 142,782 thousand, respectively, in 2010). These amounts have been recognised as exchange gains or losses in the accompanying income statement (see note 11). The fair value of the hedging instrument at 31 December 2011 totals Euros 208,460 thousand (Euros 144,049 thousand at 31 December 2010), and this has been recognised in non-current payables under non-current liabilities in the accompanying balance sheet (see note 11). At 31 December 2011, the gain relating to the aforementioned net investment hedging operation totalled Euros 14,693 thousand (loss of Euros 2,347 thousand at 31 December 2010). These amounts are pending settlement at 31 December 2011 and are included in the current account with group companies presented in note 10.

The remaining amount of this investment which is not hedged by the aforementioned operation is covered by hedging operations securing loans of the same currency (see note 16), resulting in exchange gains of Euros 39,387 thousand in 2011 and Euros 71,141 thousand in 2010.

(Continues)

(9) Financial Assets by Category

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

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

(Continues)

	2010						
	Thousands of Euros						
	Non-current			Current			
	At amortised cost or cost			At amortised cost or cost			
	Carrying amount	Fair value	Total	Carrying amount	Fair value	At fair value	Total
Assets held for trading							
Derivative financial instruments	-	-	-	-	-	1,368	1,368
Total	-	-	-	-	-	1,368	1,368
Loans and receivables							
Loans, fixed rate	4,110,684	3,805,591	4,110,684	200,963	200,963	-	200,963
Loans, floating rate	11,103	11,103	11,103	101,850	101,850	-	101,850
Deposits and guarantees	9	9	9	-	-	-	-
Other financial assets	101	101	101	178,900	178,900	-	178,900
Trade receivables	-	-	-	6,300	6,300	-	6,300
Total	4,121,897	3,816,804	4,121,897	488,013	488,013	-	488,013
Total financial assets	4,121,897	3,816,804	4,121,897	488,013	488,013	1,368	489,381

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

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

(Continues)

	2010		
	Thousands of Euros		
	Loans and receivables, group companies	Loans and receivables, third parties	Total
Finance income at amortised cost	246,509	46	246,555
Net gains/losses in profit or loss	246,509	46	246,555

(10) Investments and Trade Receivables

(a) Investments in group companies

Details of investments in group companies are as follows:

	Thousands of Euros			
	2011		2010	
	Non-current	Current	Non-current	Current
Group				
Equity instruments (note 8)	4,189,354	-	4,004,389	-
Loans	4,293,063	274,902	4,121,787	282,745
Interest	-	28,534	-	20,068
Derivative financial instruments (note 11)	7,807	2,056	-	1,368
Other financial assets	-	346,590	-	178,900
	8,490,224	652,082	8,126,176	483,081

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

(Continues)

(b) Main characteristics of loans

Details of the main characteristics of loans are as follows.

					2011		
					Thousands of Euros		
						Carrying amount	
Type	Currency	Effective rate	Nominal rate	Maturity	Nominal amount	Current	Non-current
Group	EUR	6.29%	6.29%	2020	50,159	-	50,159
Group	EUR	5.11%	5.11%	2018	886,691	-	886,691
Group	EUR	5.00%	5.00%	2022	209,887	19,989	189,898
Group	EUR	4.81%	4.81%	2022	163,129	15,536	147,593
Group	EUR	5.14%	5.14%	2023	463,062	40,266	422,796
Group	EUR	5.56%	5.56%	2023	275,717	23,975	251,742
Group	EUR	4.80%	4.80%	2016	20,663	4,133	16,530
Group	EUR	6.98%	6.98%	2019	69,178	-	69,178
Group	EUR	6.93%	6.93%	2019	297,663	-	297,663
Group	EUR	6.80%	6.80%	2019	184,332	-	184,332
Group	EUR	5.04%	5.04%	2020	136,093	-	136,093
Group	EUR	4.63%	4.63%	2020	158,481	-	158,481
Group	EUR	5.56%	5.56%	2020	76,771	-	76,771
Group	EUR	6.33%	6.33%	2023	222,822	18,569	204,253
Group	EUR	5.78%	5.78%	2023	121,400	-	121,400
Group	EUR	4.78%	4.78%	2021	336,702	33,670	303,032
Group	EUR	5.67%	5.67%	2023	41,040	3,420	37,620
Group	EUR	5.45%	5.45%	2027	341,401	21,338	320,063
Group	EUR	6.54%	6.54%	2016	241,000	-	241,000
Group	EUR	7.27%	7.27%	2016	58,554	-	58,554
Group	EUR	5.67%	5.67%	2012	54,307	54,307	-
Group	EUR	5.64%	5.64%	2014	570	-	570
Group	EUR	5.62%	5.62%	2012	39,699	39,699	-
Group	EUR	6.72%	6.72%	2014	408	-	408
Group	EUR	5.30%	5.30%	2014	107	-	107
Group	PLN	5.74%	5.74%	2024	22,757	-	22,757
Group	PLN	6.91%	6.91%	2015	15,547	-	15,547
Group	PLN	8.41%	8.41%	2014	69	-	69
Group	PLN	8.44%	8.44%	2014	20,618	-	20,618
Group	PLN	7.21%	7.21%	2014	248	-	248
Group	PLN	8.79%	8.79%	2014	2,890	-	2,890
Group	PLN	9.76%	9.76%	2014	3,398	-	3,398
Group	PLN	9.93%	9.93%	2014	1,054	-	1,054
Group	PLN	10.23%	10.23%	2014	426	-	426
Group	PLN	10.26%	10.26%	2014	1,178	-	1,178
Group	PLN	10.58%	10.58%	2014	201	-	201
Group	PLN	10.65%	10.65%	2014	9,778	-	9,778
Group	PLN	9.47%	9.47%	2014	11,294	-	11,294
Group	PLN	10.09%	10.09%	2014	23,442	-	23,442
Group	PLN	10.37%	10.37%	2021	5,096	-	5,096
Group	PLN	10.72%	10.72%	2021	133	-	133
Total group					4,567,965	274,902	4,293,063
Total					4,567,965	274,902	4,293,063

(Continues)

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

					2010		
					Thousands of Euros		
						Carrying amount	
Type	Currency	Effective rate	Nominal rate	Maturity	Nominal amount	Current	Non-current
Group	EUR	2.74%	2.74%	2011	71,600	71,600	-
Group	EUR	5.11%	5.11%	2018	886,691	-	886,691
Group	EUR	5.00%	5.00%	2022	229,876	19,989	209,887
Group	EUR	4.81%	4.81%	2022	178,665	15,536	163,129
Group	EUR	5.14%	5.14%	2023	503,328	40,266	463,062
Group	EUR	5.56%	5.56%	2023	299,692	23,975	275,717
Group	EUR	4.80%	4.80%	2016	24,796	4,133	20,663
Group	EUR	6.98%	6.98%	2019	69,178	-	69,178
Group	EUR	6.93%	6.93%	2019	297,663	-	297,663
Group	EUR	6.80%	6.80%	2019	184,332	-	184,332
Group	EUR	5.04%	5.04%	2020	136,093	-	136,093
Group	EUR	4.63%	4.63%	2020	158,481	-	158,481
Group	EUR	5.56%	5.56%	2020	76,771	-	76,771
Group	Euros (*)	6.33%	6.33%	2023	241,390	18,568	222,822
Group	EUR	5.78%	5.78%	2023	121,400	-	121,400
Group	EUR	4.78%	4.78%	2021	370,372	33,670	336,702
Group	EUR	5.67%	5.67%	2023	44,460	3,420	41,040
Group	EUR	5.45%	5.45%	2027	362,739	21,338	341,401
Group	EUR	5.67%	5.67%	2012	17,203	6,100	11,103
Group	EUR	2.77%	2.77%	2011	24,150	24,150	-
Group	EUR	5.64%	5.64%	2014	570	-	570
Group	EUR	6.71%	6.71%	2014	2,892	-	2,892
Group	EUR	6.31%	6.31%	2014	408	-	408
Group	EUR	6.36%	6.36%	2014	107	-	107
Group	PLN	5.74%	5.74%	2024	23,899	-	23,899
Group	PLN	6.91%	6.91%	2015	17,436	-	17,436
Group	PLN	8.41%	8.41%	2014	10	-	10
Group	PLN	8.44%	8.44%	2014	29,217	-	29,217
Group	PLN	8.79%	8.79%	2014	1,098	-	1,098
Group	PLN	9.47%	9.47%	2014	13,251	-	13,251
Group	PLN	9.76%	9.76%	2014	3,472	-	3,472
Group	PLN	9.93%	9.93%	2014	1,182	-	1,182
Group	PLN	10.23%	10.23%	2014	428	-	428
Group	PLN	10.26%	10.26%	2014	1,321	-	1,321
Group	PLN	10.58%	10.58%	2014	225	-	225
Group	PLN	10.65%	10.65%	2014	10,136	-	10,136
Total group					4,404,532	282,745	4,121,787
Total					4,404,532	282,745	4,121,787

All of these loans were extended to EDP Renewables Europe, S.L.U. and subsidiaries at fixed interest rates, with the exception of one floating-interest loan with a nominal amount of Euros 112,953 thousand at year end.

(c) Classification by maturity

(Continues)

The classification of financial assets by maturity is as follows:

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

	2010							
	Thousands of Euros							
	2011	2012	2013	2014	2015	Subsequent years	Less current portion	Total non-current
Loans and receivables								
Loans								
Fixed rate	160,125	147,226	147,226	228,887	182,004	3,068,640	(160,125)	3,773,983
Floating rate	142,688	44,773	33,670	33,670	33,670	202,021	(142,688)	347,804
Deposits and guarantees	-	-	-	-	-	9	-	9
Other financial assets	178,900	-	-	-	-	101	(178,900)	101
Derivative financial instruments	1,368	-	-	-	-	-	(1,368)	-
Trade receivables from group companies and associates	6,074	-	-	-	-	-	(6,074)	-
Other receivables	225	-	-	-	-	-	(225)	-
Total	489,380	191,999	180,896	262,557	215,674	3,270,771	(489,380)	4,121,897

(Continues)

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

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

	Thousands of Euros			
	2011		2010	
	Settled	Outstanding	Settled	Outstanding
Non-current investments in group companies and associates	(1,227)	(74,278)	805	(142,499)
Loans to companies	(1,227)	(9,868)	805	283
Hedges of net investments in foreign operations	-	(64,410)	-	(142,782)
Cash and cash equivalents	(1,579)	3,596	29,454	(2,325)
Cash equivalents	(1,579)	3,596	29,454	(2,325)
Total financial assets	(2,806)	(70,682)	30,259	(144,824)

(11) Derivative financial instruments

Details of derivative financial instruments are as follows:

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

(Continues)

	2010			
	Thousands of Euros			
	Assets		Liabilities	
	Non-current	Current	Non-current	Current
Hedging derivatives				
a) Fair value hedges				
Net investment hedging swaps (note 8)	-	-	144,049	-
Total	-	-	144,049	-
Derivatives held for trading and at fair value through profit or loss				
b) Foreign currency derivatives				
Forward exchange contracts	-	1,368	-	2,540
Total	-	1,368	-	2,540
Total hedging derivatives	-	1,368 (note 10 a)	144,049	2,540 (note 15)

(a) Fair value hedges

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

	Thousands of Euros	
	Gains/(losses)	
	2011	2010
Forward exchange contracts		
- Swap hedging instruments for net investments (note 8)	(64,410)	(142,782)
- Investments in group companies (note 8)	64,410	142,782
	-	-

(b) Forward exchange contracts and swaps

To eliminate the currency risk of a group subsidiary, in 2011 and 2010 the Company contracted a cross deal whereby it forward sells Polish Zloty to Neo Polska at a fixed price in Euros and simultaneously forward purchases Polish Zloty from EDP-Energías de Portugal, S.A. Sucursal en España. The nominal amount of these forward contracts is Euros 39 million (Euros 39 million in 2010). The Company contracted this cross deal to hedge the risk of exchange rate fluctuations on purchases of wind turbines payable in Polish Zloty by its subsidiary Neolica Polska SP Z.O.O. The fair value of these instruments, which amounts to Euros 2,056 thousand (Euros 1,368 thousand in 2010), is recognised as an asset under current investments in group companies and associates and as a liability under current payables to group companies and associates, as presented in notes 10.a and 16.a, respectively.

(Continues)

In 2011, the Company contracted two cross interest rate swaps for a total notional amount of Polish Zloty 309,307 thousand (Polish Zloty 309,307 thousand in 2010), equivalent to Euros 77,008 thousand (Euros 77,008 thousand in 2010). The fair value of these instruments, which amounts to Euros 7,807 thousand in 2011, is recognised under Non-current investments in group companies and associates, as presented in note 10.a. In 2010, the fair value of these instruments, which amounted to Euros 1,172 thousand, was recognised as a liability under current payables to group companies and associates, as presented in note 16.a.

(12) Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2011	2010
Cash in hand and at banks	788	134
Current bank deposits	-	182,633
	788	182,767

At 31 December 2010 current bank deposits reflect US Dollar deposits in the group company EDP Finance BV, which mature in less than three months and earn interest at a rate of between 5% and 5.5%.

(13) Equity

Details of equity and movement during 2011 and 2010 are shown in the statement of changes in equity.

(a) Subscribed capital

At 31 December 2011 and 2010, the share capital of the Company is represented by 872,308,162 ordinary bearer shares of Euros 5 par value each, all fully paid. These shares have the same voting and profit-sharing rights 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 2011 and 2010 are as follows:

	2011 and 2010	
Company	Number of shares	Percentage ownership
EDP - Energías de Portugal, S.A. Sucursal en España	541,027,156	62.02%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.51%
Others (*)	196,024,306	22.47%
	872,308,162	100.00%

(*) Shares quoted on the Lisbon stock exchange

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

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

(b) Share premium

This reserve is freely distributable.

(c) Reserves

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

(i) *Legal reserve*

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

(ii) *Voluntary reserve*

These reserves are freely distributable.

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

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

(14) Provisions

Movement in provisions in 2011 and 2010 is as follows:

	Thousands of Euros				
	Balance at 31/12/10	Charge	Applica-tions	Reversals	Balance at 31/12/11
Non-current provisions					
Long-term employee benefits	-	1,015	-	-	1,015
Current provisions					
Provisions	13,766	-	(9,573)	(4,193)	-

	Thousands of Euros		
	Balance at 31/12/09	Charge	Balance at 31/12/10
Current provisions			
Provisions	-	13,766	13,766

Provisions were recognised with a charge to other administrative expenses in 2010. In 2011, provisions are recognised with a charge to personnel expenses. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

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

(15) Financial Liabilities by Category

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

(Continues)

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

(Continues)

	2010							
	Thousands of Euros							
	Non-current				Current			
	At amortised cost or cost				At amortised cost or cost			
	Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value	At fair value	Total
Liabilities held for trading								
Derivative financial instruments	-	-	-	-	-	-	2,540	2,540
Total	-	-	-	-	-	-	2,540	2,540
Debts and payables								
Payables to group companies, fixed-rate	2,799,548	2,652,417	-	2,799,548	806	806	-	806
Other financial liabilities	-	-	-	-	58,942	58,942	-	58,942
Trade and other payables	-	-	-	-	22,106	22,106	-	22,106
Total	2,799,548	2,652,417		2,799,548	81,854	81,854	-	81,854
Hedging derivatives Traded on OTC markets	-	-	144,049	144,049	-	-	-	-
Total	-	-	144,049	144,049	-	-	-	-
Total financial liabilities	2,799,548	2,652,417	144,049	2,943,597	81,854	81,854	2,540	84,394

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

	2011			
	Thousands of Euros			
	Debts and payables, group companies	Debts and payables, third parties	Liabilities held for trading	Total
Finance expenses at amortised cost	156,606	636	-	157,242
Total	156,606	636	-	157,242

(Continues)

	2010			
	Thousands of Euros			
	Debts and payables, group companies	Debts and payables, third parties	Liabilities held for trading	Total
Finance expenses at amortised cost	143,297	47	-	143,344
Change in fair value	-	-	1,164	1,164
Total	143,297	47	1,164	144,508

(16) Payables and Trade Payables

(a) Group companies

Details of payables to group companies are as follows:

	Thousands of Euros			
	2011		2010	
	Non-current	Current	Non-current	Current
Group				
Group companies	2,986,433	-	2,799,548	-
Interest	-	2,432	-	806
Suppliers of fixed assets, group companies	-	43	-	151
Derivative financial instruments (note 11)	-	131,332	-	2,540
Current account with group companies	-	116,939	-	57,467
Total	2,986,433	250,746	2,799,548	60,964

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

At 31 December 2011 and 2010, group companies reflect ten fixed-interest loans obtained from EDP Finance BV.

(Continues)

(b) Payables

Details of payables are as follows:

	Thousands of Euros			
	2011		2010	
	Non-current	Current	Non-current	Current
Unrelated parties				
Suppliers of fixed assets	-	390	-	1,324
Interest	-	39	-	-
Other	-	22	-	-
Total	-	451	-	1,324

At 31 December 2011 and 2010, payables to suppliers of fixed assets reflect invoices payable to suppliers of computer software.

(c) Main characteristics of payables

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

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

(Continues)

Type	Currency	Effective rate	Nominal rate	Maturity	2010 Thousands of Euros Nominal amount	Carrying amount Current	Carrying amount Non-current
Group	EUR	4.66%	4.66%	2018	890,275	-	890,275
	EUR	6.93%	6.93%	2019	186,644	-	186,644
	EUR	5.04%	5.04%	2020	160,776	-	160,776
	EUR	4.63%	4.63%	2020	79,000	-	79,000
	EUR	5.56%	5.56%	2020	35,000	-	35,000
	USD	4.57%	4.57%	2018	1,102,218	-	1,102,218
	USD	7.86%	7.86%	2019	170,749	-	170,749
	USD	7.30%	7.30%	2019	101,603	-	101,603
	USD	7.40%	7.40%	2020	37,524	-	37,524
	USD	8.35%	8.35%	2019	35,759	-	35,759
Total					2,799,548	-	2,799,548

(d) Trade and other payables

Details of trade and other payables are as follows:

	Thousands of Euros 2011 Non-current	2011 Current	2010 Non-current	2010 Current
Group				
Suppliers	-	13,106	-	16,579
	-	13,106	-	16,579
Unrelated parties				
Trade payables	-	1,555	-	1,689
Salaries payable	-	4,022	-	3,838
Public entities, other (note 16)	-	283	-	197
	-	5,860	-	5,724
Total	-	18,966	-	22,303

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

(Continues)

(e) Classification by maturity

The classification of financial liabilities by maturity is as follows:

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

	2010							
	Thousands of Euros							
	2011	2012	2013	2014	2015	Subsequent years	Less current portion	Total non-current
Group companies	-	-	-	-	-	2,799,548	-	2,799,548
Derivative financial instruments	2,540	89,332	-	-	-	54,717	(2,540)	144,049
Group companies and associates	58,424	-	-	-	-	-	(58,424)	-
Current payables	1,324	-	-	-	-	-	(1,324)	-
Trade and other payables	22,303	-	-	-	-	-	(22,303)	-
Total financial liabilities	84,591	89,332	-	-	-	2,854,265	(84,591)	2,943,597

(Continues)

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

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

	Thousands of Euros			
	2011		2010	
	Settled	Outstanding	Settled	Outstanding
Group companies and associates, non-current	-	(51,545)	-	(98,870)
Trade and other payables	(9)	(100)	(1)	(112)
Total financial liabilities	(9)	(51,645)	(1)	(98,982)

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

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

	Payments made and outstanding at the balance sheet date	
	2011	
	Amount	%
Within maximum legal period	7,672	65%
Other	4,180	35%
Total payments for the year	11,852	100%
Weighted average period by which payments past-due (days)	48	
Late payments exceeding maximum legal period at year end	5,274	

Within past-due payables to suppliers at the 2011 year end, Euros 5,194 thousand was payable to group companies.

Past-due payables to suppliers at the 2010 year end amounted to Euros 8,101 thousand, of which Euros 7,752 thousand was payable to group companies.

(Continues)

According to the Resolution of the Spanish Accounting and Audit Institute of 29 December 2010 regarding the information required to be incorporated to the annual accounts related to the information provided at the Note 23 about past-due payables to suppliers, comparative information to provide about 2010 year end refers exclusively to the amount of past-due payables to suppliers which exceeded the legal payment period at year end, which means that information provided for 2011 year end is not comparable with information provided on previous year.

(18) Taxation

Details of balances with public entities are as follows:

	Thousands of Euros			
	2011		2010	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	2,109	-	4,579	-
Non-current tax assets	-	11	-	988
	2,109	11	4,579	988
Liabilities				
Deferred tax liabilities	28,117	-	30,621	-
Value added tax and similar taxes	-	283	-	197
	28,117	283	30,621	197

The Company files consolidated income tax and value added tax returns. The parent of this consolidated tax group is EDP-Energías de Portugal, S.A. Sucursal en España. At 31 December 2011 the Company has recognised income tax payable of Euros 18,148 thousand (Euros 15,246 thousand in 2010) and VAT payable of Euros 1,490 thousand (Euros 696 thousand in 2010). These balances are recognised in the current account with the parent company (see note 20.a).

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

Tax	Years open to inspection
Income tax	2009 to 2010
Value added tax	2009 to 2011
Personal income tax	2008 to 2011
Capital gains tax	2008 to 2011
Business activities tax	2008 to 2011
Social Security	2008 to 2011
Non-residents	2008 to 2011

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

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

(a) Income tax

The Company files consolidated tax returns as part of the tax group headed by EDP Energías de Portugal, S.A. Sucursal en España, which includes Hidroeléctrica del Cantábrico, S.A., Hidrocantábrico Distribución Eléctrica, S.A., Solanar Distribuidora Eléctrica, S.L., Instalaciones Eléctricas Río Isabena, S.L., Hidrocantábrico Energía, S.A., Hidrocantábrico Soluciones Comerciales, S.A., Hidrocantábrico Servicios, S.A., Hidrocantábrico Explotación de Redes, S.A., Hidrocantábrico Explotación de Centrales, S.A., EDP Servicios Financieros España, S.A., Hidrocantábrico Cogeneración, S.L., Fuerzas Eléctricas de Valencia, S.A., Fuerzas Eléctricas de Castellón, S.A., Energía e Industria de Toledo, S.A., Cerámica Técnica de Illescas Cogeneración, S.A., Tratamientos Ambientales Sierra de la Tercia, S.A., Sinova Medioambiental, S.A., Iniciativas Tecnológicas de Valoración Energética de Residuos, S.A., EDP Renewables Europe, S.L.U., NEO Energía Aragón, S.L., NEO Catalunya, S.L., CEASA Promociones Eólicas, S.L., Agrupación Eólica, S.L., Agrupación Eólica Francia, S.L.U., P.E. Plana de Artajona, S.L., P.E. Montes de Castejón, S.L., P.E. Los Cantales, S.L., Iberia Aprovechamientos Eólicos, S.A., Corporación Empresarial de Renovables Alternativas, S.L., Compañía Eléctrica de Energías Renovables Alternativas, S.L., Acampo Arias, S.L., Bont Vent de Corbera, S.L., Bont Vent de Vilalba, S.L., HC Energia Gas, S.L., Parc Eólic Serra Voltorera, S.L., Parc Eólic Coll de la Garganta, S.L., Bont Vent de L'Ébre, S.L., and Iberenergia, S.A.

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

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

	2010		
	Thousands of Euros		
	Income statement		
	Increases	Decreases	Net
Profit for the year			44,091
Income tax			20,814
Profit before income tax			64,905
Permanent differences	4,325	-	4,325
Temporary differences:	10,767	(29,163)	(18,396)
originating in current year	10,767	-	10,767
originating in prior years	-	(29,163)	(29,163)
Taxable income			50,834

Decreases due to permanent differences in 2011 reflect costs relating to the recognition of the provision mentioned in note 14, considered non-deductible expenses in 2010.

Increases due to temporary differences in 2011 relate to expenses for the rendering of services considered to be non-deductible. The increases in 2010 reflect salaries payable and other non-deductible items, as well as costs relating to the recognition of the provision mentioned in note 14, considered non-deductible expenses.

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

(Continues)

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

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

	2010		
	Thousands of Euros		
	Profit or loss	Equity	Total
Profit for the year	64,905	-	64,905
Tax at 30%	19,471	-	19,471
Non-deductible expenses Provisions	1,298	-	1,298
Prior years' adjustments	47	-	47
Deductions and credits for the current year	(2)	-	(2)
Income tax expense	20,814	-	20,814

Details of the income tax expense are as follows:

	Thousands of Euros	
	2011	2010
Current tax		
Present year	19,525	15,248
Other	(2)	47
	19,523	15,295
Deferred tax		
Source and reversal of temporary differences		
Provisions	2,832	(2,832)
Tax amortisation of EDPR NA goodwill	1,750	8,749
Salaries payable and other items	(362)	(398)
	4,220	5,519
	23,743	20,814

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

	Thousands of Euros					
	Assets		Liabilities		Net	
	2011	2010	2011	2010	2011	2010
Tax amortisation of EDPR NA goodwill	-	-	(28,117)	(30,621)	(28,117)	(30,621)
Salaries payable and other items	2,109	4,579	-	-	2,109	4,579
Total assets/liabilities	2,109	4,579	(28,117)	(30,621)	(26,008)	(26,042)

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

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

	Thousands of Euros	
	2011	2010
Tax amortisation of EDPR NA goodwill	(28,117)	(30,621)
Net	(28,117)	(30,621)

(Continues)

(19) Environmental Information

Given the nature of its activity, the Company does not consider it necessary to make investments to prevent or correct the impact of its activity on the environment, or make any environmental provisions. However, a number of environmental studies required by prevailing legislation have been carried out to obtain authorisation for wind farms developed on behalf of group companies. These studies have been recognised as an increase in property, plant and equipment under construction.

These annual accounts do not include any environmental costs.

The directors consider that no significant environmental contingencies exist.

(20) Related Party Balances and Transactions

(a) Related party balances

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

Details of balances by category are as follows:

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

(Continues)

	2010			
	Thousands of Euros			
	Parent company	Group companies	Directors	Total
Non-current investments in group companies	-	4,004,392	-	4,004,392
Non-current investments	-	4,121,787	-	4,121,787
Total non-current assets	-	8,126,179	-	8,126,179
Trade and other receivables	-	6,074	-	6,074
Current investments	171,081	312,000		483,081
Cash and cash equivalents	-	182,633	-	182,633
Total current assets	171,081	500,707	-	671,788
Total assets	171,081	8,626,883	-	8,797,964
Payables to group companies, non-current	-	2,799,548	-	2,799,548
Total non-current liabilities	-	2,799,548	-	2,799,548
Current accounts with group companies	-	57,467	-	57,467
Current payables	-	3,497	-	3,497
Trade and other payables	11,476	5,103	-	16,579
Total current liabilities	11,476	66,067	-	77,543
Total liabilities	11,476	2,865,615	-	2,877,091

(Continues)

(b) Related party transactions

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

	2011		
	Thousands of Euros		
	Group companies	Directors	Total
Income			
Other services rendered	695	-	695
Finance income (notes 9 and 21.a)	274,012	-	274,012
	274,707	-	274,707
Expenses			
Operating lease expenses and royalties	(2,169)	-	(2,169)
Other services received	(7,479)	-	(7,479)
Personnel expenses			
Salaries	-	(1,063)	(1,063)
Finance expenses (note 15)	(156,606)	-	(156,606)
	(166,254)	(1,063)	(167.317)
	108,453	(1,063)	107.390

	2010		
	Thousands of Euros		
	Group companies	Directors	Total
Income			
Other services rendered	1,712	-	1,712
Finance income (notes 9 and 21.a)	246,509	-	246,509
	248,221	-	248,221
Expenses			
Operating lease expenses and royalties	(1,837)	-	(1,837)
Other services received	(7,861)	-	(7,861)
Personnel expenses			
Salaries	-	(1,158)	(1,158)
Finance expenses (note 15)	(143,297)	-	(143,297)
	(152,995)	(1,158)	(154,153)
	95,226	(1,158)	94,068

(Continues)

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

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

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

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

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

In 2011 the directors of the Company have accrued remuneration of Euros 1,063 thousand (Euros 1,158 thousand in 2010) in respect of their position as directors.

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

This contract expired on 18 March 2011, being replaced by a new contract signed on 4 May 2011 between EDP Energías de Portugal, S.A. and the Company, related to executive management services beginning on 18 March 2011, whereby EDP Energías de Portugal, S.A. renders management services to the Company, including matters relating to its day-to-day administration. By virtue of this contract, EDP Energías de Portugal, S.A. appoints three members of the Company's executive committee, for which the Company pays an amount determined by the board of directors.

Pursuant to this contract, the Company has recognised expenses for management services provided totalling Euros 380 thousand in 2011 and Euros 836 thousand in 2010 as other services, under external services in the income statement.

The Company's key management personnel have earned remuneration of Euros 1,391 thousand in 2011 (Euros 925 thousand in 2010). In addition, they do not have perceived significant non monetary remunerations in 2011.

The directors and key management personnel have not received any loans or advances and the Company has not extended any guarantees on their behalf. The Company has no pension or life insurance obligations with its former or current directors in 2011 or 2010.

(Continues)

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

In 2011 and 2010 the directors did not carry out any transactions other than ordinary business with the Company or applying terms that differ from market conditions.

(e) Investments and positions held by directors

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

(21) Income and Expenses

(a) Revenues

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

	Thousands of Euros					
	Domestic		Rest of Europe		Total	
	2011	2010	2011	2010	2011	2010
Finance income	261,353	236,070	12,659	10,439	274,012	246,509

(b) Foreign currency transactions

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

	Thousands of Euros	
	2011	2010
Income		
Financial instruments	7,660	6,628
Finance income	7,660	6,628
Expenses		
Financial instruments	(77,981)	(80,295)
Finance expenses	(77,981)	(80,295)
Net	(70,321)	(73,667)

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

(c) Employee benefits expense

Details of employee benefits expense are as follows:

	Thousands of Euros	
	2011	2010
Employee benefits expense		
Social Security payable by the Company	870	591
Other employee benefits expenses	537	461
	1,407	1,052

(d) External services

Details of external services are as follows:

	Thousands of Euros	
	2011	2010
Leases	835	464
Royalties	1,500	1,500
Independent professional services	1,932	2,963
Advertising and publicity	727	1,457
Other services	10,521	9,494
	15,515	15,878

Leases mainly include the rental of the Company's offices. There are no non-cancellable payments at 31 December 2011 and 2010.

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

At 31 December 2011 the Company has commitments to purchase external services within one year amounting to Euros 1,119 thousand (in 2010 Euros 3,191 thousand within one year, Euros 1,103 thousand in one to three years and Euros 685 thousand in three to five years).

(e) Other operating income

Other operating income primarily reflects the surplus provision made in 2010, which was reversed in 2011 following settlement of the obligations (see note 14).

(22) Employee Information

The average headcount of the Company in 2011 and 2010, distributed by category, is as follows.

	Number	
	2011	2010
Management	19	16
Senior technicians	73	37
Technicians	2	2
Administrative staff	5	4
	99	59

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

	Number		Number	
	2011		2010	
	Male	Female	Male	Female
Management	18	2	14	2
Senior technicians	66	30	36	17
Technicians	4	3	1	1
Administrative staff	2	2	2	2
	90	37	53	22

In 2011, one of the seventeen members of the board of directors is female (one of the sixteen members was female in 2010).

(23) Audit Fees

KPMG Auditores, S.L., the auditors of the individual and consolidated annual accounts of the Company, and other individuals and companies related to the auditors as defined by Audit Law 19/1988 of 12 July 1988, have invoiced the Company the following net fees for professional services during the years ended 31 December 2011 and 2010:

	Thousands of Euros	
	2011	2010
Audit services, individual and consolidated annual accounts	130	141
	130	141

Audit services detailed in the above table include the total fees for services rendered in 2011 and 2010.

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

	Thousands of Euros	
	2011	2010
Audit-related services	219	235
Audit services, consolidated annual accounts	96	96
	315	331

(24) Commitments

At 31 December 2011 the Company has not extended guarantees to suppliers of wind turbines on behalf of group companies (US Dollars 11 million in 2010). In addition, the Company has deposited guarantees with financial institutions on behalf of group companies amounting to Euros 483million (Euros 454 million in 2010), of which guarantees denominated in US Dollars amount 395 million (US Dollars 158 million in 2010).

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

(25) Events After the Balance Sheet Date

No events have occurred subsequent to year end that could affect these annual accounts.

EDP RENOVAVEIS, S.A.

Information on Investments in Group Companies

31 December 2011

						Thousands of Euros					
									Net profit		
Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Continuing operations	Total	Total equity
EDP RENEWABLES EUROPE, S.L.	Oviedo, Spain	100%	-	KPMG	Holding company	30,000	123,863	-	(30,623)	(30,623)	123,240
Generaciones Especiales I, S.L.	Spain	-	100.00%	KPMG	Wind farm installation and assembly	28,562	169,264	-	90,664	90,664	288,490
Edpr Polska, Sp.z.o.o.	Poland	-	100.00%	KPMG	Wind energy production	121,228	(412)	2,537	(1,453)	(1,453)	121,900
Tarcan, B.V	Holland	-	100.00%	KPMG	Other economic activities	20	6,638	-	2,266	2,266	8,924
Greenwind, S.A.	Belgium	-	70.00%	KPMG	Wind energy production	24,924	1,866	-	3,381	3,381	30,171
Neo Energía Aragón, S.L.	Spain	-	100.00%	Unaudited	Wind energy production	10	(2)	-	-	-	8
Neo Energías de Occidente Catalunya, S.L.	Spain	-	100.00%	Unaudited	Wind energy production	10	(1,315)	-	(254)	(254)	(1,559)
Agrupación Eólica, S.L.U	Spain	-	100.00%	KPMG	Other business activities	650	33,978	-	5,877	5,877	40,505
EDP Renovaveis Portugal, S.A.	Spain	-	100.00%	KPMG	Wind energy production	7,500	23,040	8,935	36,405	36,405	75,880
Ceasa Promociones Eólicos	Spain	-	100.00%	KPMG	Wind energy production	1,205	4,677	-	1,192	1,192	7,074
EDP Renewables France, S.A.S.	France	-	100.00%	KPMG	Holding company	48,527	(10,569)	-	(4,960)	(4,960)	32,998
EDP Renewables Romania, S.R.L.	Romania	-	85.00%	KPMG	Wind energy production	7,123	(2,111)	(165)	(9,418)	(9,418)	(4,571)
Cernavoda Power, S.R.L.	Romania	-	85.00%	KPMG	Wind energy production	10,023	(3,170)	(3,054)	(8,484)	(8,484)	(4,685)
EDP Renewables Italia, S.R.L.	Italy	-	93.52%	Unaudited	Wind energy production	21,335	9,165	-	(2,422)	(2,422)	28,078
EDPR Uk Ltd	United Kingdom	-	100.00%	Unaudited	Wind energy production	113	(720)	(441)	410	410	(638)
Desarrollos Eólicos de Galicia, S.A.	Coruña, Spain	-	100.00%	KPMG	Wind energy production	6,130	3,712	651	645	645	11,138
Desarrollos Eólicos de Tarifa, S.A.U	Seville, Spain	-	100.00%	KPMG	Wind energy production	5,800	2,396	-	2,642	2,642	10,838
Desarrollos Eólicos de Corme, S.A.	Seville, Spain	-	100.00%	KPMG	Wind energy production	3,666	3,784	-	495	495	7,945
Desarrollos Eólicos Buenavista, S.A.U	Seville, Spain	-	100.00%	KPMG	Wind energy production	1,712	1,527	646	1,256	1,256	5,141
Desarrollos Eólicos de Lugo, S.A.U.	Coruña, Spain	-	100.00%	KPMG	Wind energy production	7,761	5,856	(1,094)	5,919	5,919	18,442
Desarrollos Eólicos de Rabosera, S.A.	Zaragoza, Spain	-	95.00%	KPMG	Wind energy production	7,561	2,289	(441)	2,973	2,973	12,382
Desarrollos Eólicos Almarchal S.A.U.	Seville, Spain	-	100.00%	KPMG	Wind energy production	2,061	2,353	(511)	1,324	1,324	5,227
Desarrollos Eólicos Dumbría S.A.U.	Coruña, Spain	-	100.00%	KPMG	Wind energy production	61	13,131	-	4,609	4,609	17,801
Parque Eólico Santa Quiteria, S.L.	Zaragoza, Spain	-	83.96%	KPMG	Wind energy production	63	12,290	(211)	2,720	2,720	14,862
Eólica La Janda, SL	Madrid, Spain	-	100.00%	KPMG	Wind energy production	2,050	2,549	-	2,378	2,378	6,977
Eólica Guadalteba, S.L.	Seville, Spain	-	100.00%	KPMG	Wind energy production	1,460	5,952	-	4,868	4,868	12,280

This appendix forms an integral part of note 8.

EDP RENOVAVEIS, S.A.

Information on Investments in Group Companies

31 December 2011

						Thousands of Euros					
									Net profit		
Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Continuing operations	Total	Total equity
Eólica Muxia, S.L.U.	Seville, Spain	-	100.00%	KPMG	Wind energy production	23,480	(3)	-	(82)	(82)	23,395
Eólica Fontesilva, S.L.U.	Seville, Spain	-	100.00%	KPMG	Wind energy production	4,610	(1,644)	-	(1,522)	(1,522)	1,444
Eneroliva, S.A.U	Seville, Spain	-	100.00%	Unaudited	Wind energy production	301	(7)	-	-	-	294
Eólica Curiscao Pumar, S.A.U.	Madrid, Spain	-	100.00%	KPMG	Wind energy production	60	13	-	863	863	936
Parque Eólico Altos del Voltoya S.A.	Madrid, Spain	-	61.00%	KPMG	Wind energy production	7,813	6,666	(230)	4,030	4,030	18,279
Sierra de la Peña, S.A.	Madrid, Spain	-	84.90%	KPMG	Wind energy production	3,294	4,754	(996)	2,080	2,080	9,132
Eólica Arlanzón S.A.	Madrid, Spain	-	77.50%	KPMG	Wind energy production	4,509	3,197	(289)	2,094	2,094	9,511
Eolica Campollano S.A.	Madrid, Spain	-	75.00%	KPMG	Wind energy production	6,560	15,115	(50)	5,514	5,514	27,139
Parque Eólico Belchite S.L.U.	Zaragoza, Spain	-	100.00%	KPMG	Wind energy production	3,600	3,220	-	2,356	2,356	9,176
Parque Eólico La Sotonera S.L.	Zaragoza, Spain	-	64.85%	KPMG	Wind energy production	2,000	2,130	(373)	1,834	1,834	5,591
Siesa Renovables Canarias S.L.	Las Palmas, Spain	-	100.00%	Unaudited	Wind energy production	3	(3)	-	-	-	-
Eólica Don Quijote, S.L.	Madrid, Spain	-	100.00%	KPMG	Wind energy production	3	1	-	2,888	2,888	2,892
Eólica Dulcinea, S.L.	Madrid, Spain	-	100.00%	KPMG	Wind energy production	10	171	-	995	995	1,176
Eólica Sierra de Avila, S.L.	Madrid, Spain	-	100.00%	KPMG	Wind energy production	4,628	(1,656)	-	(1,711)	(1,711)	1,261
Eólica de Radona, S.L.U.	Madrid, Spain	-	100.00%	KPMG	Wind energy production	6,888	(1,218)	-	(1,424)	(1,424)	4,246
Eolica Alfoz, S.L.	Madrid, Spain	-	83.73%	KPMG	Wind energy production	8,480	(1,185)	-	2,471	2,471	9,766
Eólica La Navica, SL	Madrid, Spain	-	100.00%	KPMG	Wind energy production	10	1,311	-	1,181	1,181	2,502
Investigación y desarrollo de Energías Renovables (Ider), S.L.	León, Spain	-	59.59%	KPMG	Wind energy production	29,451	(7,413)	-	(2,106)	(2,106)	19,932
Rasacal Cogeneración, S.A.	Madrid, Spain	-	60.00%	Unaudited	Cogeneration: Electricity production	60	(476)	-	-	-	(416)
Hidroeléctrica Fuentehermosa, S.L.	Oviedo, Spain	-	100.00%	Unaudited	Mini-hydroelectric energy prod.	77	185	1	18	18	281
Hidroeléctrica Gormaz, S.A.	Salamanca, Spain	-	75.00%	Unaudited	Mini-hydroelectric energy prod.	61	(147)	-	(19)	(19)	(105)
Hidroeléctrica del Rumblar, S.L.	Madrid, Spain	-	80.00%	Unaudited	Mini-hydroelectric energy prod.	277	(32)	-	(185)	(185)	60
SINAE Inversiones Eólicas, S.A.	Madrid, Spain	-	100.00%	KPMG	Wind power: Wind farm development	6,010	7,670	-	13,721	13,721	27,401
Parques Eólicos del Cantábrico, S.A.	Oviedo, Spain	-	100.00%	KPMG	Wind energy production	9,080	17,088	(390)	2,283	2,283	28,061
Industrias Medioambientales Río Carrión, S.A.	Madrid, Spain	-	90.00%	Unaudited	Waste: Livestock waste treatment	60	(610)	-	-	-	(550)

This appendix forms an integral part of note 8.

EDP RENOVAVEIS, S.A.

Information on Investments in Group Companies

31 December 2011

						Thousands of Euros					
									Net profit		
Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Continuing operations	Total	Total equity
Tratamientos Mediambientasles del Norte, S.A.	Madrid, Spain	-	80.00%	Unaudited	Waste: Livestock waste treatment	60	13	-	863	863	936
Sotromal, S.A.	Soria, Spain	-	90.00%	Unaudited	Waste treatment and recycling	451	(289)	-	-	-	162
Renovables Castilla La Mancha, S.A.	Madrid, Spain	-	90.00%	KPMG	Wind energy production	60	889	-	1,326	1,326	2,275
Eólica La Manchuela, S.A.	Albacete, Spain	-	100.00%	KPMG	Wind energy production	1,142	1,161	-	1,032	1,032	3,335
Desarrollos Eólicos, S.A.	Seville, Spain	-	100.00%	KPMG	Wind power: Project development	1,056	15,917	-	(621)	(621)	16,352
Desarrollos Eólicos Promoción, S.A.	Seville, Spain	-	100.00%	KPMG	Wind power: Project development	8,061	1,612	-	23,723	23,723	33,396
Ceprastur, A.I.E.	Oviedo, Spain	-	56.76%	Unaudited	Mini-hydroelectric energy prod.	360	51	-	(3)	(3)	408
Acampo Arias, SL	Spain	-	98.19%	KPMG	Wind energy production	3,314	(595)	-	255	255	2,974
SOCPE Sauvageons, SARL	France	-	49.00%	KPMG	Wind energy production	1	(41)	-	(65)	(65)	(105)
SOCPE Le Mee, SARL	France	-	49.00%	KPMG	Wind energy production	1	(20)	-	(56)	(56)	(75)
SOCPE Petite Piece, SARL	France	-	49.00%	KPMG	Wind energy production	1	(109)	-	46	46	(62)
Plouvien,.S.A.S	France	-	100.00%	Jean-Yves Morisset	Wind energy production	40	(1,801)	-	(130)	(130)	(1,891)
CE Patay, SAS	France	-	100.00%	KPMG	Wind energy production	1,640	2,180	(575)	714	714	3,959
Relax Wind Park III, Sp.z.o.o.	Poland	-	100.00%	Unaudited	Wind energy production	117	(159)	17	(123)	(123)	(148)
Relax Wind Park I, Sp.z.o.o.	Poland	-	96.40%	KPMG	Wind energy production	597	4,581	1,467	2,346	2,346	8,991
Relax Wind Park IV, Sp.z.o.o.	Poland	-	100.00%	Unaudited	Wind energy production	109	(127)	12	(117)	(117)	(123)
Relax Wind Park II, Sp.z.o.o.	Poland	-	100.00%	Unaudited	Wind energy production	123	(63)	(9)	(32)	(32)	19
C.E.Renovables alternativa slu	Spain	-	100.00%	Unaudited	Wind energy production	86	(2)	-	-	-	84
CIA.E d enrgias renov alternativas sau.2	Spain	-	100.00%	Unaudited	Wind energy production	69	(14)	-	-	-	55
Eolica.Garcimuñoz SL	Spain	-	100.00%	Unaudited	Wind energy production	10	-	-	(3)	(3)	7
Compañía Eólica Campo de Borja, SA	Spain	-	75.83%	KPMG	Wind energy production	858	704	-	220	220	1,782
Desarrollos Catalanes del Viento, SL	Spain	-	60.00%	KPMG	Wind energy production	5,993	15,773	-	565	565	22,331
Iberia Aprovechamientos Eólicos, SAU	Spain	-	100.00%	KPMG	Wind energy production	1,919	175	-	426	426	2,520
Molino de Caragüelles, S.L.	Spain	-	80.00%	KPMG	Wind energy production	180	208	-	73	73	461
Parque Eólico Plana de Artajona, SLU	Spain	-	100.00%	KPMG	Wind energy production	12	(3)	-	(1)	(1)	8
Parque Eólico Los Cantales, SLU	Spain	-	100.00%	KPMG	Wind energy production	1,963	1,130	-	1,906	1,906	4,999

This appendix forms an integral part of note 8.

EDP RENOVAVEIS, S.A.

Information on Investments in Group Companies

31 December 2011

						Thousands of Euros					
									Net profit		
Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Continuing operations	Total	Total equity
Parque Eólico Montes de Castejón,S.L.	Spain	-	100.00%	KPMG	Wind energy production	12	(3)	-	-	-	9
Parques de Generación Eólica, SL	Spain	-	60.00%	KPMG	Wind energy production	1,924	3,369	(1,741)	512	512	4,064
CE Saint Bernabé, SAS	France	-	100.00%	KPMG	Wind energy production	1,600	1,095	(650)	369	369	2,414
CE Segur, SAS	France	-	100.00%	KPMG	Wind energy production	1,615	1,290	(659)	786	786	3,032
Eolienne D´Etalondes, SARl	France	-	100.00%	Unaudited	Wind energy production	1	(32)	-	(2)	(2)	(33)
Eolienne de Saugueuse, SARL	France	-	100.00%	Unaudited	Wind energy production	1	(34)	-	(1)	(1)	(34)
Parc Eolien D'Ardennes	France	-	100.00%	Unaudited	Wind energy production	1	(142)	-	(16)	(16)	(157)
Eolienne des Bocages, SARL	France	-	100.00%	Unaudited	Wind energy production	1	(28)	-	-	-	(27)
Parc Eolien des Longs Champs, SARL	France	-	100.00%	Unaudited	Wind energy production	1	(71)	-	(5)	(5)	(75)
Parc Eolien de Mancheville, SARL	France	-	100.00%	Unaudited	Wind energy production	1	(42)	-	(2)	(2)	(43)
Parc Eolien de Roman, SARL	France	-	100.00%	Unaudited	Wind energy production	1	(115)	-	801	801	687
Parc Eolien des Vatines, SAS	France	-	100.00%	Unaudited	Wind energy production	37	(1,217)	(798)	312	312	(1,666)
Parc Eolien de La Hetroye, SAS	France	-	100.00%	Unaudited	Wind energy production	37	(32)	-	(4)	(4)	1
Eolienne de Callengeville, SAS	France	-	100.00%	Unaudited	Wind energy production	37	(25)	-	(4)	(4)	8
Parc Eolien de Varimpre, SAS	France	-	100.00%	Unaudited	Wind energy production	37	(938)	(901)	560	560	(1,242)
Parc Eolien du Clos Bataille, SAS	France	-	100.00%	Unaudited	Wind energy production	37	(796)	(700)	192	192	(1,267)
Eólica de Serra das Alturas,S.A	Portugal	-	50.10%	KPMG	Wind energy production	50	2,508	-	632	632	3,190
Malhadizes- Energia Eólica, SA	Portugal	-	100.00%	KPMG	Wind energy production	50	100	-	396	396	546
Eólica de Montenegrelo, LDA	Portugal	-	50.10%	KPMG	Wind energy production	50	5,045	-	1,435	1,435	6,530
Eólica da Alagoa,SA	Portugal	-	60.00%	PwC	Wind energy production	50	1,729	1,014	1,240	1,240	4,033
Aplica.Indust de Energias limpias S.L	Spain	-	61.50%	Unaudited	Wind energy production	131	594	-	661	661	1,386
Aprofitament D´Energies Renovables de la Tierra Alta S.A	Spain	-	48.70%	Unaudited	Wind energy production	1,994	(778)	-	(21)	(21)	1,195
Bon Vent de L´Ebre S.L.U	Spain	-	100.00%	Unaudited	Wind energy production	90	(35)	-	1,202	1,202	1,257
Parc Eólic Coll de la Garganta S.L	Spain	-	100.00%	Unaudited	Wind energy production	1,693	-	-	(704)	(704)	989
Parc Eólic Serra Voltorera S.l	Spain	-	100.00%	Unaudited	Wind energy production	1,283	(534)	-	(410)	(410)	339
Elektrownia Wiatrowa Kresy I sp zoo	Poland	-	100.00%	Unaudited	Wind energy production	20	(71)	27	(219)	(219)	(243)
Moray Offshore renewables limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	9,931	153	1,267	22	22	11,373
Centrale Eolienne Canet –Pont de Salaras S.A.S	France	-	100.00%	KPMG	Wind energy production	125	153	(705)	303	303	(124)
Centrale Eolienne de Gueltas Noyal –	France	-	100.00%	KPMG	Wind energy production	2,261	1,847	3	485	485	4,596

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Pontiv y S.A.S											
Centrale Eolienne Neo Truc de L´Homme ,S.A.S	France	-	100.00%	Unaudited	Wind energy production	38	(10)	-	(1)	(1)	27
Vallee de Moulin SARL	France	-	100.00%	Unaudited	Wind energy production	1	(285)	-	(143)	(143)	(427)
Mardelle SARL	France	-	100.00%	Unaudited	Wind energy production	1	(204)	-	(91)	(91)	(294)
Quinze Mines SARL	France	-	49.00%	Unaudited	Wind energy production	1	(348)	-	(293)	(293)	(640)
Desarrollos Eólicos de Teruel SL	Spain	-	51.00%	Unaudited	Wind energy production	60	-	-	-	-	60
Par Eólic de Coll de Moro S.L.	Spain	-	60.00%	Unaudited	Wind energy production	3	5	-	-	-	8
Par Eólic de Torre Madrina S.L.	Spain	-	60.00%	Unaudited	Wind energy production	3	4	-	(671)	(671)	(664)
Parc Eolic de Vilalba dels Arcs S.L.	Spain	-	60.00%	Unaudited	Wind energy production	3	682	-	338	338	1,023
Parc Eolic Molinars S.L.	Spain	-	54.00%	Unaudited	Wind energy production	3	-	-	-	-	3
Bon Vent de Vilalba, SL	Spain	-	100.00%	Unaudited	Wind energy production	3,600	(943)	-	(122)	(122)	2,535
Bon Vent de Corbera, SL	Spain	-	100.00%	Unaudited	Wind energy production	3,330	(2,620)	-	(478)	(478)	232
Masovia Wind Farm I s.p. zo.o.	Poland	-	100.00%	Unaudited	Energy production	350	5,025	(32)	(119)	(119)	5,224
Farma wiatrowa Starozbery Sp.z.o.o	Poland	-	100.00%	Unaudited	Energy production	130	(22)	(18)	(35)	(35)	55
Rowy-Karpacka mala Energetyka,sp,z.o.o	Poland	-	85.00%	Unaudited	Energy production	14	(17)	2	(24)	(24)	(25)
Repano wind S.R.L	Italy	-	93.52%	Unaudited	Energy production	11	133	-	(10)	(10)	134
Re plus – Societa ´a Responsabilita ´limitada	Italy	-	93.52%	Unaudited	Energy production	100	1,013	-	(603)	(603)	510
Telfford Offsore Windfarm limited	United Kingdom	-	66.64%	Unaudited	Energy production	-	-	-	-	-	-
Maccoll offshore windfarm limited	United Kingdom	-	66,64%	Unaudited	Energy production	-	-	-	-	-	-
Stevenson offshore windfarma limited	Kingdom	-	66,64%	Unaudited	Energy production	-	-	-	-	-	-
Parc Eolien des Bocages Sarl	France	-	100,00%	Unaudited	Energy production	1	(28)	-	-	-	(27)
Santa quiteria Energia S.L.U	Spain	-	100,00%	Unaudited	Energy production	3	467	-	299	299	769
EDPR Renovaveis Cantabria, SL	Madrid, Spain	-	100.00%	Unaudited	Wind energy production	300	-	-	(15)	(15)	285
Villa Castelli Wind srl	Verbania	-	93.52%	Unaudited	Wind energy production	-	-	-	-	-	-
Pestera Wind Farm, S.A.	Bucharest	-	85.00%	Unaudited	Wind energy production	26	(2,115)	154	(439)	(439)	(2,374)
Pochidia Wind Farm S.A.	Bucharest	-	85.00%	Unaudited	Wind energy production	26	-	(2)	(2)	(2)	22
S. C. Ialomita Power SRL	Bucharest	-	85.00%	Unaudited	Wind energy production	-	-	-	(4)	(4)	(4)

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

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						Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
OPQ Property LLC	Illionois	-	100.00%	KPMG	Wind energy production	-	107	-	6	6	113
Meadow Lake Wind Farm, LLC	Indiana	-	100.00%	KPMG	Wind energy production	221,428	(5,731)	78,689	(2,086)	(2,086)	292,300
Wheatfield Wind Power Project, LLC	Oregon	-	100.00%	KPMG	Wind energy production	69,700	7,641	32,852	5,489	5,489	115,682
2007 Vento I, LLC	Texas	-	100.00%	KPMG	Wind energy production	828,073	2,795	-	1,014	1,014	831,882
2007 Vento II, LLC	Texas	-	100.00%	KPMG	Wind energy production	732,464	(2,348)	-	(350)	(350)	729,766
2008 Vento III, LLC	Texas	-	100.00%	KPMG	Wind energy production	815,835	(1,280)	-	(698)	(698)	813,857
Horizon Wind Ventures I LLC	Texas	-	100.00%	KPMG	Wind energy production	977,686	46,902	-	22,716	22,716	1,047,304
Horizon Wind Ventures II, LLC	Texas	-	100.00%	KPMG	Wind energy production	109,602	909	-	1,151	1,151	111,662
Horizon Wind Ventures III, LLC	Texas	-	100.00%	KPMG	Wind energy production	53,199	(585)	-	1,411	1,411	54,025
Clinton County Wind Farm, LLC	New York	-	100.00%	KPMG	Wind energy production	193,978	(6)	-	-	-	193,972
BC2 Maple Ridge Holdings LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Cloud West Wind Project, LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Five-Spot, LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Chocolate Bayou I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Alabama Ledge Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Antelope Ridge Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	10,806	(1)	-	(10)	(10)	10,795
Arkwright Summit Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Ashford Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm LLC	Texas	-	100.00%	KPMG	Wind energy production	4,080	(1)	-	(1)	(1)	4,078
Blackstone Wind Farm II LLC	Texas	-	100.00%	KPMG	Wind energy production	232,481	(271)	84,866	(6,281)	(6,281)	310,795
Blackstone Wind Farm III LLC	Texas	-	100.00%	Unaudited	Wind energy production	4,155	(8)	-	(2)	(2)	4,145
Blackstone Wind Farm IV LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Blackstone Wind Farm V LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower III LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower IV LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower VI LLC	Texas	-	100.00%	Unaudited	Wind energy production	40,153	-	-	12	12	40,165
Broadlands Wind Farm II LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm III LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-

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						Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Broadlands Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Chateaugay River Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Cropsey Ridge Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Crossing Trails Wind, Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Dairy Hills Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Diamond Power Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Ford Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Gulf Coast Windpower Management Company, LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Rising Tree Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest VII LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest X LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest XI LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Panhandle I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest II LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest III LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest IV LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Valley I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind MREC Iowa Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind, Freeport Windpower I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Juniper Wind Power Partners, LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Lexington Chenoa Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	7,660	-	-	(9)	(9)	7,651
Machias Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Meadow Lake Wind Farm II LLC	Texas	-	100.00%	KPMG	Wind energy production	151,344	(1,296)	405	(600)	(600)	149,853
New Trail Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
North Slope Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Number Nine Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Pacific Southwest Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-

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Pioneer Prairie Wind Farm II LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Buffalo Bluff Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Saddleback Wind Power Project LLC	Texas	-	100.00%	KPMG	Wind energy production	1,082	(4)	-	-	-	1,078
Sardinia Windpower LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Turtle Creek Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Western Trail Wind Project I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Whistling Wind WI Energy Center, LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Coos Curry Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Midwest IX LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Peterson Power Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Pioneer Prairie Interconnection LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
The Nook Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Tug Hill Windpower LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Whiskey Ridge Power Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Wilson Creek Power Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
WTP Management Company LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Meadow Lake Wind Farm IV LLC	Indiana	-	100.00%	KPMG	Wind energy production	96,379	80	35,788	45	45	132,292
Meadow Lake Windfarm III LLC	Indiana	-	100.00%	KPMG	Wind energy production	112,749	(41)	43,202	(1,130)	(1,130)	154,780
2009 Vento IV, LLC	Texas	-	100.00%	KPMG	Wind energy production	180,897	(160)	-	(79)	(79)	180,658
2009 Vento V, LLC	Texas	-	100.00%	KPMG	Wind energy production	128,617	(122)	-	(112)	(112)	128,383
2009 Vento VI, LLC	Texas	-	100.00%	KPMG	Wind energy production	156,031	(235)	-	76	76	155,872
Horizon Wind Ventures VI, LLC	Texas	-	100.00%	KPMG	Wind energy production	87,637	(1,774)	-	27	27	85,890
Lexington Chenoa Wind Farm II LLC	Illinois	-	100.00%	KPMG	Wind energy production	427	-	-	(2)	(2)	425
Lexington Chenoa Wind Farm III LLC	Illinois	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
East Klickitat Wind Power Project LLC	Washington	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest IV LLC	Oregon	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Blue Canyon Wind Power VII LLC	Oklahoma	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Horizon Wyoming Transmission LLC	Wyoming	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-

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AZ Solar LLC	Arizona	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm II LLC	Illinois	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm III LLC	Illinois	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Paulding Wind Farm LLC	Ohio	-	100.00%	KPMG	Wind energy production	4,408	-	-	(1)	(1)	4,407
Paulding Wind Farm II LLC	Ohio	-	100.00%	KPMG	Wind energy production	78,525	(5)	425	2,262	2,262	81,207
Paulding Wind Farm III LLC	Ohio	-	100.00%	KPMG	Wind energy production	3,190	-	-	(30)	(30)	3,160
Simpson Ridge Wind Farm II LLC	Wyoming	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm III LLC	Wyoming	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm IV LLC	Wyoming	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm V LLC	Wyoming	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project II, LLC	Oregon	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Meadow Lake Wind Farm V, LLC	Indiana	-	100.00%	KPMG	Wind energy production	1,589	-	-	(5)	(5)	1,584
Horizon Wind Ventures IB, LLC	Texas	-	100.00%	Unaudited	Wind energy production	10,988	36,712	-	19,119	19,119	66,819
Horizon Wind Ventures IC, LLC	Texas	-	100.00%	Unaudited	Wind energy production	5,990	6,124	-	7,327	7,327	19,441
Headwaters Wind Farm LLC	Indiana	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
17th Star Wind Farm LLC	Ohio	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Rio Blanco Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Hidalgo Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Stone Wind Power LLC	New York	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Franklin Wind Farm LLC	New York	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Waverly Wind Farm LLC	Kansas	-	100.00%	Unaudited	Wind energy production	2,367	-	-	(1)	(1)	2,366
2010 Vento VII, LLC	Texas	-	100.00%	KPMG	Wind energy production	151,444	(161)	-	62	62	151,345
2010 Vento VIII, LLC	Texas	-	100.00%	KPMG	Wind energy production	157,039	(12)	-	(71)	(71)	156,956
Horizon Wind Ventures VII, LLC	Texas	-	100.00%	Unaudited	Wind energy production	87,262	(579)	-	544	544	87,227
Horizon Wind Ventures VIII, LLC	Texas	-	100.00%	Unaudited	Wind energy production	81,048	(385)	-	(102)	(102)	80,561
Horizon Wind Ventures IX, LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	(2,737)	(2,737)	(2,737)
2011 Vento IX, LLC		-			Wind energy production	78,559	-	-	(35)	(35)	78,524
2011 Vento X, LLC	Texas	-	100,00%	KPMG	Wind energy production	40,153	-	-	(19)	(19)	40,134
EDPR Wind Ventures X	Texas	-	100,00%	Unaudited	Wind energy production	-	-	-	(44)	(44)	(44)

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						Thousands of Euros					
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Group companies	**Registered offices**	**% direct interest**	**% indirect interest**	**Auditor**	**Activity**	**Capital**	**Reserves**	**Other equity items**	**Continuing operations**	**Total**	**Total equity**
Paulding Wind Farm IV, LLC	Ohio	-	100,00%	Unaudited	Wind energy production	-	-	-	-	-	-
Rush County Wind Farm, LLC	Kansas	-	100,00%	Unaudited	Wind energy production	-	-	-	-	-	-
Eastern Nebraska Wind Farm, LLC	Nebraska	-	100,00%	Unaudited	Wind energy production	-	-	-	-	-	-
EDP RENOVÁVEIS BRASIL, S.A.	Sao Paulo	55.00%	-	KPMG	Wind energy production	28,948	(2,064)	-	(3,203)	(3,203)	23,681
Central Nacional de Energia Eólica, S.A. (Cenaeel)	Sao Paulo	-	55.00%	KPMG	Wind energy production	5,809	(28)	-	803	803	6,584
Elebrás Projectos, Ltda	Sao Paulo	-	55.00%	Unaudited	Wind energy production	32,122	(764)	-	3,511	3,511	34,869
EDP RENEWABLES CANADA, LTD	Canadá	100.00%	-	Unaudited	Wind energy production	2,270	(102)	-	(1,019)	(1,019)	1,149

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Associates	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Continuing operations	Total	Associates
Aprofitament D´Energies Renovables de l´Ebre S.l	Spain	-	18.97%	Unaudited	Wind energy production	3,870	-	(551)	(168)	(168)	3,151
Hidroastur, S.A.	Oviedo, Spain	-	25.00%	Centium	Mini-hydroelectric energy prod.	4,808	3,952	132	797	797	9,689
Biomasas del Pirineo, S.A.	Huesca, Spain	-	30.00%	Unaudited	Biomass: Electricity production	455	(217)	-	-	-	238
Culitvos Energéticos de Castilla, S.A.	Burgos, Spain	-	30.00%	Unaudited	Biomass: Electricity production	300	(48)	-	-	-	252
Parque Eólico Sierra del Madero, S.A.	Soria, Spain	-	42.00%	Ernst & Young	Wind energy production	7,194	1,559	886	3,247	3,247	12,886
Desarrollos Eólicos de Canarias, S.A.	Las Palmas, Spain	-	44.75%	KPMG	Wind energy production	4,291	5,836	1,273	1,799	1,799	13,199
Solar Siglo XXI, S.A.	Ciudad Real, Spain	-	25.00%	Unaudited	Solar energy	80	(18)	-	-	-	62
Naturneo Energía, S.L.	Spain	-	49.00%	Unaudited	Holding company	3	(2)	-	(1)	(1)	-
Eólicas de Portugal,SA	Portugal	-	35.96%	Unaudited	Wind energy production	42,312	7,689	(26,285)	6,027	6,027	29,743
Parque Eólico Belmonte, S.A.	Madrid, Spain	-	29.90%	KPMG	Wind energy production	120	2,793	-	258	258	3,171
Inch Cape Offshore Limited	Edimburgh	-	49.00%	Deloitte	Wind energy production	1,621	(32)	-	(12)	(12)	1,577

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

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						Thousands of Euros					
									Net profit		
Group companies	**Registered offices**	**% direct interest**	**% indirect interest**	**Auditor**	**Activity**	**Capital**	**Reserves**	**Other equity items**	**Continuing operations**	**Total**	**Total equity**
EDP RENEWABLES EUROPE, S.L.	Oviedo, Spain	100.00%	-	KPMG	Holding company	30,000	135,111	-	(20,674)	(20,674)	144,437
Generaciones Especiales I, S.L.	Spain	-	80.00%	KPMG	Wind farm installation and assembly	28,562	168,524	-	740	740	197,826
Edpr Polska, Sp.z.o.o.	Poland	-	100.00%	KPMG	Wind energy production	109,395	3,796	(1,889)	(4,168)	(4,168)	107,134
Tarcan, B.V	Holland	-	100.00%	KPMG	Other economic activities	20	4,630	-	2,008	2,008	6,658
Greenwind, S.A.	Belgium	-	70.00%	KPMG	Wind energy production	24,924	(81)	-	1,947	1,947	26,790
Neo Energía Aragón, S.L.	Spain	-	100.00%	Unaudited	Wind energy production	10	(1)	-	-	-	9
Neo Energías de Occidente Catalunya, S.L.	Spain	-	100.00%	Unaudited	Wind energy production	10	(910)	-	(406)	(406)	(1,306)
Agrupación Eólica, S.L.U	Spain	-	100.00%	KPMG	Other business activities	650	32,726	-	1,209	1,209	34,585
EDP Renovaveis Portugal, S.A.	Spain	-	100.00%	KPMG	Wind energy production	7,500	4,120	-	33,908	33,908	45,528
Ceasa Promociones Eólicos	Spain	-	100.00%	KPMG	Wind energy production	1,205	3,866	-	812	812	5,883
EDP Renewables France, S.A.S.	France	-	100.00%	KPMG	Holding company	48,527	(6,062)	-	(4,507)	(4,507)	37,958
EDP Renewables Romania, S.R.L.	Romania	-	85.00%	KPMG	Wind energy production	6,722	(905)	-	(1,088)	(1,088)	4,729
Cernavoda Power, S.R.L.	Romania	-	85.00%	KPMG	Wind energy production	9,460	(799)	-	(2,193)	(2,193)	6,468
EDP Renewables Italia, S.R.L.	Italy	-	85.00%	Unaudited	Wind energy production	19,555	-	-	(1,180)	(1,180)	18,375
EDPR Uk Ltd	United Kingdom	-	100.00%	Unaudited	Wind energy production	116	-	-	(743)	(743)	(627)
Desarrollos Eólicos de Galicia, S.A.	Coruña, Spain	-	80.00%	KPMG	Wind energy production	6,130	3,608	-	1,044	1,044	10,782
Desarrollos Eólicos de Tarifa, S.A.U	Seville, Spain	-	80.00%	KPMG	Wind energy production	5,800	2,201	-	1,953	1,953	9,954
Desarrollos Eólicos de Corme, S.A.	Seville, Spain	-	80.00%	KPMG	Wind energy production	3,666	3,784	-	1,329	1,329	8,779
Desarrollos Eólicos Buenavista, S.A.U	Seville, Spain	-	80.00%	KPMG	Wind energy production	1,712	1,527	-	803	803	4,042
Desarrollos Eólicos de Lugo, S.A.U.	Coruña, Spain	-	80.00%	KPMG	Wind energy production	7,761	5,022	(1,246)	4,834	4,834	16,371
Desarrollos Eólicos de Rabosera, S.A.	Zaragoza, Spain	-	76.00%	KPMG	Wind energy production	7,561	2,032	(542)	2,569	2,569	11,620
Desarrollos Eólicos Almarchal S.A.U.	Seville, Spain	-	80.00%	KPMG	Wind energy production	2,061	1,667	(399)	686	686	4,015
Desarrollos Eólicos Dumbría S.A.U.	Coruña, Spain	-	80.00%	KPMG	Wind energy production	61	10,375	-	4,257	4,257	14,693
Parque Eólico Santa Quiteria, S.L.	Zaragoza, Spain	-	46.66%	KPMG	Wind energy production	63	11,263	(292)	2,567	2,567	13,601
Eólica La Janda, SL	Madrid, Spain	-	80.00%	KPMG	Wind energy production	2,050	1,108	-	1,441	1,441	4,599
Eólica Guadalteba, S.L.	Seville, Spain	-	80.00%	KPMG	Wind energy production	1,460	790	-	5,162	5,162	7,412
Eólica Muxia, S.L.U.	Seville, Spain	-	80.00%	KPMG	Wind energy production	10	(1)	-	(2)	(2)	7
Eólica Fontesilva, S.L.U.	Seville, Spain	-	80.00%	KPMG	Wind energy production	470	(1)	-	(1,643)	(1,643)	(1,174)
Eneroliva, S.A.U	Seville, Spain	-	80.00%	Unaudited	Wind energy production	301	(7)	-	-	-	294
Eólica Curiscao Pumar, S.A.U.	Madrid, Spain	-	80.00%	KPMG	Wind energy production	60	14	-	718	718	792

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Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Continuing operations	Total	Total equity
Parque Eólico Altos del Voltoya S.A.	Madrid, Spain	-	48.80%	KPMG	Wind energy production	7,813	4,552	(550)	2,114	2,114	13,929
Sierra de la Peña, S.A.	Madrid, Spain	-	67.92%	KPMG	Wind energy production	3,294	4,028	(1,266)	1,726	1,726	7,782
Eólica Arlanzón S.A.	Madrid, Spain	-	62.00%	KPMG	Wind energy production	4,509	3,547	(438)	1,878	1,878	9,496
Eolica Campollano S.A.	Madrid, Spain	-	60.00%	KPMG	Wind energy production	6,560	15,115	(1,015)	4,737	4,737	25,397
Parque Eólico Belchite S.L.U.	Zaragoza, Spain	-	80.00%	KPMG	Wind energy production	3,600	3,220	-	2,228	2,228	9,048
Parque Eólico La Sotonera S.L.	Zaragoza, Spain	-	51.88%	KPMG	Wind energy production	2,000	2,027	(302)	1,503	1,503	5,228
Siesa Renovables Canarias S.L.	Las Palmas, Spain	-	80.00%	Unaudited	Wind energy production	3	(3)	-	-	-	-
Eólica Don Quijote, S.L.	Madrid, Spain	-	80.00%	KPMG	Wind energy production	3	1	-	1,802	1,802	1,806
Eólica Dulcinea, S.L.	Madrid, Spain	-	80.00%	KPMG	Wind energy production	10	172	-	692	692	874
Eólica Sierra de Avila, S.L.	Madrid, Spain	-	71.99%	KPMG	Wind energy production	10	-	-	(1,656)	(1,656)	(1,646)
Eólica de Radona, S.L.U.	Madrid, Spain	-	80.00%	KPMG	Wind energy production	6,888	(104)	-	(1,114)	(1,114)	5,670
Eolica Alfoz, S.L.	Madrid, Spain	-	67.98%	KPMG	Wind energy production	10	-	-	(1,185)	(1,185)	(1,175)
Eólica La Navica, SL	Madrid, Spain	-	80.00%	KPMG	Wind energy production	10	1,311	-	996	996	2,317
Investigación y desarrollo de Energías Renovables (Ider), S.L.	León, Spain	-	47.67%	KPMG	Wind energy production	15,718	(4,990)	-	(2,424)	(2,424)	8,304
Rasacal Cogeneración, S.A.	Madrid, Spain	-	48.00%	Unaudited	Cogeneration: Electricity production	60	(476)	-	-	-	(416)
Hidroeléctrica Fuentehermosa, S.L.	Oviedo, Spain	-	80.00%	Unaudited	Mini-hydroelectric energy prod.	77	184	-	13	13	274
Hidroeléctrica Gormaz, S.A.	Salamanca, Spain	-	60.00%	Unaudited	Mini-hydroelectric energy prod.	61	(116)	-	(30)	(30)	(85)
Hidroeléctrica del Rumblar, S.L.	Madrid, Spain	-	64.00%	Unaudited	Mini-hydroelectric energy prod.	277	(202)	-	170	170	245
SINAE Inversiones Eólicas, S.A.	Madrid, Spain	-	80.00%	KPMG	Wind power: Wind farm development	6,010	25,540	-	10,193	10,193	41,743
Parques Eólicos del Cantábrico, S.A.	Oviedo, Spain	-	80.00%	KPMG	Wind energy production	9,080	15,736	(634)	1,352	1,352	25,534
Industrias Medioambientales Río Carrión, S.A.	Madrid, Spain	-	72.00%	Unaudited	Waste: Livestock waste treatment	60	(610)	-	-	-	(550)
Tratamientos Medioambientales del Norte, S.A.	Madrid, Spain	-	64.00%	Unaudited	Waste: Livestock waste treatment	60	(43)	-	(1)	(1)	16
Sotromal, S.A.	Soria, Spain	-	72.00%	Unaudited	Waste treatment and recycling	451	(289)	-	-	-	162
Renovables Castilla La Mancha, S.A.	Madrid, Spain	-	72.00%	KPMG	Wind energy production	60	1,163	-	726	726	1,949

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Eólica La Manchuela, S.A.	Albacete, Spain	-	80.00%	KPMG	Wind energy production	1,142	1,161	-	958	958	3,261
Desarrollos Eólicos, S.A.	Seville, Spain	-	80.00%	KPMG	Wind power: Project development	1,056	17,069	-	(1,152)	(1,152)	16,973
Desarrollos Eólicos Promoción, S.A.	Seville, Spain	-	80.00%	KPMG	Wind power: Project development	8,061	46,894	-	11,688	11,688	66,643
Ceprastur, A.I.E.	Oviedo, Spain	-	45.41%	Unaudited	Mini-hydroelectric energy prod.	361	55	-	(4)	(4)	412
Veinco del ebro energía S.L	Spain	-	80.00%	Unaudited	Unavailable	188	3,918	-	740	740	4,846
Acampo Arias, SL	Spain	-	98.19%	KPMG	Wind energy production	3,314	(326)	-	(270)	(270)	2,718
SOCPE Sauvageons, SARL	France	-	49.00%	KPMG	Wind energy production	1	(33)	-	(9)	(9)	(41)
SOCPE Le Mee, SARL	France	-	49.00%	KPMG	Wind energy production	1	(43)	-	23	23	(19)
SOCPE Petite Piece, SARL	France	-	49.00%	KPMG	Wind energy production	1	(76)	-	(33)	(33)	(108)
Plouvien,.S.A.S	France	-	100.00%	Jean-Yves Morisset	Wind energy production	40	(1,613)	-	(188)	(188)	(1,761)
CE Patay, SAS	France	-	100.00%	KPMG	Wind energy production	1,640	1,410	(452)	770	770	3,368
Relax Wind Park III, Sp.z.o.o.	Poland	-	100.00%	Unaudited	Wind energy production	106	(77)	-	(66)	(66)	(37)
Relax Wind Park I, Sp.z.o.o.	Poland	-	96.40%	KPMG	Wind energy production	538	(652)	198	4,786	4,786	4,870
Relax Wind Park IV, Sp.z.o.o.	Poland	-	51.00%	Unaudited	Wind energy production	98	(116)	-	2	2	(16)
Relax Wind Park II, Sp.z.o.o.	Poland	-	51.00%	Unaudited	Wind energy production	111	(40)	-	(17)	(17)	54
C.E.Renovables alternativa slu	Spain	-	100.00%	Unaudited	Wind energy production	86	(2)	-	-	-	84
CIA.E d enrgias renov alternativas sau.2	Spain	-	100.00%	Unaudited	Wind energy production	69	(14)	-	-	-	55
Eolica.Garcimuñoz SL	Spain	-	80.00%	Unaudited	Wind energy production	10	-	-	-	-	12
Compañía Eólica Campo de Borja, SA	Spain	-	75.83%	KPMG	Wind energy production	858	691	-	158	158	1,707
Desarrollos Catalanes del Viento, SL	Spain	-	60.00%	KPMG	Wind energy production	5,993	15,517	-	256	256	21,766
Iberia Aprovechamientos Eólicos, SAU	Spain	-	100.00%	KPMG	Wind energy production	1,919	22	-	153	153	2,094
Molino de Caragüelles, S.L.	Spain	-	80.00%	KPMG	Wind energy production	180	182	-	64	64	426
Neomai Inversiones SICAV, S.A.	Spain	-	100.00%	PwC	Other business activities	33,358	6,499	-	591	591	40,448
Parque Eólico Plana de Artajona, SLU	Spain	-	100.00%	KPMG	Wind energy production	12	(3)	-	-	-	9
Parque Eólico Los Cantales, SLU	Spain	-	100.00%	KPMG	Wind energy production	1,963	1,130	-	1,585	1,585	4,678
Parque Eólico Montes de Castejón, S.L.	Spain	-	100.00%	KPMG	Wind energy production	12	(3)	-	-	-	9
Parques de Generación Eólica, SL	Spain	-	60.00%	KPMG	Wind energy production	1,924	3,133	(565)	653	653	5,145

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CE Saint Bernabé, SAS	France	-	100.00%	KPMG	Wind energy production	1,600	561	(501)	534	534	2,194
CE Segur, SAS	France	-	100.00%	KPMG	Wind energy production	1,615	632	(507)	658	658	2,398
Eolienne D'Etalondes, SARl	France	-	100.00%	Unaudited	Wind energy production	1	(28)	-	(4)	(4)	(31)
Eolienne de Saugueuse, SARL	France	-	100.00%	Unaudited	Wind energy production	1	(27)	-	(7)	(7)	(33)
Parc Eolien D'Ardennes	France	-	100.00%	Unaudited	Wind energy production	1	(123)	-	(19)	(19)	(141)
Eolienne des Bocages, SARL	France	-	100.00%	Unaudited	Wind energy production	1	(28)	-	-	-	(27)
Parc Eolien des Longs Champs, SARL	France	-	100.00%	Unaudited	Wind energy production	1	(69)	-	(2)	(2)	(70)
Parc Eolien de Mancheville, SARL	France	-	100.00%	Unaudited	Wind energy production	1	(40)	-	(2)	(2)	(41)
Parc Eolien de Roman, SARL	France	-	100.00%	Unaudited	Wind energy production	1	(102)	-	(13)	(13)	(114)
Parc Eolien des Vatines, SAS	France	-	100.00%	Unaudited	Wind energy production	37	(1,181)	(600)	(36)	(36)	(1,780)
Parc Eolien de La Hetroye, SAS	France	-	100.00%	Unaudited	Wind energy production	37	(28)	-	(4)	(4)	5
Eolienne de Callengeville, SAS	France	-	100.00%	Unaudited	Wind energy production	37	(20)	-	(5)	(5)	12
Parc Eolien de Varimpre, SAS	France	-	100.00%	Unaudited	Wind energy production	37	(983)	(678)	45	45	(1,579)
Parc Eolien du Clos Bataille, SAS	France	-	100.00%	Unaudited	Wind energy production	37	(704)	(527)	(92)	(92)	(1,286)
Eólica de Serra das Alturas,S.A	Portugal	-	50.10%	KPMG	Wind energy production	50	1,842	-	664	664	2,556
Malhadizes- Energia Eólica, SA	Portugal	-	100.00%	KPMG	Wind energy production	50	100	-	399	399	549
Eólica de Montenegrelo, LDA	Portugal	-	50.10%	KPMG	Wind energy production	50	3,532	-	1,513	1,513	5,095
Eólica da Alagoa,SA	Portugal	-	59.99%	PwC	Wind energy production	50	1,729	-	1,026	1,026	2,805
Aplica.Indust de Energias limpias S.L	Spain	-	36.40%	Unaudited	Wind energy production	131	902	-	334	334	1,367
Cia Productora de energia para consumo interno S.l	Spain	-	12.00%	Unaudited	Wind energy production	468	4,600	-	2,411	2,411	7,479
Desarrollo Eólico del Valle del Ebro	Spain	-	12.00%	Unaudited	Wind energy production	60	(89)	-	(23)	(23)	(52)
Energi E2 Renovalbles Aragon S.l	Spain	-	12.00%	Unaudited	Wind energy production	240	1,708	-	2,429	2,429	4,377
Sinergia Aragonesa S.L	Spain	-	32.00%	Unaudited	Wind energy production	6	(34)	-	(6)	(6)	(34)
Aprofitament D'Energies Renovables de la Tierra Alta S.A	Spain	-	48.69%	Unaudited	Wind energy production	1,994	(546)	-	(232)	(232)	1,216
Bon Vent de L'Ebre S.L.U	Spain	-	100.00%	Unaudited	Wind energy production	90	(35)	-	-	-	55
Parc Eólic Coll de la Garganta S.L	Spain	-	100.00%	Unaudited	Wind energy production	1,693	-	-	-	-	1,693
Parc Eólic Serra Voltorera S.l	Spain	-	100.00%	Unaudited	Wind energy production	1,283	-	-	(534)	(534)	749
Elektrownia Wiatrowa Kresy I sp zoo	Poland	-	100.00%	Unaudited	Wind energy production	18	(12)	-	(52)	(52)	(46)
Moray Offshore renewables limited	United Kingdom	-	75.00%	Unaudited	Wind energy production	-	-	-	158	158	158

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						Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Centrale Eolienne Canet –Pont de Salaras S.A.S	France	-	100.00%	KPMG	Wind energy production	125	(164)	(486)	317	317	(208)
Centrale Eolienne de Gueltas Noyal – Pontiv y S.A.S	France	-	100.00%	KPMG	Wind energy production	2,261	1,353	16	494	494	4,124
Centrale Eolienne Neo Truc de L'Homme ,S.A.S	France	-	100.00%	Unaudited	Wind energy production	38	(9)	-	(2)	(2)	27
Vallee de Moulin SARL	France	-	100.00%	Unaudited	Wind energy production	1	(17)	-	(269)	(269)	(285)
Mardelle SARL	France	-	100.00%	Unaudited	Wind energy production	1	(5)	-	(199)	(199)	(203)
Quinze Mines SARL	France	-	100.00%	Unaudited	Wind energy production	1	(19)	-	(330)	(330)	(348)
Desarrollos Eólicos de Teruel SL	Spain	-	40.80%	Unaudited	Wind energy production	60	(79)	-	79	79	60
Par Eólic de Coll de Moro S.L.	Spain	-	60.00%	Unaudited	Wind energy production	3	5	-	-	-	8
Par Eólic de Torre Madrina S.L.	Spain	-	60.00%	Unaudited	Wind energy production	3	5	-	-	-	8
Parc Eolic de Vilalba dels Arcs S.L.	Spain	-	60.00%	Unaudited	Wind energy production	3	-	-	682	682	685
Parc Eolic Molinars S.L.	Spain	-	54.00%	Unaudited	Wind energy production	3	-	-	-	-	3
Bon Vent de Vilalba, SL	Spain	-	100.00%	Unaudited	Wind energy production	3,600	(719)	-	(224)	(224)	2,657
Bon Vent de Corbera, SL	Spain	-	100.00%	Unaudited	Wind energy production	3,330	(4)	-	(2,617)	(2,617)	709
Farma wiatrowa Bodzanow Sp.z.o.o	Poland	-	100.00%	Unaudited	Energy production	65	(4)	-	(40)	(40)	21
Farma wiatrowa Starozbery Sp.z.o.o	Poland	-	100.00%	Unaudited	Energy production	117	(5)	-	(15)	(15)	97
Farma wiatrowa Wyszogrod Sp.z.o.o	Poland	-	100.00%	Unaudited	Energy production	165	(4)	-	(16)	(16)	145
Rowy-Karpacka mala Energetyka,sp,z.o.o	Poland	-	85.00%	Unaudited	Energy production	13	(8)	-	(7)	(7)	(2)
Repano wind S.R.L	Italy	-	85.00%	Unaudited	Energy production	162	(8)	-	(9)	(9)	145
Re plus – Societa ´a Responsabilita limitada	Italy	-	68.00%	Unaudited	Energy production	100	1,073	-	(60)	(60)	1,113
Telford Offhsore Windfarm limited	United Kingdom	-	75.00%	Unaudited	Energy production	1	-	-	-	-	1
Maccoll offshore windfarm limited	United Kingdom	-	75.00%	Unaudited	Energy production	1	-	-	-	-	1
Stevenson Offshore Windfarm Limited	United Kingdom	-	75.00%	Unaudited	Energy production	1	-	-	-	-	1
Parc Eolien des Bocages Sarl	France	-	100.00%	Unaudited	Energy production	1	(162)	-	-	-	(161)
Santa quiteria Energia S.L.U	Spain	-	80.00%	Unaudited	Energy production	3	398	-	91	91	492
HORIZON WIND ENERGY LLC	Texas	100.00%	-	KPMG	Holding company	3,094,936	(100,529)	-	22,350	22,350	2,972,057
Wind Turbine Prometheus, LP	California	-	100.00%	KPMG	Wind energy production	4	(4)	-	-	-	-
Lost Lakes Wind Farm LLC	Minnesota	-	100.00%	KPMG	Wind energy production	151,317	(149)	-	6,579	6,579	157,747
Quilt Block Wind Farm, LLC	Minnesota	-	100.00%	KPMG	Wind energy production	3,085	(14)	-	-	-	3,071

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						Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Cloud County Wind Farm, LLC	Kansas	-	100.00%	KPMG	Wind energy production	242,811	2,099	-	1,208	1,208	246,118
Whitestone Wind Purchasing, LLC	Texas	-	100.00%	KPMG	Wind energy production	1,824	(775)	-	41	41	1,090
Blue Canyon Windpower II LLC	Oklahoma	-	100.00%	KPMG	Wind energy production	125,109	7,929	-	708	708	133,746
Blue Canyon Windpower V, LLC	Oklahoma	-	100.00%	KPMG	Wind energy production	138,567	551	-	3,671	3,671	142,789
Horizon Wind Energy International	Texas	-	100.00%	KPMG	Wind energy production	4,465	192	-	4	4	4,661
Pioneer Prairie Wind Farm I, LLC	Iowa	-	100.00%	KPMG	Wind energy production	447,222	(11,318)	8,396	5,133	5,133	449,433
Sagebrush Power Partners, LLC	Washington	-	100.00%	KPMG	Wind energy production	152,574	(28)	-	779	779	153,325
Telocaset Wind Power Partners, LLC	Oregon	-	100.00%	KPMG	Wind energy production	101,635	9,285	345	4,188	4,188	115,453
High Trail Wind Farm, LLC	Illinois	-	100.00%	KPMG	Wind energy production	292,612	6,132	-	2,602	2,602	301,346
Marble River, LLC	New York	-	100.00%	KPMG	Wind energy production	45,621	(123)	-	11	11	45,509
Rail Splitter	Illinois	-	100.00%	KPMG	Wind energy production	177,974	(1,605)	-	6,036	6,036	182,405
Blackstone Wind Farm, LLC	Illinois	-	100.00%	KPMG	Wind energy production	116,763	(1,025)	-	3,047	3,047	118,785
Aroostook Wind Energy LLC	Maine	-	100.00%	KPMG	Wind energy production	8,974	(79)	-	3	3	8,898
Jericho Rise Wind Farm LLC	New York	-	100.00%	KPMG	Wind energy production	4,058	(32)	-	2	2	4,028
Madison Windpower LLC	New York	-	100.00%	KPMG	Wind energy production	7,958	(1,197)	-	1,049	1,049	7,810
Mesquite Wind, LLC	Texas	-	100.00%	KPMG	Wind energy production	194,125	14,909	-	2,298	2,298	211,332
Martinsdale Wind Farm LLC	Colorado	-	100.00%	KPMG	Wind energy production	3,257	(5)	-	2	2	3,254
Post Oak Wind, LLC	Texas	-	100.00%	KPMG	Wind energy production	219,690	11,236	-	16,234	16,234	247,160
BC2 Maple Ridge Wind LLC	Texas	-	100.00%	KPMG	Wind energy production	295,123	1,600	8,130	1,024	1,024	305,877
High Prairie Wind Farm II, LLC	Minnesota	-	100.00%	KPMG	Wind energy production	115,020	(81)	475	1,154	1,154	116,568
Arlington Wind Power Project LLC	Oregon	-	100.00%	KPMG	Wind energy production	136,660	2,451	-	235	235	139,346
Signal Hill Wind Power Project LLC	Colorado	-	100.00%	KPMG	Wind energy production	3	(2)	-	-	-	1
Tumbleweed Wind Power Project LLC	Colorado	-	100.00%	KPMG	Wind energy production	3	(3)	-	-	-	-
Old Trail Wind Farm, LLC	Illinois	-	100.00%	KPMG	Wind energy production	308,103	(5,821)	2,724	3,101	3,101	308,107
Stinson Mills Wind Farm, LLC	Colorado	-	100.00%	KPMG	Wind energy production	2,291	(73)	-	2	2	2,220
OPQ Property LLC	Illinois	-	100.00%	KPMG	Wind energy production	-	99	-	5	5	104
Meadow Lake Wind Farm, LLC	Indiana	-	100.00%	KPMG	Wind energy production	221,086	(1,478)	-	4,072	4,072	223,680
Wheatfield Wind Power Project, LLC	Oregon	-	100.00%	KPMG	Wind energy production	76,248	3,257	-	4,142	4,142	83,647
2007 Vento I, LLC	Texas	-	100.00%	KPMG	Wind energy production	858,893	2,572	-	134	134	861,599
2007 Vento II, LLC	Texas	-	100.00%	KPMG	Wind energy production	754,698	(1,468)	-	806	806	754,036
2008 Vento III, LLC	Texas	-	100.00%	KPMG	Wind energy production	835,067	(670)	-	570	570	834,967

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						Thousands of Euros					
									Net profit		
Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Continuing operations	Total	Total equity
Horizon Wind Ventures I LLC	Texas	-	100.00%	KPMG	Wind energy production	1,092,113	27,304	-	18,113	18,113	1,137,530
Horizon Wind Ventures II, LLC	Texas	-	100.00%	KPMG	Wind energy production	105,904	(610)	-	1,490	1,490	106,784
Horizon Wind Ventures III, LLC	Texas	-	100.00%	KPMG	Wind energy production	58,686	(10)	-	556	556	59,232
Clinton County Wind Farm, LLC	New York	-	100.00%	KPMG	Wind energy production	45,664	(5)	-	-	-	45,659
BC2 Maple Ridge Holdings LLC	Texas	-	100.00%	Unaudited	Wind energy production	295,123	1,600	8,130	1,024	1,024	305,877
Cloud West Wind Project, LLC	Texas	-	100.00%	Unaudited	Wind energy production	242,811	2,099	-	1,208	1,208	246,118
Five-Spot, LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Chocolate Bayou I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Alabama Ledge Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Antelope Ridge Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	7,901	-	-	1	1	7,902
Arkwright Summit Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Ashford Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm LLC	Texas	-	100.00%	KPMG	Wind energy production	3,803	-	-	1	1	3,804
Blackstone Wind Farm II LLC	Texas	-	100.00%	KPMG	Wind energy production	87,404	(1)	-	261	261	87,664
Blackstone Wind Farm III LLC	Texas	-	100.00%	Unaudited	Wind energy production	2,756	-	-	7	7	2,763
Blackstone Wind Farm IV LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Blackstone Wind Farm V LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower III LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower IV LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower VI LLC	Texas	-	100.00%	Unaudited	Wind energy production	1,732	-	-	-	-	1,732
Broadlands Wind Farm II LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm III LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Chateaugay River Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Cropsey Ridge Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Crossing Trails Wind, Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Dairy Hills Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Diamond Power Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Ford Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Gulf Coast Windpower Management	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-

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									Net profit		
Group companies	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Continuing operations	Total	Total equity
Company, LLC											
Rising Tree Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest VII LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest X LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest XI LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Panhandle I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest II LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest III LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest IV LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Valley I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind MREC Iowa Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind, Freeport Windpower I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Juniper Wind Power Partners, LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Lexington Chenoa Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	5,506	-	-	-	-	5,506
Machias Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Meadow Lake Wind Farm II LLC	Texas	-	100.00%	KPMG	Wind energy production	152,363	(1)	-	1,254	1,254	153,616
New Trail Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
North Slope Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Number Nine Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Pacific Southwest Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Pioneer Prairie Wind Farm II LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Buffalo Bluff Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Saddleback Wind Power Project LLC	Texas	-	100.00%	KPMG	Wind energy production	1,020	(4)	-	-	-	1,016
Sardinia Windpower LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Turtle Creek Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Western Trail Wind Project I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Whistling Wind WI Energy Center, LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Coos Curry Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Midwest IX LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-

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Horizon Wind Energy Northwest I LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Peterson Power Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Pioneer Prairie Interconnection LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
The Nook Wind Power Project LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Tug Hill Windpower LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Whiskey Ridge Power Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Wilson Creek Power Partners LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
WTP Management Company LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Meadow Lake Wind Farm IV LLC	Indiana	-	100.00%	KPMG	Wind energy production	39,941	-	-	78	78	40,019
Meadow Lake Windfarm III LLC	Indiana	-	100.00%	KPMG	Wind energy production	49,311	-	-	40	40	49,351
2009 Vento IV, LLC	Texas	-	100.00%	KPMG	Wind energy production	178,160	(75)	-	80	80	178,165
2009 Vento V, LLC	Texas	-	100.00%	KPMG	Wind energy production	138,653	(6)	-	113	113	138,760
2009 Vento VI, LLC	Texas	-	100.00%	KPMG	Wind energy production	151,402	(75)	-	152	152	151,479
Horizon Wind Ventures VI, LLC	Texas	-	100.00%	KPMG	Wind energy production	84,892	(1)	-	1,716	1,716	86,607
Lexington Chenoa Wind Farm II LLC	Illinois	-	100.00%	KPMG	Wind energy production	210	-	-	-	-	210
Lexington Chenoa Wind Farm III LLC	Illinois	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
East Klickitat Wind Power Project LLC	Washington	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest IV LLC	Oregon	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Blue Canyon Wind Power VII LLC	Oklahoma	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Horizon Wyoming Transmission LLC	Wyoming	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
AZ Solar LLC	Arizona	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm II LLC	Illinois	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm III LLC	Illinois	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Paulding Wind Farm LLC	Ohio	-	100.00%	KPMG	Wind energy production	4,062	-	-	-	-	4,062
Paulding Wind Farm II LLC	Ohio	-	100.00%	KPMG	Wind energy production	8,242	-	-	5	5	8,247
Paulding Wind Farm III LLC	Ohio	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm II LLC	Wyoming	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm III LLC	Wyoming	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm IV LLC	Wyoming	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm V LLC	Wyoming	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project II, LLC	Oregon	-	100.00%	KPMG	Wind energy production	-	-	-	-	-	-

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Meadow Lake Wind Farm V, LLC	Indiana	-	100.00%	KPMG	Wind energy production	696	-	-	-	-	696
Horizon Wind Ventures IB, LLC	Texas	-	100.00%	Unaudited	Wind energy production	9,602	19,752	-	15,798	15,798	45,152
Horizon Wind Ventures IC, LLC	Texas	-	100.00%	Unaudited	Wind energy production	5,016	(455)	-	6,385	6,385	10,946
Headwaters Wind Farm LLC	Indiana	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
17th Star Wind Farm LLC	Ohio	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Rio Blanco Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Hidalgo Wind Farm LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Stone Wind Power LLC	New York	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Franklin Wind Farm LLC	New York	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Waverly Wind Farm LLC	Kansas	-	100.00%	Unaudited	Wind energy production	1,265	-	-	-	-	1,265
2010 Vento VII, LLC	Texas	-	100.00%	KPMG	Wind energy production	152,384	-	-	156	156	152,540
2010 Vento VIII, LLC	Texas	-	100.00%	KPMG	Wind energy production	153,322	-	-	12	12	153,334
2010 Vento IX, LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Ventures VII, LLC	Texas	-	100.00%	Unaudited	Wind energy production	89,808	-	-	561	561	90,369
Horizon Wind Ventures VIII, LLC	Texas	-	100.00%	Unaudited	Wind energy production	83,514	-	-	373	373	83,887
Horizon Wind Ventures IX, LLC	Texas	-	100.00%	Unaudited	Wind energy production	-	-	-	-	-	-
EDP RENOVÁVEIS BRASIL, S.A.	Sao Paulo (Brazil)	55.00%	-	KPMG	Wind energy production	28,056	(407)	-	1,841	1,841	29,490
Central Nacional de Energia Eólica, S.A. (Cenaeel)	Sao Paulo (Brazil)	-	55.00%	KPMG	Wind energy production	6,329	(79)	-	818	818	7,068
Elebrás Projectos, Ltda	Sao Paulo (Brazil)	-	55.00%	Unaudited	Wind energy production	733	(540)	-	292	292	485
EDP RENEWABLES CANADA, LTD	Canada	100.00%	-	Unaudited	Wind energy production	-	-	-	101	101	101

This appendix forms an integral part of note 8.

EDP RENOVAVEIS, S.A.

Information on Investments in Group Companies

31 December 2010

						Thousands of Euros					
									Net profit		
Associates	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Continuing operations	Total	Total equity
Aprofitament D'Energies Renovables de l'Ebre S.l	Spain	-	18.97%	Unaudited	Wind energy production	3,869	(366)	-	-	-	3,503
Hidroastur, S.A.	Oviedo, Spain	-	20.00%	Centium	Mini-hydroelectric energy prod.	4,808	2,091	-	-	-	6,899
Sodecoan, S.L.	Seville, Spain	-	40.00%	Unaudited	Promotion of energy development	6	(9)	-	-	-	(3)
Biomasas del Pirineo, S.A.	Huesca, Spain	-	24.00%	Unaudited	Biomass: Electricity production	455	(217)	-	-	-	238
Culitvos Energéticos de Castilla, S.A.	Burgos, Spain	-	24.00%	Unaudited	Biomass: Electricity production	300	(48)	-	-	-	252
Parque Eólico Sierra del Madero, S.A.	Soria, Spain	-	33.60%	Ernst & Young	Wind energy production	7,194	5,434	-	3,535	3,535	16,163
Desarrollos Energéticos Canarios, S.A.	Las Palmas de Gran Canaria (Spain)	-	39.92%	Unaudited	Wind power: Project development	4,291	5,836	-	1,242	1,242	11,369
Solar Siglo XXI, S.A.	Ciudad Real, Spain	-	20.00%	Unaudited	Solar energy	80	(18)	-	-	-	62
Naturneo Energía, S.L.	Spain	-	49.00%	Unaudited	Holding company	3	(1)	-	-	-	2
Eólicas de Portugal,SA	Portugal	-	35.96%	Unaudited	Wind energy production	25,248	18,836	(14,215)	5,917	5,917	35,786
Parque Eólico Belmonte, S.A.	Madrid, Spain	-	23.92%	KPMG	Wind energy production	120	4,322	-	(69)	(69)	4,373

This appendix forms an integral part of note 8.

EDP RENOVAVEIS, S.A.

Information on Investments in Group Companies

31 December 2010

						Thousands of Euros					
									Net profit		
Jointly controlled entities	Registered offices	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Continuing operations	Total	Total equity
Tebar Eolica, S.A.	Tébar/Cuenca, Spain	-	40.00%	Unaudited	Wind energy production	4,720	4,502	(400)	1,222	1,222	10,444
Evolución 2000, S.L.	Madrid, Spain	-	39.32%	KPMG	Wind energy production	118	12,779	(1,354)	3,048	3,048	15,945
Desarrollos Eólicos de Canarias, S.A.	Las Palmas, Spain	-	35.80%	KPMG	Wind energy production	4,291	5,836	-	1,242	1,242	11,369
Compañia Eólica Aragonesa S.A.	Spain	-	50.00%	Deloitte	Wind energy production	6,701	68,188	(1,168)	12,722	12,722	87,611
Flat Rock Windpower LLC	New York	-	50.00%	E&Y	Wind energy production	195,636	(27,218)	-	(3,736)	(3,736)	(160,946)
Flat Rock Windpower II LLC	New York	-	50.00%	E&Y	Wind energy production	77,626	(10,017)	-	(2,207)	(2,207)	63,195

This appendix forms an integral part of note 8.

EDP Renovaveis, S.A.

Details of Investments and Positions Held by Company Directors in Other Companies
at 31 December 2011

Name or registered name of board member	Registered name of entity	Position
Antonio Luís Guerra Nunes Mexía	EDP Energías de Portugal, S.A.	Chairman of the board
	Energías do Brasil, S.A.	Chairman of the board
Ana María Machado Fernandes	EDP Energías de Portugal, S.A.	Board member
	EDP - Energías do Brasil, S.A.	Board member
	EDP Renováveis Brasil, S.A.	Chairman of the board
	Hidroeléctrica del Cantábrico, S.A.	Board member
	EDP Renewables Europe, S.L.	Chairman of the board
	ENEOP – Eólicas de Portugal, S.A.	Chairman of the board
Rui Manuel Rodrigues Lopes Teixeira	EDP Renewables Europe, S.L.	Board member
	Generaciones Especiales I, S.L.U.	Board member
	EDP Renováveis Portugal, S.A.	Board member
	Malhadizes – Energía Eólica, S.A.	Board member
	EDP Renewables Canada, Ltd.	Board member
	Relax Wind Park III SP. Z O.O.	Board member
	Relax Wind Park I SP. Z O.O.	Board member
	EDP Renewables Polska SP. Z O.O.	Board member
	Elektrownia Wiatrowa Kresy I SP. Z O.O.	Board member
	Masovia Wind Farm I SP. Z O.O.	Board member
	Farma Wiatrowa Starozreby SP. Z O.O.	Board member
	Karpacka Mala Energetyka SP. Z O.O.	Board member
	Relax Wind Park IV SP. Z O.O.	Board member
	Relax Wind Park II SP. Z O.O.	Board member
	EDP Renováveis Brasil, S.A.	Board member
Nuno María Pestana de Almeida Alves	EDP – Energias de Portugal, S.A.	Board member and Chief Financial Officer
	EDP Energias do Brasil, S.A.	Board member
	Hidroeléctrica del Cantábrico, S.A.	Board member
João Paulo Nogueira de Sousa Costeira	Eneroliva, S.A.	Board member
	EDP Renewables Europa, S.L.U.	Board member
	Cogeneraciones Especiales I, SLU	Board member
	EDP Renováveis Portugal, S.A.	President
	Malhadizes – Energía Eólica, S.A.	President

This appendix forms an integral part of note 18 (e).

Details of Investments and Positions Held by Company Directors in Other Companies
at 31 December 2011

Name or registered name of board member	Registered name of entity	Position
	Eólica da Serra das Alturas, S.A.	Board member
	Eólica de Montenegrelo, S.A.	Board member
	ENEOP 2 – Exploração de Parques Eolicos, S.A.	Chairman of the board
	Eólica dos Altos de Salgueiros-Guilhado, S.A.	Chairman of the board
	Eólica de Alvarrões, S.A.	Chairman of the board
	Eólica do Espigão, S.A.	Board member
	Eólica do Bravo, S.A.	Chairman of the board
	Eólica do Campanário, S.A.	Chairman of the board
	Eólica da Terra do Mato, S.A.	Board member
	Eólica do Alto da Lagoa, S.A.	Board member
	Eólica do Alto do Mourisco, S.A.	Board member
	Eólica das Serras das Beiras, S.A.	Board member
	Eólica do Alto Douro, S.A.	Board member
	Eólica do Monte das Castelhanas, S.A.	Chairman of the board
	Eólica da Lomba, S.A.	Chairman of the board
	Eólica do Cachopo, S.A.	Chairman of the board
	Eólica do Cotão, S.A.	Chairman of the board
	EDP Renewables Romania, SRL	Board member
	Cernavoda Power, SRL	Board member
	Greenwind, S.A.	Chairman of the board
	EDP Renewables France, S.A.	Chairman of the board
	Centrale Eolienne Neo Truc de l'Homme, SAS	Chairman of the board
	Eolienne de Callengeville, SAS	Chairman of the board
	Neo Plouvien, SAS	Chairman of the board
	Parc Eolien de la Hetroye, SAS	Chairman of the board
	Eolienne de Saugueuse, SARL	Board member
	Eolienne de Bocages, SARL	Board member
	Eolienne d'Etalondes, SARL	Board member
	Parc Eolien d'Ardennes, SARL	Board member
	Parc Eolien de Mancheville, SARL	Board member
	Parc Eolien de Roman, SARL	Board member
	Relax Wind Park III SP. Z O.O.	Board member
	Relax Wind Park I SP. Z O.O.	Board member
	EDP Renewables Polska SP. Z O.O	Board member

This appendix forms an integral part of note 18 (e).

Details of Investments and Positions Held by Company Directors in Other Companies
at 31 December 2011

Name or registered name of board member	Registered name of entity	Position
	Elektrownia Wiatrowa Kresy I SP. Z O.O.	Board member
	Masovia Wind Farm I SP. Z O.O.	Board member
	Farma Wiatrowa Starozreby SP. Z O.O.	Board member
	Karpacka Mala Energetyka SP. Z O.O.	Board member
	Relax Wind Park IV Z O.O.	Board member
	Relax Wind Park II Z O.O.	Board member
	EDPR UK, Ltd	Board member
	Moray Offshore Renewables, Ltd	Board member
	Maccoll Offshore Windfarm, Ltd	Board member
	Stevenson Offshore Windfarm, Ltd	Board member
	Telford Offshore Windfarm, Ltd	Board member
	EDP Renewables Italia, Srl	Board member
	Operação e Manuntenção Industrial, S.A.	Board member
João Manuel Manso Neto	EDP Energías de Portugal, S.A.	Board member
	EDP Gestão da Produção de Energía, S.A.	Chairman of the board
	EDP Energía Iberica, S.A.	Board member
	EDP Gás.Com Comércio de Gás Natural, S.A.	Board member
	Hidroeléctrica del Cantábrico, S.A.	Vice Chairman of the board
	Empresa Hidroelectrica do Guadiana, S.A.	Chairman of the board
	Naturgás Energía Grupo, S.A.	Second Vice Chairman of the board
	HidroCantábrico Energía, S.A.U.	Chairman of the board
	Eléctrica de la Ribera del Ebro, S.A.	Chairman of the board
Manuel Menéndez Menéndez	Naturgas Energía Grupo, S.A.	Chairman of the board
	EDP Renewables Europe, S.L.	Board member
	Hidroeléctrica del Cantábrico, S.A.	Chairman of the board
	Enagas, S.A.	Individual representing the legal entity on the board of directors
Gabriel Alonso Imaz	EDP Renewables Canada, Ltd.	Chairman of the board
	EDP Renewables North America, LLC and subsidiaries (see Appendix I)	Chairman of the board
Luis de Abreu Castello-Branco Adão da Fonseca	EDP Renewables Europe, S.L.U.	Board member
	Generaciones Especiales I, S.L.U.	Board member
	EDP Renováveis Portugal, S.A.	Board member
	EDP Renewables Romania, SRL	Board member

This appendix forms an integral part of note 18 (e).

Details of Investments and Positions Held by Company Directors in Other Companies
at 31 December 2011

Name or registered name of board member	Registered name of entity	Position
	Cernavoda Power, SRL	Board member
	Pochidia Wind Farm, S.A.	Board member
	EDP Renewables Canada, Ltd	Board member
	Relax Wind Park III SP. Z O.O.	Board member
	Relax Wind Park I SP. Z O.O.	Board member
	EDP Renewables Polska SP. Z O.O	Board member
	Elektrownia Wiatrowa Kresy I SP. Z O.O.	Board member
	Masovia Wind Farm I SP. Z O.O.	Board member
	Farma Wiatrowa Starozreby SP. Z O.O.	Board member
	Karpacka Mala Energetyka SP. Z O.O.	Board member
	Relax Wind Park IV SP. Z O.O.	Board member
	Relax Wind Park II SP. Z O.O.	Board member
	EDPR UK, Ltd	Board member
	Moray Offshore Renewables, Ltd	Board member
	Maccoll Offshore Windfarm, Ltd	Board member
	Stevenson Offshore Windfarm, Ltd	Board member
	Telford Offshore Windfarm, Ltd	Board member
	EDP Renewables Italia, Srl	Board member
	EDP Renováveis Brazil, S.A.	Board member
	EDP Inovação, S.A.	Board member

Details of Investments and Positions Held by Company Directors in Other Companies
at 31 December 2011

Name or registered name of director or board member	Registered name of entity	Number of shares
Antonio Luís Guerra Nunes Mexía	EDP Energías de Portugal, S.A.	41,000
	EDP Energias do Brasil, S.A.	1
João Manuel Manso Neto	EDP Energías de Portugal, S.A.	1,268
Nuno María Pestana de Almeida Alves	EDP Energías de Portugal, S.A.	100,000
	EDP Energias do Brasil, S.A.	1
Jorge Manuel Azevedo Henriques dos Santos	EDP Energías de Portugal, S.A.	2,379
João Manuel de Mello Franco	EDP Energías de Portugal, S.A.	4,550
	REN - Redes Energéticas Nacionais, SGPS, S.A.	380
Gabriel Alonso Imaz	Iberdrola, S.A.	50

EDP Renováveis S.A.

MANAGEMENT REPORT
DECEMBER 2011

MANAGEMENT REPORT

of

EDP Renováveis S.A. (Holding)

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ATTACHED:

– EDP RENOVÁVEIS CONSOLIDATED ANNUAL ACCOUNTS AS OF 31/DEC/2011

0. INTRODUCTION

EDP Renováveis S.A. individual accounts refer to the Holding of EDP Renováveis Group (EDPR), which includes (apart from EDPR Holding) its subsidiaries EDPR Europe (EDP Renewables Europe, S.L.), EDPR North America (Horizon Wind Energy, LLC) and EDPR South America (EDP Renováveis Brasil). This management report will focus on financials and 2011 activity of "EDPR Holding" as well as its subsidiaries in each of the supra-mentioned platforms. Therefore, the report describes both the Holding and EDPR Group' business and activity during 2011. Financial accounts for EDPR Holding are presented according to Spanish local GAAP ("Plan General de Contabilidad", in all material aspects similar to IFRS), while EDPR Group consolidated financial info were prepared according to IFRS. The current management report addresses EDPR Holding and EDP Group

1. MAIN EVENTS OF THE PERIOD

1ST QUARTER

FEBRUARY

02 Feb – EDP Renováveis announces YE2010 provisional operating data: EDP Renováveis installed 1,101 MW and achieved an electricity output 14,352 GWh, more 32% than in 2009. Load factor in Europe was 27% and in the US 32%.

24 Feb – EDP Renováveis announces YE2010 results: Revenues and EBITDA increased by 31% YoY, reaching €947.6 million and €712.7 million, respectively. EBITDA margin stood at 75.2% and Net Income totalled €80.2 million (-30% YoY).

MARCH

30 Mar – EDP Renováveis takes full control of Genesa: EDPR takes full control of Genesa, following the decision of Caja Madrid to exercise its put option over its 20% stake in Genesa, in accordance to the provisions under the shareholders' agreement. The strike price of the put option was set at €231 million.

2ND QUARTER

APRIL

07 Apr – EDP Renováveis sells financial stake in Spanish wind farm: EDPR closed an agreement with Enel Green Power to sell its stake in SEASA – a company with 74 operating MW in Spain. EDPR sells its 16.67% equity shareholding by €10.7 million (or 24.5 million of enterprise value, including the equivalent net debt as of Dec-10).

11 Apr – EDP Renováveis holds its Annual General Shareholders Meeting

18 Apr – EDP Renováveis announces 1Q2011 provisional operating data: capacity increased by 188 MW and electricity output reached 4,421 GWh, more 21% than in 1st quarter of 2010. Load factor in Europe was 29% and in the US 35%.

MAY

4 May – EDP Renováveis announces 1Q2011 results: Revenues amounted to €284.3 million in the quarter (+17% YoY), EBITDA totalled €220.1 million (+19% YoY), reaching an EBITDA margin of 77.4%. Net income was €49.2 million (+16% YoY).

JUNE

03 Jun – EDP Renováveis is awarded a new long-term contract in the US: EDPR was awarded a 10-year contract by the New York State Energy Research and Development Authority (NYSERDA) in conjunction with the Public Service Commission (PSC) to sell the renewable energy credits (RECs) equivalent to 45 MW from its Marble River Wind Farm project in the New York state, to be commissioned in 2012.

06 Jun – EDP Renováveis establishes a partnership for the development of 2.4 GW of wind offshore capacity in the UK: EDPR entered into a partnership with Repsol to jointly develop 2.4 GW of offshore wind projects in the UK. EDPR will lead the partnership with a 60% share in the overall capacity to be developed.

21 Jun – EDP Renováveis holds its Extraordinary Shareholders Meeting

21 Jun – EDP Renováveis executes a project finance for 138 MW in Romania: EDPR has executed a project finance structure agreement with a consortium of banks led by the European Bank for Reconstruction and Development (EBRD) and the IFC, a member of the World Bank Group, for 138 MW in Romania. The long-term contracted debt facility amounts to €115 million.

28 Jun – EDP Renováveis is awarded with 127 MW in Spain: EDPR was awarded with 127 MW in the region of Aragón, corresponding to 11% of the total 1.2 GW granted by the Spanish regional Government in its tender to award electricity production licenses through wind energy.

3RD QUARTER

JULY

11 Jul – EDP Renováveis executes a project finance for 90 MW in Romania: EDPR has executed another project finance structure agreement with a consortium of banks led by the European Bank for Reconstruction and Development (EBRD) and the IFC, a member of the World Bank Group, for the 90 MW Pestera wind farm in Romania. The long-term contracted debt facility amounts to €73 million.

13 Jul – EDP Renováveis establishes a new institutional partnership structure for 99 MW in the US: EDPR has signed an agreement to secure USD116 million of institutional equity financing from Bank of America Corporation and Paribas North America, Inc., a subsidiary of BNP Paribas, in exchange for a partial interest in its 99 MW Timber Road II wind farm.

14 Jul – EDP Renováveis announces 1H2011 provisional operating data: capacity increased 486 MW (362 MW in Europe, 70 MW in Brazil and 54 MW in the US) and electricity output totalled 8,790 GWh, meaning a 27% increase comparing with the 1st half of 2010. Load factor in Europe was 26% and in the US 36%.

25 Jul – EDP Renováveis executes a project finance for 70 MW in Brazil: EDPR has executed a project finance structure agreement with the Brazilian Development Bank (BNDES) for its 70 MW Tramandaí wind farm in Brazil, in the State of Rio Grande do Sul, fully commissioned in May 2011. The long-term contracted debt facility amounts to R$ 228 million.

27 Jul – EDP Renováveis announces 1H2011 results: Revenues were €546.6 million (+18% YoY) and EBITDA €409.2 million (+19% YoY), with an EBITDA margin of 74.9%. Net income increased 109% YoY to €89.5 million reflecting the operating performance in the period, the extension of the projects' useful life to 25 years and the capital gain from the sale of EDPR's stake in SEASA.

SEPTEMBER

14 Sep – EDP Renováveis secures a new PPA for 101 MW in the US: EDPR signed a 19-year Power Purchase Agreement (PPA) with Tennessee Valley Authority to sell the renewable energy produced by its 101 MW Lost Lakes wind farm in Iowa, US.

4TH QUARTER

OCTOBER

13 Oct – EDP Renováveis announces 9M2011 provisional operating data: capacity increased 604 MW (435 MW in Europe, 99 MW in the US and 70 MW in Brazil) and electricity output totalled 11,975 GWh, meaning a 22% increase comparing with the nine months of 2010. Load factor in Europe was 25% and in the US 31%.

26 Oct – EDP Renováveis announces 9M2011 results: Revenues were €768.8 million (+16% YoY) and EBITDA €548.3 million (+16% YoY), with an EBITDA margin of 71.3%. Net income reached €62.6 million, having increased 182% YoY reflecting the operating performance in the period and the extension of the projects' useful life but partially offset by the negative forex differences.

DECEMBER

20 Dec – EDP Renováveis is awarded long-term contracts for 120 MW at the Brazilian energy auction: EDPR has secured four 20-year Power Purchase Agreements (PPA) at the Brazilian energy A-5 auction to sell electricity in the regulated market. The four PPA are related to the equivalent renewable energy produced by four wind farms totalling 120 MW, to be installed in the State of Rio Grande do Norte, in Brazil.

21 Dec – ENEOP executes a project finance of €260 million for 376 MW in Portugal: EDPR's associated company ENEOP – Eólicas de Portugal has executed a project finance structure with the European Investment Bank (EIB) for its second group of wind farms developed in Portugal, totalling 376 MW.

22 Dec – EDPR's principal shareholder EDP and China Three Gorges establish a strategic partnerhip: EDPR's principal shareholder EDP established a strategic partnership with China Three Gorges, following the selection of the Chinese company to be the purchaser of a 21.35% stake in EDP formerly owned by the Portuguese Government, in the context of the 8th reprivatisation phase of EDP.

22 Dec – EDP Renováveis establishes a new institutional partnership structure for 99 MW in the US: EDPR has secured c.USD 124 million of institutional equity financing from JPM Capital Corporation and Wells Fargo, in exchange for a partial interest in its 99 MW Blue Canyon VI wind farm that has started operating in the State of Oklahoma.

2. PERFORMANCE OF 2011

2.1 Operational and Financial Performance

2.1.1. Financial Results – EDPR Holding

EDPR Holding closed the year of 2011 with €8.5 billion in assets, mainly due to investments in its associates of €4.2 billion and loans to affiliated and group companies of €4.3 billion.

Total equity reached €5.8 billion providing evidence of the robust EDPR Holding capital structure with Equity over Total Assets surpassing 63.2%.

Total Liabilities amounted, by year-end, to €3.4 billion (for the great part a result of €3.0 billion in financial debt to EDP group companies (EDP Finance BV)).

The Financial income totalled €274 millions driven by €260 millions in interest income from financial assets resulting from loans to group companies.

Financial Results totalled (€157) million, leading to a EBT (Earnings before Taxes) of €83 millions. Effective tax rate was 28.7%, resulting in (€24) million in Taxes and a 2011 full year Net Income of €59 million.

2.1.1 Operating Overview

EBITDA MW	FY11	FY10	Δ 11/10
Europe	3,978	3,439	+538
US	3,422	3,224	+198
Brazil	84	14	+70
Total	**7,483**	**6,676**	**+806**

Note: Including ENEOP (attributable to EDPR)

EDPR added 806 MW to its EBITDA+ENEOP installed capacity in 2011, of which 538 MW (87 MW from ENEOP) were in Europe, 198 MW in the US and 70 MW in Brazil. As of Dec-11, EDPR had 90% of its portfolio under long-term contracts and visible regulatory frameworks, and only 10% purely exposed to US spot electricity markets.

Load Factor	FY11	FY10	Δ 11/10
Europe	25%	27%	(2 pp)
US	33%	32%	+1 pp
Brazil	35%	26%	+9 pp
Total	**29%**	**29%**	**-**

In 2011, the average load factor was stable YoY at 29%, keeping its position as one of the highest in the wind sector, as the company continues to leverage on its competitive advantages to maximize wind farm's output and on its diversified portfolio to mitigate the wind volatility risk. In Europe, the load factor decreased to 25% in 2011, given a lower wind resource in the period, particularly in the 4Q (27%, -3pp YoY). In the US, the 2011 load factor improved by 1pp YoY to 33%, having remained stable in the 4Q11 at 37%. In Brazil, load factors increased 9pp YoY to 35% following the strong wind resource in the 4Q11 and the commissioning of 70 MW with a higher load factor.

GWh	FY11	FY10	Δ 11/10
Europe	7,301	6,632	+10%
US	9,330	7,689	+21%
Brazil	170	31	+451%
Total	**16,800**	**14,352**	**+17%**

Electricity production was up 17% in 2011, reaching 16.8 TWh and outpacing the capacity growth. The US represented the main source of growth (+21%), while Europe's growth (+10%) continues to be supported by Central and Eastern European markets.
Out of the total electricity output in 2011, 84% was sold under long-term remuneration schemes while 16% was exposed to US spot electricity prices (spot exposure will decrease further once all signed PPA contracts in the US start to contribute in 2012).

All in all, Revenues increased by 13% YoY and EBITDA increased 12% YoY, as a result of operating growth and positive non-recurrent items at the net operating costs line.

2.1.2 Development of Capacity and Capex

Installed Capacity (MW)	FY11	FY10	Δ 11/10
Spain	2,201	2,050	+151
Portugal	613	599	+14
France	306	284	+22
Belgium	57	57	-
Poland	190	120	+70
Romania	285	90	+195
Europe	**3,652**	**3,200**	**+452**
US	**3,422**	**3,224**	**+198**
Brazil	**84**	**14**	**+70**
EBITDA MW	**7,157**	**6,437**	**+720**
ENEOP -Eólicas de Portugal (equity consolidated)	326	239	+87
EBITDA MW + Eólicas de Portugal	**7,483**	**6,676**	**+806**

By December 2011, EDPR managed a global portfolio of 7,483 MW in 8 different countries (including its interest in the ENEOP - Eólicas de Portugal consortium, equity consolidated). During 2011, 720 MW (EBITDA) plus 87 MW (equity consolidated) were added to the installed capacity, of which 538 MW in Europe, 198 MW in the US and 70 MW in Brazil. In the 4Q11, EDPR added 203 MW of which 104 MW in Europe and 99 MW in the US.

Under Construction (MW)	FY11
Spain	58
Portugal	2
ROE	100
Europe	**160**
US	**215**
EBITDA MW	**375**
ENEOP -Eólicas de Portugal (equity consolidated)	-
EBITDA MW + Eólicas de Portugal	**375**

By December 2011 EDPR had 375 MW under construction, of which 160 MW were in Europe and 215 MW in the US. In Europe, 80 MW were in construction in Poland, 58 MW in Spain and 2 MW in Portugal, while in Italy EDPR is building its first 20 MW. In the US, EDPR has 215 MW under construction from the Marble River wind farm in the State of New York.

Capex (€m)	FY11	FY10	Δ %	Δ €
Europe	368	539	(32%)	(171)
US	405	783	(48%)	(378)
Brazil & Others	57	79	(28%)	(10)
Total Capex	**829**	**1,401**	**(41%)**	**(572)**

Capex in 2011 was €829m, reflecting the ongoing capacity expansion plan. The 2011 capex decreased by 41% YoY explained by the lower capacity additions in the period and a lower unitary cost. Out of the €829m capex for 2011, €364m were related to the conclusion of new installed MW, while €466m were assigned to capacity under construction and under development.

EDPR has today a pipeline of projects in excess of 21 GW in 11 different countries, which enables the company to develop the best growth options through the execution of high quality projects located in the most profitable markets. During the 4Q11, EDPR performed a rationalisation of the long-term pipeline in the US, leading to a reduction in the volume of capacity under development in this country.

Pipeline (MW)	Tier 1	Tier 2	Tier 3	Sub-Total	Prospects	Total
Europe	369	917	4,458	5,745	3,377	9,121
North America	775	4,038	3,285	8,098	2,195	10,293
Brazil	120	153	641	914	700	1,614
Total	**1,264**	**5,107**	**8,384**	**14,756**	**6,272**	**21,028**

2.2 Condensed Consolidated Financial Statements

2.2.1 Statement of Financial Position

Assets (€m)	FY11	FY10
Property, plant and equipment, net	10,455	9,982
Intangible assets and goodwill, net	1,334	1,367
Financial investments, net	61	64
Deferred tax assets	56	39
Inventories	24	24
Accounts receivable - trade, net	146	144
Accounts receivable - other, net	763	680
Financial assets held for trading	0	36
Cash and cash equivalents	220	501
Total Assets	**13,058**	**12,835**
Equity (€m)		
Share capital + share premium	4,914	4,914
Reserves and retained earnings	325	274
Consolidated net profit attrib. to equity holders of the parent	89	80
Non-controlling interests	127	126
Total Equity	**5,454**	**5,394**
Liabilities (€m)		
Financial debt	3,826	3,534
Institutional partnerships	1,024	1,009
Provisions	58	54
Deferred tax liabilities	381	372
Deferred revenues from institutional partnerships	773	635
Accounts payable - net	1,542	1,839
Total Liabilities	**7,604**	**7,442**
Total Equity and Liabilities	**13,058**	**12,835**

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

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

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

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

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

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

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

Deferred Tax liabilities in the amount of 381 million euros reflect 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.

2.2.2 Statement of Income

Consolidated Income Statement (€m)	FY11	FY10	Δ 11/10
Revenues	**1,068.8**	**947.6**	**+13%**
Supplies and services	225.1	196.2	+15%
Personnel costs	60.8	54.8	+11%
Other operating costs / (income)	(17.8)	(16.2)	(10%)
Operating Costs	**268.1**	**234.9**	**+14%**
EBITDA	**800.7**	**712.7**	**+12%**
EBITDA/Revenues	74.9%	75.2%	(0.3 pp)
Provisions	(0.3)	(0.2)	(71%)
Depreciation and amortization	468.5	434.4	+8%
Compensation of subsidized assets' depreciation	(15.0)	(11.4)	(31%)
EBIT	**347.5**	**289.9**	**+20%**
Capital gains/(losses)	10.5	0.0	-
Financial income/(expense)	(244.1)	(174.1)	(40%)
Income/(losses) from group and associated companies	4.8	5.0	(5%)
Pre-Tax Profit	**118.7**	**120.8**	**(2%)**
Income taxes	(28.0)	(37.8)	+26%
Profit of the period	90.6	83.0	+9%
Equity Holders of EDPR	**88.6**	**80.2**	**+10%**
Non-controlling interests	2.0	2.8	(29%)

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

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

Depreciation and amortization charges (including comp. of subsidized asset's depreciation) increased by 7% in 2011 to 453 million euros. In the 2Q11, EDPR concluded a joint technical study with an industry independent expert on the expectable operating period turbines are expected to be economically in operation, and accordingly adjusted the useful life of its fleet to 25 years. The extension had a +55 million euros impact in the Net Income bottom line of 2011 (81M€ pre-tax), mainly as a result of lower depreciation charges.

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

All in all, some non-recurrent items impacted the company's Pre-tax profit in -16 million euros: i) +11 million euros as a result of the revaluation of some of EDPR's European Assets and Liabilities (+52 million euros in EBITDA; -41 million euros in Depreciations and Amortizations); ii) -12 million euros of write-offs and other costs related to pipeline rationalisation (impact in EBITDA); iii) -22 million euros of negative forex differences (impact in Financial Costs); and iv) +10 million euros of capital gains.

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

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

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. The expected dividend policy of EDPR, as announced in the IPO, is to propose dividends' distribution each year representing at least 20% of EDPR's distributable profit. Also as announced in the IPO, EDPR Board of Directors can adjust this dividend policy as required to reflect, among other things, changes to our business plan and our capital requirements, and there can be no assurance that in any given year a dividend will be proposed or declared.

Net Income Application Proposal (€)	
Distribution basis:	
Net Income of the Period	59,018,372.50
Total to be allocated	59,018,372.50
Allocation:	
Legal Reserves (10%)	5,901,837.25
Voluntary Reserves	53,116,535.25
Total Distributed	59,018,372.50

2.2.3 Cash-flow and change in Net Debt

Cash-Flow (€m)	FY11	FY10	Δ 11/10
EBITDA	801	713	+12%
FFO (Funds From Operations)	588	522	+13%
Operating Cash-Flow	643	567	+13%
Net Operating Cash-Flow	(444)	(764)	+42%
Decrease / (Increase) in Net Debt	**(616)**	**(737)**	**+16%**

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

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

- Funds From Operations resulting from EBITDA after net interest expenses, associates and taxes increased 13% YoY;
- Operating Cash-Flow, adjusted by net interest costs, non-cash items and net of changes in working capital, amounted to €643m (+13% YoY);
- Capital Expenditures totalled €829m: €364m related to the conclusion of new installed MW; while €466m were assigned to capacity under construction and under development. The 2011 capex decreased by 41% YoY explained by the lower capacity additions in the period and lower unitary cost;
- Other Investing activities amounted to €260m, which encompasses: i) financial investments/divestments (€237m), including the acquisition of a 20% additional stake in Genesa for €231m (2Q11) and the divestment of the financial stakes in two wind farms from which EDPR cashed-in a total €26m; and ii) other payments which total €23m;

- Monetization of tax credits (€144m) includes two Institutional Partnership agreements for 198MW in the US;
- Forex & other (€157m) include the financing of newly installed capacity in the ENEOP consortium in Portugal through shareholder loans and the forex translation (-€52m) mostly related to EDPR's debt in US Dollars.

Net Debt (€m)	FY11	FY10	Δ €
Financial Debt	3,826	3,534	+293
Cash and cash equivalents	220	501	(281)
Loans to EDP Group related companies and cash pooling	219	226	(7)
Financial assets held for trading	0	36	(36)
Net Debt	**3,387**	**2,772**	**+616**

At the end of 2011, EDPR's financial debt was 3.8 billion euros (+8% YoY), being c78% of it loans with EDP Group while the remaining is debt with financial institutions, mostly related to project finance. Net Debt achieved 3.4 billion euros in 2011, increasing from the 2.8 billion euros by the end of 2010, mainly reflecting the capital expenditures and the financial investments done in the period.

EDPR's debt has a long-term profile. Most of our 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 to match the operating cash-flow profile with its financing costs.

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

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

2.3. Competitive Landscape and Business Plan

EDPR is a global leading energy company. Our growth has been the result of an extraordinary ability to implement projects and to smoothly integrate new companies, people and cultures. Our

markets provide attractive growth potential, mainly due to their growth prospects and the fact that they possess stable regulatory structures that allows for profitable returns.

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

EDPR is a leading 'pure-play' renewable energy company, having derived its revenue stream from renewable energy activity. EDPR holds a leading position and "early mover" advantages in attractive high-growth markets, and continues to analyze new markets as well as new opportunities within the markets we currently operate in. This strategy continues to provide the company with a unique combination of size, focus and experience in the sector.

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

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

Furthermore, EDPR has proven its ability to selectively identify new markets, to enter such markets and successfully integrate new countries.

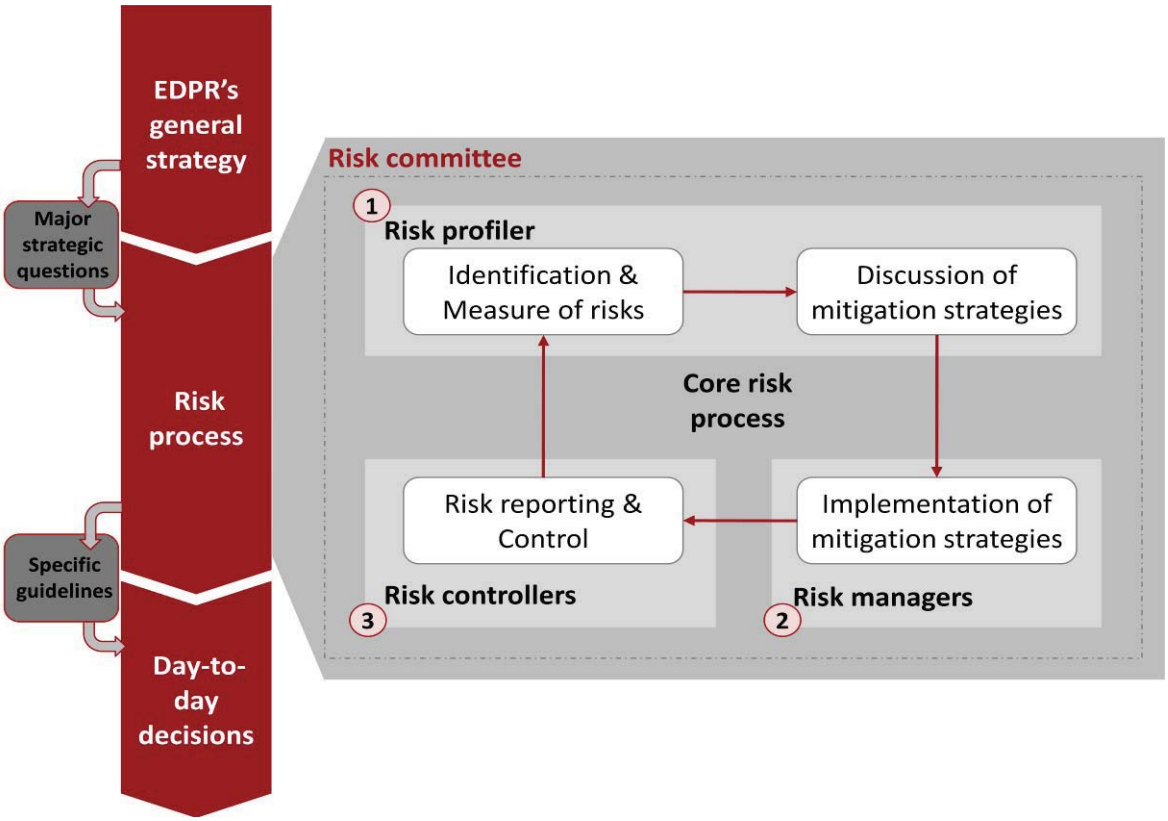
At the core of EDPR's confidence in achieving these targets, is a dynamic, highly qualified and experienced team of world-wide employees with the track record and ambition to deliver upon the superior targets.

3. RISK MANAGEMENT

RISK FRAMEWORK AND PROCESS

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

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



RISK FUNCTIONS AND RISK COMMITTEE

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

EDPR's Risk Committee integrates and coordinates all the risk functions and assures the link between risk strategy and the company's operations.

EDPR's Risk Committee intends to be the forum to discuss how EDPR can optimize its risk-return position according to its risk profile. The key responsibilities of this committee are:

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

RISK AREAS AND RISK RELATED STRATEGIC QUESTIONS

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

1. **Countries & Regulations** - Changes in regulations may impact EDPR's business in a given country
2. **Revenues** - Revenues received by EDPR's projects may diverge from what is expected
3. **Financing** - EDPR may not be able to raise enough cash to finance all its planned Capex; EDPR may not be able to 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 suffers delays and/or anticipations in its installation
6. **Operations** - Projects may deliver a volume different from expected

3.1 Countries and Regulations

3.1.1 Regulatory Risks

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

Support for renewable energy sources has been strong in previous years, and both the European Union and various US federal and state bodies have regularly reaffirmed their wish to continue and strengthen such support.

It cannot be guaranteed that the current support will be maintained or that the electricity produced by future renewable energy projects will benefit from state purchase obligations, tax incentives, or other support measures for the electricity generation from renewable energy sources.

Management of Regulatory Risks

EDPR is managing its exposure to regulatory risks trough diversification (being present in several countries) and by being an active member in several wind associations.

3.2 Revenues

3.2.1 Exposure to market electricity prices

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

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

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

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

Under EDPR's global approach to optimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the defined limits, assessing in which markets financial hedges may be more effective to correct it. In 2010, in order to manage such

exposure, EDPR financially hedged a significant part of its generation in Spain while it closed a significant portion of its exposure through several physical and financial deals for the long-term in the US.

3.2.2 Risk related to volatility of energy production

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

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

Management of Risks related to volatility of energy production

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

3.3 Financing

3.3.1 Risks related to the exposure to financial markets

EDPR is exposed to fluctuations in interest rates through financing. This risk can be mitigated using fixed rates and hedging instruments, including interest rate swaps.

Also because of its presence in several countries, currency fluctuations may have a material adverse effect on the financial condition and results of operations. EDPR may attempt to hedge against currency fluctuations risks by natural hedging strategies, as well as by using hedging instruments, including forward foreign exchange contracts and Cross Interest Rate Swaps.

EDPR hedging efforts will minimize but not eliminate the impact of interest rate and exchange rate volatility.

Management of Financial Risks

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

The Board of Directors is responsible for the definition of general risk-management principles and the establishment of exposure limits following the recommendation of the risk committee.

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

The execution of the approved strategies is also undertaken by the Financial Department, in accordance with the policies previously defined and approved.

Fixed rate, Natural hedging and Financial instruments are used to minimize potential adverse effects resulting from the interest rate and foreign exchange rate risks on its financial performance.

3.3.1.1 Interest rate risk

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

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

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

3.3.1.2 Exchange rate risk

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currently, main currency exposure is the U.S. dollar/euro currency fluctuation risk that results principally from the shareholding in EDPR NA. With the ongoing

increasing capacity in others non-euro regions, EDPR will become also exposed to other local currencies (Poland, Romania and Brazil).

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

3.3.2 Counterparty credit risk

Counterparty risk is the default risk of the other party in an agreement, either due to temporary liquidity issues or long term systemic issues.

Management of counterparty credit risk

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

3.3.3 Liquidity risk

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

Management of liquidity risk

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

3.4 Wind turbine contracts

3.4.1 Wind turbine supply risk

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

Management of wind turbine supply risk

EDPR faces limited risk to the availability and prices' increase of WTG due to its framework agreements with the major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to reduce its dependency on any one supplier being one of the worldwide wind energy developers with a more diversified and balanced portfolio.

3.5 Pipeline development

3.5.1 Permitting risks

Wind farms are subject to strict international, national, state, regional and local regulations relating to the development, construction, licensing, grid interconnection and operation of power plants. Among other things, these laws regulate: land acquisitions, leasing and use; building, transportation and distribution permits; landscape and environmental permits; and regulations on energy transmission and distribution network congestions.

Management of permitting risk

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

3.6 Operations

3.6.1 Wind turbine performance risk

Wind farms output depend upon the availability and operating performance of the equipment necessary to operate it, mainly the components of wind turbines and transformers. Therefore the risk is that the performance of the turbine does not reach its optimum implies that the energy output is not the expected.

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.

4. FINANCIAL HEDGING DERIVATIVE INSTRUMENTS

Topic 3 provides a description of the key financial risks faced by EDPR. According to EDPR risk policy, and in order to manage, control or minimize impact of some of those risks, in liaise with a discipline risk management practice, EDPR uses financial derivatives and enters hedging transactions with the sole intent to protect against risks and as a consequence mitigate fluctuations of earnings.

These derivative instruments are explained in detail as part of the note 39 to the Annual Accounts.

5. TREASURY STOCKS (OWN SHARES)

It has been approved in the Annual Shareholder's meeting of 2010, to authorize the Board of Directors for the acquisition and transmission of own shares by the Company and/or the affiliate companies through their management bodies for a term of five years from the date of the General Shareholders Meeting. Up to date of this report the Company has not executed any acquisition and consequently transmission of own shares.

Terms and requirements are detailed in the Corporate Governance (attached).

6. ENVIRONMENTAL PERFORMANCE

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

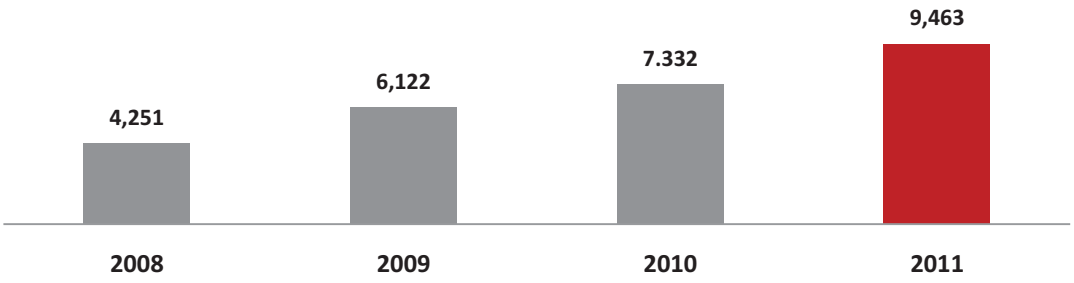
Furthermore, wind is an endogenous resource and its use helps to diminish large import costs and the transportation carbon footprint that would otherwise be produced by other sources of energy. Wind is a clean, safe and secure source of energy available close to the population.

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

In 2011, EDPR has produced 16.8 TWh that is estimated to avoid the emission of 9,463 thousand tons of CO_2.

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

CO_2 avoided (thousand tons)[1]



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

In order to protect the environment, we complement our strategy of fighting against climate change with an environmentally responsible management of our wind farms. This strategy is supported by the Environmental and Biodiversity policies based on EDP Group's Guidelines that were approved by EDPR Executive Committee in January 2011.

Our policies reflect a responsible management of the environment along the whole value chain. From the very early stages of project development - when it is critical to perform environmental

and cultural feasibility studies - to the decommissioning of our wind farms - where our environmental strategy includes a waste management plan, environmental monitoring plans and habitat restoration. All this process is supported by an extensive local knowledge that allows us to ensure environmental compliance during the project life cycle. In 2011, we invested 12 million Euros in environmental related activities.

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

Environmental Management System and ISO 14001 certification

During the operation phase, we ensure the environmental legal compliance and the proper management of the environmental aspects through the EDPR Environmental Management System (EMS).

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

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

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

By the end of 2011, 2,193 MW in Europe have been certified in compliance with the ISO 14001:2004 standard (61% of the wind farms in operation in Europe).

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

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

Monitoring impacts

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

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

Once construction is complete, the actual land taken out of permanent production is less than 1% of the total project area. The primary use of this land is for access roads to the wind turbine locations, a small area for the wind turbine and electrical transformer, and a gravelled pad area for a crane to be used in construction and maintenance activities. The total area within a wind farm boundary can vary, depending upon the wind resource characteristics and terrain.

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

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

7. HUMAN CAPITAL

OUR PEOPLE PROFILE

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

In 2011, EDPR employed 796 people, 37% of which are located on our North American platform and Brazil, while the remaining 63% work in our European platform.

Headcount at year-end	2011	2010
EDPR Corporate*	127	75
EDPR EU	393	398
EDPR NA	260	332
EDPR SA	16	17
Total	**796**	**822**

Note: Figures include four members of the Mangement Team

* In 2011, 22 EDPR Corporate employees were based in North America

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

Throughout the year, 130 new employees joined EDPR while 154 are no longer with the company, resulting in a turnover ratio of 18%, which is in line with the previous year.

Employees Turnover	2011	2010
Number of hires	130	171
Number of departures	154	70
Total turnover	18%	15%
Turnover by gender		
Male	18%	16%
Female	18%	12%
Turnover by age range		
Less than 30 years old	22%	14%
Between 30 and 39 years	16%	14%
Over 40 years old	17%	17%
Turnover by platform		
EDPR Corporate	8%	13%
EDPR EU	14%	11%
EDPR NA	27%	18%
EDPR BR	28%	41%

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

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

OUR PEOPLE's SATISFACTION

Every two years, EDPR conducts a Satisfaction Survey for its employees. In 2011, the participation rate increased to 91% from 78% (in 2009), and resulted in a global score of 79%.
An in-depth analysis of the macro indicators shows an increase in the level of satisfaction with both the company and one's department. The survey revealed strong company loyalty as the highest score achieved was related to employee's desire to stay.

OUR EVALUATION AND PERFORMANCE

EDPR continues to improve the appraisal model implemented in 2010 and that is applicable to all our employees. Currently, it is based on a 360 degrees evaluation model in which the system collects information from several data sources to evaluate employee performance: oneself, peers, subordinates and manager. In 2011, audiovisual material, publications on the Intranet and workshops were carried out to educate our employees on the process.
During the 2011 appraisal process, employees had the opportunity to create their Individual Development Plan, which was aligned with their manager. The objective of this new system is to monitor the progress of improvement actions and skills development.

RECRUITING

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

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

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

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

Welcome New Hires

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

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

Employee Handbook

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

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

Interns

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

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

DEVELOPMENT

Training

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

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

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

High Potential Program

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

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

Executive Program

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

- High Performance Leadership
- Strategy and Business

- Efficient execution
- Change management

Advanced Training

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

Leadership Guide

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

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

LABOUR RELATIONS

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

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

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

Collective Bargaining

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

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

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

COMPENSATION POLICY

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

BENEFITS

We are committed to offer a competitive benefits package to recognize the contributions and talents of our employees. The Company does not differentiate benefits between full time and part time employees.
In addition to legal requirements per country, competitive benefits are offered in the various regions (adjusted to local specificities) and include, namely, medical insurance (one of the most recognized by our employees), life insurance, pension plans or retirement plans, business travel insurance and accident insurance.
The Company offers the opportunity to participate in either a pension plan or defined contribution plan, depending on the home country. The guaranteed contributions are supplemental to and independent of those established under the Social Security System.
EDPR also has a Flexible Remuneration Package that is currently implemented in Spain and Portugal. This plan allows for employees to decide if they want to receive part of their wage paid in products or services, namely restaurant tickets, kinder garden tickets, EDPR shares, and others. This can provide tax benefits for employees.
During 2011, EDPR analyzed the possibility of extending the Flexible Remuneration Package to other geographies according to local legislations, however we were unable to find tax benefits applicable to all employees.

WORK-LIFE BALANCE

One of our main focuses continues to be the promotion and encouragement of work-life balance of our employees. This pursuit increases our employee's satisfaction and enjoyment, while boosting their productivity, commitment and accountability. Overall this creates positive bottom-line results for the organization.
EDPR implemented work-life balance programs throughout the geographies where the company is present and aims constantly improve and provide additional benefits. This course of action was ultimately recognized with the Family-Responsible Employer Certificate.

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

Take your child to work

At the North American headquarters in Houston, EDPR promoted its Take Your Child to Work Day, an educational program promoting opportunities for children to participate in career exploration at an early age. The all-day event included craft projects, games, presentations, lunch and a movie. In Europe, our employees' children between 0 and 12 years old received a Christmas gift, along with a letter from the three Wise Men in Spain and from Santa in the rest of Europe. In order to foster the support of social causes, the gifts were purchased from UNICEF.

Christmas Campaign

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

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

On the other side of the Atlantic, through the Volunteer Committee, employees donated new toys for the Marine Toys for Tots Foundation. 10 teams registered for the Donation Challenge and collected 824 toys which were enough to help nearly 300 families. On average, each participating employee donated 5 toys. Additionally, the Albany New York office collected and donated their toys to families in the Schoharie County, which was impacted by hurricane Irene.

8. RESEARCH & DEVELOPMENT

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

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

The project is the first offshore wind deployment worldwide which did not require the use of any heavy lift equipment offshore. Further, this is the first offshore wind turbine in open Atlantic waters, and the first deployment of a semi-submersible structure supporting a multi-megawatt wind turbine.

The WindFloat Project, developed in partnership by EDP, Principle Power, A Silva Matos, Inovcapital and Vestas, has secured support from the Portuguese State. It will form the basis of a future ocean energy cluster in Portugal.

The WindFloat project clearly addresses the supply side of the global solution as it implies cleaner energy generation.

9. RELEVANT SUBSEQUENT EVENTS

1ST QUARTER of 2012

JANUARY

06 Jan – EDPR's principal shareholder EDP has convened a General Shareholders' Meeting: EDP has convened a General Shareholders' Meeting in which shareholders will decide upon the election of new members of the Executive Board of Directors. As a consequence, shall this proposal be approved, EDP as major shareholder of EDP Renováveis, intends to propose the necessary steps for Mr. João Manso Neto to assume the position of EDP Renováveis Chief Executive Officer, in substitution of Mrs. Ana Maria Fernandes.

FEBRUARY

02 Fev – EDP Renováveis announces FY2011 provisional operating data: capacity increased 806 MW in 2011 to 7,483 MW (538 MW in Europe, 198 MW in the US and 70 MW in Brazil) and electricity output totalled 16,800 GWh, meaning a 17% increase comparing 2010. Load factor in Europe was 25% and in the US 33%.

10. CORPORATE GOVERNANCE

10.1 Model of Management and Supervision

EDP Renováveis, has adopted the governance structure in effect in Spain. It comprises a General Meeting of Shareholders and a Board of Directors that represents and manages the company.

The Company's Board of Directors has set up four committees. These are the Executive Committee, the Audit and Control Committee, the Nomination and Remuneration Committee, the Committee on Related-Party Transactions.

Aditionally, on 2011, the Board of Directors approved to create an Ethics Committee. The Committee has three members, which are the Presidents of the Committees of the Board of Directors.

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

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

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

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

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

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

10.2 Corporate Bodies

10.2.1 General Meeting of Shareholders

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

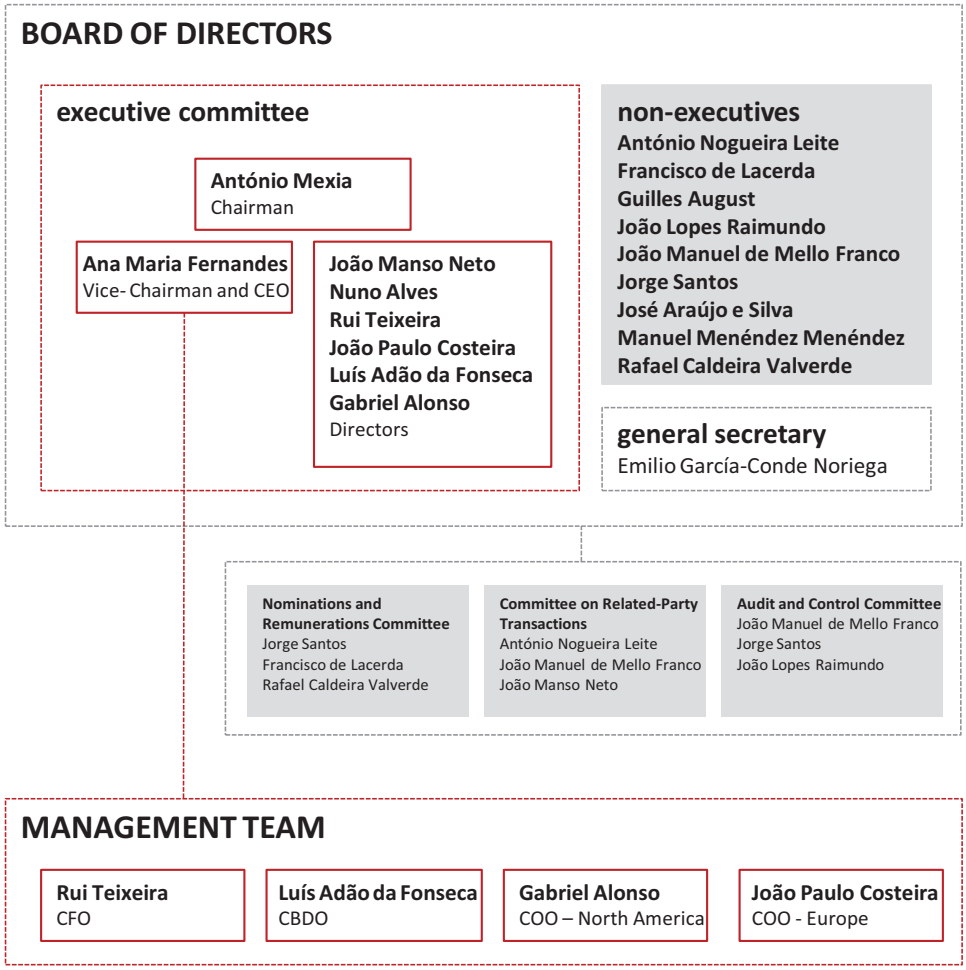
10.2.2 Board of Directors

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

On 2011, Mr. António Martins da Costa, Mr. José Silva Lopes and Mr. Daniel Kammen ended their terms as Board members. The four members of the Management Team, Mr. Rui Teixeira, Mr. João Paulo Costeira, Mr. Luis Adão da Fonseca and Mr. Gabriel Alonso were appointed as Board members. All the others members of the Board were re-elected for a new term.

Name	Position	Date of Appointment	Date of Re-election	End of Term
António Mexia	Chairman and Director	18/03/2008	21/06/2011	21/06/2014
Ana Maria Fernandes	Vice-Chairman, CEO	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Director	18/03/2008	21/06/2011	21/06/2014
Nuno Alves	Director	18/03/2008	21/06/2011	21/06/2014
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
João Paulo Costeira	Director	21/06/2011	-	21/06/2014
Luis Adão da Fonseca	Director	21/06/2011	-	21/06/2014
Gabriel Alonso Imaz	Director	21/06/2011	-	21/06/2014
Manuel Menéndez Menéndez	Director	04/06/2008	21/06/2011	21/06/2014
António Nogueira Leite	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Francisco de Lacerda	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Gilles August	Director (Indep.)	14/04/2009	21/06/2011	21/06/2014
João Lopes Raimundo	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Jorge Santos	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014

10.3 Summarized Organization Chart



11. SHAREHOLDER STRUCTURE

CAPITAL STRUCTURE

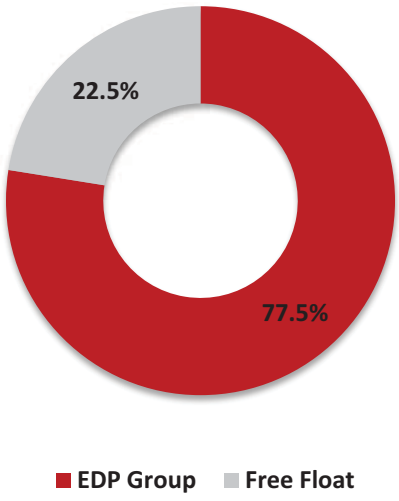
The EDPR share capital of EUR 4,361,540,810 is represented by 872,308,162 shares with a face value of EUR 5 each. All shares integrate a single class and series and are fully issued and paid. There are no holders of special rights and pursuant to the Article 8 of the Company's Articles of Association, there are no restrictions on the transfer of EDPR shares.

As far as the EDPR Board of Directors is aware there are currently no shareholders' agreements regarding the company.

SHAREHOLDER STRUCTURE

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

EDPR Shareholder Structure – 31 Dec 2011

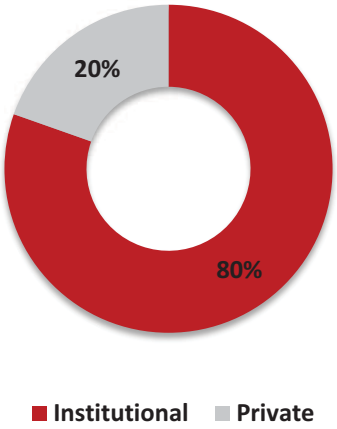


Free-Float Descripton

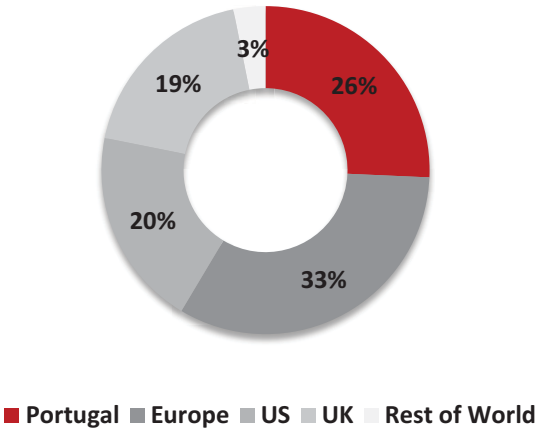
By December 31st, 2011, EDPR's free-float comprised about 110,000 institutional and private investors spread across more than 35 different countries with special focus on Portugal, United States, and United Kingdom. Rest of Europe most represented countries are Switzerland, France and Norway.

Institutional investors represented 80% of EDPR's free-float (79% in 2010) while private investors, mostly Portuguese, stand for the remaining 20%.

Free-Float by Investor Type



Free-Float by Geography



QUALIFYING HOLDING

Qualifying holdings in EDP are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholders' holdings. As of December 31st,2011, no qualifying holdings in EDPR with the exception of EDP – Energias de Portugal, S.A. were identified.

Shareholder	Number of Shares %	% Capital	% Voting Rights
EDP - Energias de Portugal			
EDP - Energias de Portugal, S.A. - Sucursal en España	541,027,156	62.00%	62.00%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.50%	15.50%
Total	**676,283,856**	**77.50%**	**77.50%**

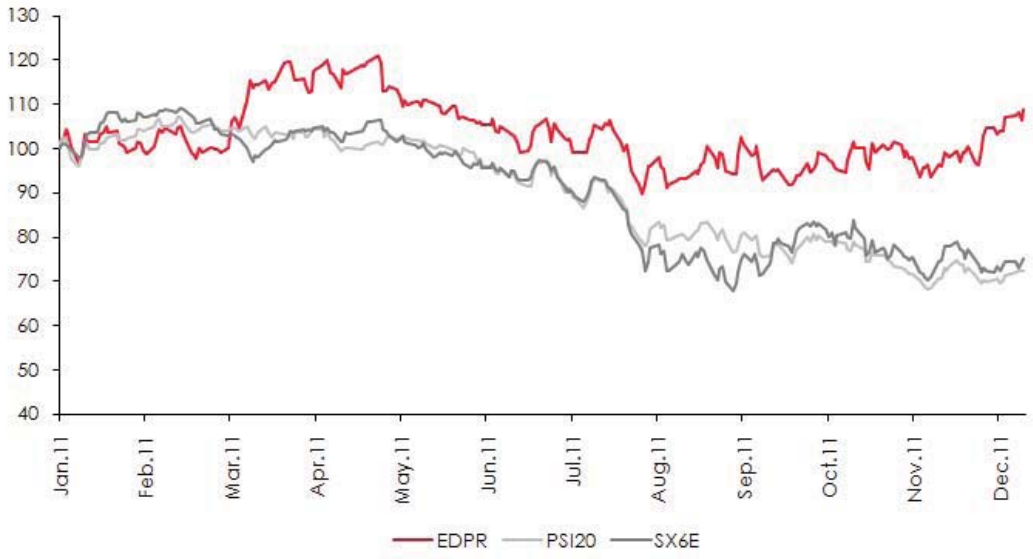
12. CAPITAL MARKETS

SHARE DESCRIPTION

The shares representing 100% of the EDPR share capital were admitted to trading in the official stock exchange NYSE Euronext Lisbon on June 4th, 2008. Since then the free float level is unchanged at 22.5%.

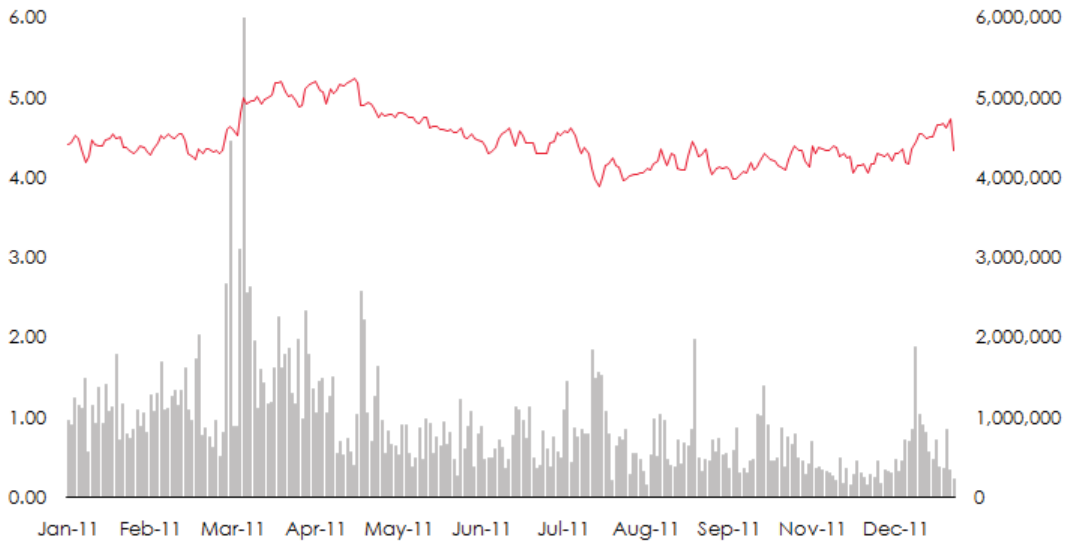
EDP Renováveis, S.A	
Share Capital	EUR 4,361,540,810
Nominal Share	EUR 5.00
Number of Shares	872,308,162
Date of IPO	June 4th, 2008
NYSE Euronext Lisbon	
ISIN	ES0127797019
Reuters RIC	EDPR.LS
Bloomberg Ticker	EDPR PL

EDPR's equity market value at December 31st 2011 was EUR 4.12 billion, the equivalent to EUR 4.73 per share. In 2011, the share price improved 9%, outperforming the PSI-20 (the NYSE Euronext Lisbon reference index), the Euronext 100 and the Dow Jones Eurostoxx Utilities ("SX6E") which suffered a general depreciation in 2011. The year's low was recorded on August 9th (EUR 3.89) and the year's high was reached on May 2nd (EUR 5.25).



In 2011 more than 232 million EDPR shares were traded, representing 25% year-on-year decrease in its liquidity, and corresponding to a turnover of approximately EUR 1.06 billion. On average, 0.9 million shares were traded per day. The total number of shares traded represented 27% of the total shares admitted to trading and to 118% of the company's free float.

EDPR SHARE PRICE AND TRANSACTIONS



DIVIDEND POLICY

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

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

The expected dividend policy of EDPR, as announced in the IPO, is to propose dividends' distribution each year representing at least 20% of EDPR's distributable profit. Also as announced in the IPO, EDPR Board of Directors can adjust this dividend policy as required to reflect, among other things, changes to our business plan and our capital requirements, and there can be no assurance that in any given year a dividend will be proposed or declared.

In light of a challenging economic and regulatory environment in the countries in which EDPR holds investments, of the net financial results obtained in the fiscal year of 2011 and of the company's capital requirements in a harsh financial environment, the Board of Directors will propose at the Shareholder's Meeting, to be held in 2012, to retain the 2011 results as voluntary reserves apart from the minimum amount required to serve legal reserves.

13. DISCLAIMER

This report has been prepared by EDP Renováveis, S.A. (the "Company") to support the presentation 2011 financial and operational performances. EDP Renováveis does not assume any responsibility for this report if it is used for different purposes.

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

Any information regarding the performance of EDP Renováveis share price cannot be used as a guide for future performance.
Neither this document nor any of its parts have a contractual nature, and it cannot be used to complement or interpret any contract or any other kind of commitment.
The present document does not constitute an offer or invitation to acquire, subscribe, sell or exchange shares or securities.

The 2011 management report contains forward-looking information and statements about the Company. Although EDP Renováveis is confident these expectations are reasonable, they are subject to several risks and uncertainties that are not predictable or quantifiable in advance. Therefore, future results and developments may differ from these forward-looking statements. Given this, forward-looking statements are not guarantees of future performance.

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

renováveis

a better energy, a better future, a better world

corporate governance

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10 Statement of compliance with independence criteria

11 corporate governance structure
11 Corporate governance model and supervision
12 Structure, competences and functioning of the corporate bodies
18 Incompatibility and independence
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20 transactions between the company and members of the company's governing bodies or group companies

22 internal control systems and risk management
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Statement of compliance

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

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

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

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

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
I. GENERAL MEETING OF SHAREHOLDERS		
I.1 General Meeting Board		
I.1.1 The Presiding Board of the General Meeting shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.	Adopted	1.2.1
I.1.2 The remuneration of the Presiding Board of the General Meeting shall be disclosed in the Annual Report on Corporate Governance.	Adopted	5.8
I.2 Participation at the meeting		
I.2.1 The requirement for the Board to receive statements for share deposit or blocking for participation at the general meeting shall not exceed 5 working days.	Adopted	4.4
I.2.2 Should the General Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then prepare itself in advance as required for the first session.	Adopted	4.4
I.3 Voting and Exercising Voting rights		
I.3.1 Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.	Adopted	4.6
I.3.2 The statutory deadline for receiving early voting ballots by mail, may not exceed three working days.	Adopted	4.6
I.3.3 Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: I) hold shares that do not confer voting right; II) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle.	Adopted	4.5
I.4 Resolution Fixing-Quorum		
I.4.1 Companies shall not set a resolution-fixing quorum that outnumbers what is prescribed by law.	Adopted	4.7
I.5 Minutes and Information on Resolutions Passed		
I.5.1 Extracts from the minutes of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within five days period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be kept on file on the company's website for no less than 3 year period.	Adopted	4.8
I.6 Measures on Corporate Control		
I.6.1 Measures aimed at preventing successful takeover bids, shall respect both company's and the shareholders' interests. The company's articles of association that by complying with said principal provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	Adopted	4.9
I.6.2 In cases such as change of control or changes to the composition of the Board of Directors, defensive measures shall not be adopted that instigate immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary performance assessment by the shareholders of the members of the Board of Directors.	Adopted	4.9
II. BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.1 General Points		
II.1.1 Structure and Duties		
II.1.1.1 The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.	Adopted	1.1/1.1.1
II.1.1.2 Companies shall set up internal control and risk management systems in order to safeguard the company's worth and which will identify and manage the risk. Said systems shall include at least the following components: I) setting of the company's strategic objectives as regards risk assumption; II) identifying the main risks associated to the company's activity and any events that might generate risks; III) analyze and determine the extent of the impact and the likelihood that each of said potential risks will occur; IV) risk management aimed at aligning those actual incurred risks with the company's strategic options for risk assumption; V) control mechanisms for executing measures for adopted risk management and its effectiveness; VI) adoption of internal mechanisms for information and communication on several components of the system and of risk warning; VII) periodic assessment of the implemented system and the adoption of the amendments that are deemed necessary.	Adopted	3

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
II.1.1.3 The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Supervisory Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs.	Adopted	1.2.2/1.2.4/3
II.1.1.4 The companies shall: I) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; II) describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance.	Adopted	3.2
II.1.1.5 The Board of Directors and the Supervisory Board shall establish internal regulations and shall have these disclosed on the company's website.	Adopted	1.2.2/1.2.4
II.1.2 Governance Incompatibility and Independence		
II.1.2.1 The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.	Adopted	1.2.2
II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Board of Directors.	Adopted	1.3
II.1.2.3 The independency assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independency requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member.	Adopted	Statement on Compliance with Independence Criteria
II.1.3 Eligibility and Appointment Criteria		
II.1.3.1 Depending on the applicable model, the Chair of the Supervisory Board and of the Auditing and Financial Matters Committees shall be independent and adequately competent to carry out his/her duties.	Adopted	1.2.4
II.1.3.2 The selection process of candidates for non-executive members shall be conjured so as prevent interference by executive members.	Adopted	1.4
II.1.4 Policy on the Reporting of Irregularities		
II.1.4.1 The company shall adopt a policy whereby irregularities occurring within the company are reported. Such reports shall contain the following information: I) the means by which such irregularities may be reported internally, including the persons that are entitled to receive the reports; II) how the report is to be handled, including confidential treatment, should it be required by the reporter.	Adopted	3.4
II.1.4.2 The general guidelines on this policy shall be disclosed in the Annual Report of Corporate Governance.	Adopted	3.4
II.1.5 Remuneration		
II.1.5.1 The remuneration of the members of the Board of Directors shall be structured so that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on extreme risk. Thus, remunerations shall be structured as follows: I) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity. II) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components. III) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period; IV) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company; V) The Executive Directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares; VI) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years; VII) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance; VIII) The remuneration of Non-Executive Directors shall not include any component the value of which is subject to the performance or the value of the company.	Adopted	5.1/5.2/5.3
II.1.5.2 A statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of June 19th, shall contain, in addition to the content therein stated, adequate information on: I) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration; II) the payments for the dismissal or termination by agreement of the Director's duties.	Adopted	5.2/5.4
II.1.5.3 The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the Director's remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account.	Adopted	5.4
II.1.5.4 A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share process, to members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code. The proposal shall contain the regulation plan or in its absence, the plan's conditions. The main characteristics of the retirement benefit plans established for members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting.	Adopted	5.2/5.3/5.4/5.7
II.1.5.5 Doesn't exist	-	
II.1.5.6 At least one of the Remuneration Committee's representatives shall be present at the Annual General Meeting for Shareholders.	Adopted	5.6
II.1.5.7 The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance.	Adopted	5.3

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
II.2 Board of Directors		
II.2.1 Within the limits established by law for each management and supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties shall be identified in the Annual Corporate Governance Report.	Adopted	1.2.3
II.2.2 The Board of Directors must ensure that the company acts in accordance with its goals and shall not delegate its duties, namely in what concerns: I) the definition of the company's general strategy and policies; II) the definition of the group's corporate structure; III) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Not Adopted ("Under Spanish Law, the matters referred to in this recommendation can be delegated by the Board of Directors to the Executive Committee. It is common practice in Spanish listed companies for the delegation of powers to be far-reaching, with the exception of matters related to the preparation of accounts").	-
II.2.3 Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the Corporate Governance Report.	Adopted	1.2.2
II.2.4 The annual management report shall include a description of the activity carried out by the Non-Executive Directors and shall mention any restraints encountered.	Adopted	1.2.2
II.2.5 The company shall expound its policy of portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on same in the Annual Corporate Governance Report.	Not Applicable	-
II.3 CEO, Executive Committee and Executive Board of Directors		
II.3.1 When managing Directors that carry out executive duties are requested by other Directors to supply information, the former must do so in a timely manner and the information supplied must adequately suffice the request made.	Adopted	1.2.3
II.3.2 The Chair of the Executive Committee shall send the convening notice and minutes of the meetings to the Chair of the Board of Directors and, as applicable, to the Chair of the Supervisory Board or the Auditing Committee, respectively.	Adopted	1.2.3
II.3.3 The Chair of the Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and the Chair of the Financial Matters Committee.	Not applicable	-
II.4 General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board		
II.4.1 Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: I) the definition of the strategy and general policies of the company; II) the corporate structure of the group; and III) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Not applicable	-
II.4.2 The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Auditing and Supervisory Committee must be disclosed on the company's website.	Adopted	1.2.4
II.4.3 The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Supervisory Board must include a description on the supervisory activity and shall mention any restraints that they may have come up against.	Adopted	1.2.4
II.4.4 The General and Supervisory Board, the Auditing Committee and the Supervisory Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being liaison offer between the company and the first recipient of the reports.	Adopted	1.2.4/3.3
II.4.5 According to the applicable model, the General and Supervisory Board, Audit Committee and Supervisory Board shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever justifiable grounds are present.	Adopted	1.2.4/3.3
II.4.6 The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent Director or Supervisory Board, regardless of the hierarchical relationship that these services have with the executive management of the company.	Adopted	1.2.4
II.5 Special Committees		
II.5.1 Unless the company is of reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: I) ensure that a competent and independent assessment of the Executive Director's performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; II) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvements; III) in due time identify potential candidates with the high profile required for the performance of Director's duties.	Adopted	1.1/1.1.1/1.2.3/1.2.4/1.2.5/1.2.6

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
II.5.2 Members of the Remuneration Committee or equivalent shall be independent from the members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.	Not applicable ("The members of the Nominations and Remunerations Committee are members of the Board of Directors. However, its members are considered independent members and do not therefore belong to the Executive Committee. In accordance with Articles 23 and 217 of the Spanish Companies Law, the remuneration scheme for Directors should be fixed in the articles of association. It is normal practice in Spanish companies for this remuneration to be decided upon by the General Meeting of Shareholders and for its allocation to the different members of the Board of Directors to be decided on by the Board itself.").	1.2.5
II.5.3 Any natural or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration Committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services.	Adopted	1.2.5
II.5.4 All the Committees shall draw up minutes of the meetings held.	Adopted	1.2.3/1.2.4/ 1.2.5/1.2.6
III. INFORMATION AND AUDITING		
III.1 General Disclosure Obligations		
III.1.1 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.	Adopted	6.3
III.1.2 The following information that is made available on the company's Internet website shall be disclosed in the English language: a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Portuguese Commercial Companies Code; b) Articles of Association; c) Credentials of the Members of the Board of Directors and the Market Liaison Officer; d) Investor Relations Office, its functions and contact information; e) Financial statements; f) Half-yearly calendar of company events; g) Proposals submitted for discussion and voting at general meetings; h) Invitation to general meetings.	Adopted	6.3
III.1.3. Companies shall advocate the rotation of auditors after two or three terms in accordance with four or three years respectively. Their continuance beyond this period must be based on a specific opinion for the Supervisory Board to formally consider the conditions of auditor independence and the benefits and costs of replacement.	Adopted	3.3
III.1.4. The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's Supervisory Board.	Adopted	3.3
III.1.5. The company shall not recruit the external auditor for services other than audit services, nor any entity with which same takes part or incorporates the same network. Where recruiting such services is called for, said services should not be greater than 30% of the value of services rendered to the company. The hiring of these services must be approved by the Supervisory Board and must be expounded in the Annual Corporate Governance Report.	Adopted	5.9
IV. CONFLICTS OF INTEREST		
IV.1 Shareholder Relationship		
IV.1.1 Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.	Adopted	2
IV.1.2 Where deals of significant importance are undertaken with holders of qualifying holdings, or entities, with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the Supervisory Board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the Supervisory Board.	Adopted (According to the Spanish law and the governance structure, these functions were delegated by the Board of Directors to the Related-Party Transactions Committee)	1.2.6

Statement of compliance with independence criteria

The Articles of Association of EDPR, which are available for consultation on its website, (www.edprenovaveis.com), contain the rules on independence for the fulfilment of duties in any body of the Company.

The Article 20.2 of the EDPR's Articles of Association defines as independent members of the Board of Directors those that are able to perform their duties without being limited by relations with the company, its shareholders with significant holdings or its Directors and comply with the other legal requirements.

The Board of Directors of EDPR considers that the following Directors meet the independence and incompatibility criteria's required by law and the Articles of Association.

Name	Position	Date of Appointment	End of Term
Antônio Nogueira Leite	Director (Independent) Chairperson of the Related-Party Transactions Committee	21/06/2011	21/06/2014
Francisco José Queiroz de Barros de Lacerda	Director (Independent) Member of the Nominations and Remunerations Committee	21/06/2011	21/06/2014
Gilles August	Director (Independent)	21/06/2011	21/06/2014
João Lopes Raimundo	Director (Independent) Member of the Audit and Control Committee	21/06/2011	21/06/2014
João Mello Franco	Director (Independent) Chairperson of Audit and Control Committee And Member of the Related-Party Transactions Committee	21/06/2011	21/06/2014
Jorge Santos	Director (Independent) Chairperson of the Nominations and Remunerations Committee and Member of the Audit and Control Committee	21/06/2011	21/06/2014
José Araújo e Silva	Director (Independent)	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director (Independent) Member of the Nominations and Remunerations Committee	21/06/2011	21/06/2014

1. Corporate governance structure

1.1. Corporate governance model and supervision

EDPR has adopted the governance structure in effect in Spain. It comprises a General Meeting of Shareholders, and a Board of Directors that represents and manages the company.

As required by law and the Articles of Association, the Company's Board of Directors has set up four committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Committee on Related-Party Transactions as mentioned below.

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

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

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

The choice of this model is essentially an attempt to establish compatibility between two different systems of company law, which can be considered applicable to this model.

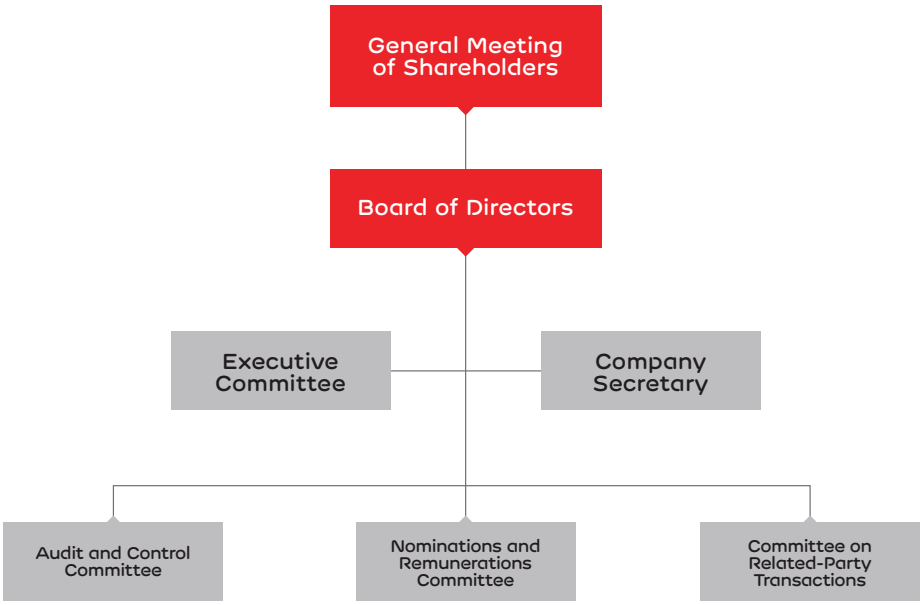
The experience of institutional operating indicates that the governance model adopted by the shareholders is appropriate to the corporate organization of EDPR activity, especially because it affords transparency and a healthy balance between the management functions of the Executive Committee, the supervisory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

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

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

1.1.1. Statement on the governance structure

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



1.2. Structure, competences and functioning of the corporate bodies

1.2.1. General Meeting of Shareholders

The General Meeting of Shareholders is the body where the shareholders participate and when properly convened, has the power to deliberate and adopt, by majority, decisions on matters that the law and Articles of Association reserve for its decision and are submitted for its approval. In particular, it is responsible for:

- Appointment of auditors;
- Increasing and reducing the share capital and delegating to the Board of Directors, if applicable, within the legal time limits, the power to set the date or dates, who may use said delegation wholly or in part, or refraining from increasing or reducing the capital in view of the conditions of the market or the Company or any particularly relevant fact or event justifying such a decision in their opinion, reporting it at the first General Meeting of Shareholders held after the end of the time limit for its execution;
- Delegating to the Board of Directors the power to increase the share capital pursuant to Article 297 of Royal Legislative Decree 1/2010 of July 2nd 2010, which approves the Revised Text of the Law on Public Limited Companies (Spanish Companies Law);
- Issuing bonds;
- Amending the Articles of Association;
- Dissolving, merging, spin off and transformation the Company;
- Deciding on any matter submitted to it for decision by the Board of Directors, which shall be obliged to call a General Meeting of Shareholders as soon as possible to deliberate and decide on concrete decisions included in this article submitted to it, in the event of relevant facts or circumstances that affect the Company, shareholders or corporate bodies;
- Decision on the matters proposed by the Board of Directors;
- All other matters provided in the law in force.

The decisions of the General Meeting are binding on all shareholders, including those voting against and those who did not participate in the meeting.

A General Meeting may be ordinary or extraordinary. In either case, it is governed by the law and Articles of Association.

An Ordinary General Meeting must be held in the first six (6) months of each year for the review of the performance of the company's management, to approve the annual report and accounts of the previous year, the proposal for appropriation of profits and to approve the consolidated accounts, if appropriate. The General Meeting also decides on any other matters falling within its powers and included in the agenda.

Board of the General Meeting

The Chairperson of the General Meeting is appointed by the shareholders and must be a person who meets the same requirements of independence as for the independent Directors. The appointment is for three years and may only be re-elected once.

The position of Chairperson of the General Meeting has been held by Rui Chancerelle de Machete, whose professional address is PLMJ, A.M. Pereira, Sáragga Leal, Oliveira Martins, Júdice e Associados, RL, Av. da Liberdade, 224, Edifício Eurolex, 1250-148 Lisboa, Portugal. The Chairperson of the General Meeting was re-elected on April 11th, 2011.

In addition to the Chairperson, the Board of the General Meeting is constituted by the Chairperson of the Board of Directors, or his substitute, the other Directors and the Secretary of the Board of Directors. The Board of the General Meeting of Shareholders', through the Chairperson of the General Meeting, is responsible for organizing its proceedings.

The position of Secretary of the General Meeting is held by the non-member Secretary of the Board of Directors, Emilio García-Conde Noriega, whose professional address is that of the Company.

The Chairperson of the General Meeting of EDPR has the appropriate human and logistical resources for his needs, considering the economic situation of EDPR, in that, in addition to the resources from the Company Secretary and the legal support provided for that purpose, the Company hires a specialized entity to collect, process and count the votes.

General Meeting of Shareholders in 2011

On April 11th 2011, took place in Oviedo the Ordinary General Meeting of Shareholders of EDPR.

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

- 270 shareholders were present, holding 35,323,880 shares making up for 4.049% of the share capital, and
- 167 shareholders were represented, holding 707,886,379 shares making up for 81.151% of the share capital.

A total of 437 shareholders attended the General Meeting, including those present and those represented, holding a total of 473,210,259 shares which constitutes a nominal amount of EUR 3,716,051,295.00 of the share capital, that is, 85.200% of the mentioned share capital.

The nine proposals submitted to approval at the General Meeting were all approved. Extracts of the 2011 General Meeting minutes and the invitation, agenda, motions submitted to the General Meeting and forms of participation are available on the company's website www.edprenovaveis.com

On June 21st, 2011, took place in Oviedo an Extraordinary General Meeting of Shareholders of EDPR.

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

- 334 shareholders were present, holding 40,342,213 shares making up for4.625% of the share capital, and
- 164 shareholders were represented, holding 710,064,406 shares making up for 81.401% of the share capital.

A total of 508 shareholders attended the General Meeting, including those present and those represented, holding a total of 750,406,619 shares which constitutes a nominal amount of EUR 3,752,033,095.00 of the share capital, that is, 86.025% of the mentioned share capital.

On the Extraordinary General Meeting of Shareholders some important amendments to the Company's By-Laws were approved:

- Amendment of Article 12.4 of the Articles of Association to adapt the formalities of the General Shareholders' Meeting Summon to the requirements of the Spanish Companies Law;
- Amendment of Article 12.6 of the Articles of Association to allow the General Shareholders' Meeting being held in any city of Spain according to the faculty included in the Spanish Companies Law;
- Amendment of Article 26 of the Articles of Association to add a new paragraph, 26.4, and the enumeration of the other paragraphs of this article, with the purpose of limiting any kind of remuneration received by the members of the Board of Directors, besides the one described on paragraphs 1 and 2 of the said Article, to a maximum annual amount to be established by the General Shareholders' Meeting;
- Amendment of Article 27.3 of the Articles of Association with to increase the number of members of the Executive Committee to a minimum of six (6) and maximum of nine (9).

The six proposals submitted to approval at the General Meeting were all approved. Extracts of the 2011 General Meeting minutes and the invitation, agenda, motions submitted to the General Meeting and forms of participation are available on the company's website www.edprenovaveis.com

1.2.2. Board of Directors

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

The Board of Directors currently consists of the following seventeen (17) members

Board Member	Position	Date of first Appointment	Date of Re-election	End of Term
António Mexia	Chairperson and Director	18/03/2008	21/06/2011	21/06/2014
Ana Maria Fernandes	Vice-Chairperson, CEO	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Director	18/03/2008	21/06/2011	21/06/2014
Nuno Alves	Director	18/03/2008	21/06/2011	21/06/2014
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
João Paulo Costeira	Director	21/06/2011	-	21/06/2014
Luis Adão da Fonseca	Director	21/06/2011	-	21/06/2014
Gabriel Alonso	Director	21/06/2011	-	21/06/2014
Manuel Menéndez Menéndez	Director	4/06/2008	21/06/2011	21/06/2014
António Nogueira Leite	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
Francisco José Queiroz de Barros de Lacerda	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
Gilles August	Director (Independent)	14/04/2009	21/06/2011	21/06/2014
João Lopes Raimundo	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
Jorge Santos	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director (Independent)	4/06/2008	21/06/2011	21/06/2014

On 2011, Mr. António Martins da Costa, Mr. José Silva Lopes and Mr. Daniel Kammen ended their terms as Board members. Four members of the Management Team, Mr. Rui Teixeira, Mr. João Paulo Costeira, Mr. Luis Adão da Fonseca and Mr. Gabriel Alonso were appointed as Board members and the others members were re-elected for a new term.

The positions held by the members of the Board in the last five (5) years, those that they currently hold and positions in Group and non-Group companies are listed in Annexes I, II and III, respectively. Annex IV also gives a brief description of the Directors' professional and academic careers.

Finally, the shares of EDPR owned by each Director are described in the table in Annex V.

Competences

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

Regarding the decisions to increase the share capital, the Board of Directors, by delegation from the General Meeting, may decide to increase the share capital once or several times. This delegation, which may be the subject of replacement, can include the power to demand a pre-emptive right in the issue of shares that are the subject of delegation and with the requirements established by law.

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

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

Functioning

In addition to the Articles of Association and the law, the Board of Directors is governed by the regulations approved on May 3rd, 2008. The regulations on the functioning of the Board are available to the public at the website www.edprenovaveis.com.

The Board of Directors must meet at least four (4) times a year, preferably once a quarter. Nonetheless, the Chairperson, on his own initiative or that of three (3) Directors, shall convene a Board meeting whenever he deems it necessary for the Company's interests. The Board of Directors held eight (8) meetings during the year ended at December 31st, 2011.

Meetings are convened by the Chairperson, who may order the Secretary to send the invitations. Invitations shall be sent at least five (5) days prior to the date of the meeting. Exceptionally, when the circumstances so require, the Chairperson may call a meeting of the Board without respecting the required advance notice.

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

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

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

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

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

With the mechanisms set forth in the regulations, non-executive Directors have encountered no difficulties in performing their duties.

In 2011, the non-executive Directors were involved in the governance of EDPR not only by participating in meetings of the Board of Directors, where they gave their opinions on different company matters, made any suggestions they saw fit and took decisions on matters submitted to them, but also by working on the Nominations and Remunerations Committee, on the Related-Party Transactions Committee and the Audit and Control Committee, where all the members are non-executive, with the exception of the Related-Party Transactions Committee, which has one executive Director, Mr. João Manuel Manso Neto.

Chairperson and Vice-Chairperson of the Board of Directors

Chairperson of the Board
António Mexia

The Chairperson of the Board is the Chairperson of the Company and fully represents it, using the company name, implementing decisions of the General Meeting, Board of Directors and the Executive Committee.

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

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

The Chairperson of the Board is appointed by the members of the Board of Directors, unless this is done by the General Meeting. The current Chairperson was elected on March 18th, 2008.

Vice-Chairperson of the Board
Ana Maria Fernandes

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

The Vice-Chairperson is appointed by the Board of Directors on the proposal of the Chairperson. The Vice-Chairperson was elected on May 14th, 2008.

Chief Executive Officer

CEO
Ana Maria Fernandes

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

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

The Chief Executive Officer was re-elected on June 21st, 2011 with competences including coordination of the implementation of Board and Executive Committee decisions, monitoring, leading and coordinating the management team appointed by the Executive Committee, representing the company in dealings with third parties and other related duties.

Company Secretary

Company Secretary
Emilio García-Conde Noriega

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

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

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

1.2.3. Executive Committee

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no less than six (6) and no more than nine (9) Directors.

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

The committee currently consists of eight (8) members, plus the Secretary. Mr. António Mexia, Mrs. Ana Maria Fernandes, Mr. João Manso Neto and Mr. Nuno Alves were re-elected on June 21st, 2011, at the Board of Directors. Mr. Rui Teixeira was appointed in April 11th, 2011 and re-elected on June 21st, 2011. Mr. João Paulo Costeira, Mr. Luis Adão da Fonseca and Mr. Gabriel Alonso were appointed on June 21st, 2011.

Executive Committee	
Chairperson	António Mexia
Vice-Chairperson and CEO	Ana Maria Fernandes
	Gabriel Alonso João Manso Neto João Paulo Costeira Luis Adão da Fonseca Nuno Alves Rui Teixeira
Secretary	Emilio García-Conde Noriega

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

Competences

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

- election of the Chairperson of the Board of Directors,
- appointment of Directors by cooption,
- requests to convene or convening of General Meetings,
- preparation and drafting of the Annual Report and Accounts and submission to the General Meeting,
- change of registered office and
- drafting and approval of mergers, spin off or transformation of the company.

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

Functioning

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

The Executive Committee shall meet at least once a month and whenever is deemed appropriate by its Chairperson, who may also suspend or postpone meetings when he sees fit. The Executive Committee shall also meet when requested by at least two (2) of its members. The Executive Committee held thirty (30) meetings during the year ended on December 31st, 2011.

The Executive Committee shall draft minutes for each of the meetings held and shall inform the Board of Directors of its decisions at the first Board meeting held after each committee meeting.

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

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

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

1.2.4. Audit and Control Committee

Pursuant to Article 28 of the Articles of Association, the Audit and Control Committee consists of no fewer than three (3) and no more than five (5) Directors. The majority of the members shall be independent.

The Audit and Control Committee is a permanent body and performs supervisory tasks independently from the Board of Directors.

The committee currently consists of three (3) members, plus the Secretary. The three (3) members are independent Directors, as well as the Chairperson. The Chairperson of the Committee was re-elected on 2011 and the other two members, Mr. Jorge Santos and Mr. João Lopes Raimundo were appointed on June 21st, 2011 at the Board of Directors.

Audit and Control Committee	
Chairperson	João Manuel de Mello Franco
	João Lopes Raimundo Jorge Santos
Secretary	Emilio García-Conde Noriega

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

Competences

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

Concerning the recommendations introduced in 2010 by the Portuguese Code of Corporate Governance the referred competences were reinforced as mentioned below, with the following changes introduced on the Audit and Control Committee Regulations, to guarantee the compliance of the referred code:

- Reporting, through the Chairperson, at General Meetings on questions falling under its jurisdiction
- Proposing the appointment of the Company's auditors to the Board of Directors for subsequent approval by the General Meeting, as well as the contractual conditions, scope of the work – specially concerning audit services, "audit related" and "non audit" – annual activity evaluation and revocation or renovation of auditor appointments (to comply with Recommendation III.1.5 of the Portuguese Corporate Governance Code of 2010)
- Supervising the financing reporting and the functioning of the internal risk management and control systems, as well as, evaluate those systems and propose the adequate adjustments according to the Company necessities (to comply with Recommendation II.1.1.3 of the Portuguese Corporate Governance Code of 2010)
- Supervising internal audits and compliance (to comply with Recommendation II.4.6 of the Portuguese Corporate Governance Code of 2010)
- Establish a permanent contact with the external auditors, to assure the conditions, including the independence, adequate to the services provided by them, acting as a the Company speaker for these subjects related to the auditing process and receiving and maintaining information on any other questions regarding accounting subjects (to comply with Recommendation II.4.4 of the Portuguese Corporate Governance Code of 2010)
- Preparing an annual report on its supervisory activities, including eventual constraints, and expressing an opinion on the Management Report, the accounts and the proposals presented by the Board of Directors (to comply with Recommendation II.4.3 of the Portuguese Corporate Governance Code of 2010)
- Receiving notices of financial and accounting irregularities presented by the Company's employees, shareholders or entity that has a direct interest and judicially protected, related with the Company social activity (to comply with Recommendation II.1.4.1 of the Portuguese Corporate Governance Code of 2010)
- Engaging the services of experts to collaborate with Committee members in the performance of their functions. When engaging the services of such experts and determining their remuneration, the importance of the matters entrusted to them and the economic situation of the company must be taken into account
- Drafting reports at the request of the Board and its committees
- Reflecting on the governance system adopted by EDPR in order to identify areas for improvement
- Any other powers entrusted to it by the Board of Directors or the Articles of Association

Functioning

In addition to the Articles of Association and the law, this committee is governed by the regulations approved on June 4th, 2008 amended on May 4th, 2010 and also by the Board regulations. The committee's regulations are at the shareholders' disposal at www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairperson sees fit. In 2011, the Audit and Control Committee met six (6) times.

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

The meetings of the Audit and Control Committee shall be valid if at least half of the Directors on it plus one are present or represented. Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

2011 Activity

In 2011, the Audit and Control Committee's activities included the following: (I) to monitor the closure of quarterly accounts in the first half-year, to familiarize itself with the preparation and disclosure of financial information, internal audit, internal control and risk management activities; (II) analysis of relevant rules to which the committee is subject in Portugal and Spain, (III) assessment of the external auditor's work, especially concerning with the scope of work in 2011, and approval of all "audit related" and "non audit" services, (IV) supervision of the quality and integrity of the financial information in the financial statements and participation in the Executive Committee meeting at which these documents were analyzed and discussed, (V) drafting of an opinion in the individual and consolidated annual reports and accounts, in a quarterly and yearly basis (VI) pre-approval of the 2011 Internal Audit Action Plan, (VII) supervision of the quality,

integrity and efficiency of the internal control system, risk management and internal auditing, (VIII) reflection on the corporate governance system adopted by EDPR, (IX) analysis of the evolution of the SCIRF project, (X) information about the whistle-blowing.

The Audit and Control Committee found no constraints during its control and supervision activities.

A report on the activities of the Audit and Control Committee in the year ended on December 31st 2011 is available to shareholders at www.edprenovaveis.com.

1.2.5. Nominations and Remunerations Committee

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

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

The Nominations and Remunerations Committee currently consists of three (3) independent members, plus the Secretary. Mr. Jorge Santos and Mr. Rafael Caldeira Valverde were re-elected on 2011 and Mr. Francisco Queiroz de Barros de Lacerda was appointed on June 21st, 2011 at the Board of Directors.

Nominations and Remunerations Committee	
Chairperson	Jorge Santos
	Francisco Queiroz de Barros de Lacerda Rafael Caldeira Valverde
Secretary	Emilio García-Conde Noriega

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

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

Competences

The Nominations and Remunerations Committee is a permanent body with an informative and advisory nature and its recommendations and reports are not binding.

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

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

Functioning

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

This committee shall meet at least once every quarter and also whenever its Chairperson sees fit.

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

The meetings of this committee shall be valid if at least half of the Directors on it plus one are present or represented. Decisions shall be adopted by simple majority. The Chairperson shall have the deciding vote in the event of a tie.

2011 Activity

In 2011 the main proposals made by the Nominations and Remunerations Committee were:

- Propose the names of the candidates for the re-election and appointment for a new term of the members of the Board of Directors.
- Propose the candidates' names for a new term for the Committees of EDPR;
- The Annual Report on the Fixed remuneration and annual and multi-annual variable remuneration for the period 2011-2013;
- Performance evaluation of the Board of Directors and the Executive Committee.

1.2.6. Related Party Transactions Committee

Pursuant to Article 30 of the Articles of Association, the Board may set up other committees, such as the Related Party Transactions Committee. This committee shall consist of no fewer than three (3) members. The majority of the members of the Related Party Transactions Committee shall be independent, although in the case of this committee it has one non-independent Member, João Manuel Manso Neto.

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

The committee currently consists of three (3) members, who were re-elected on June 21st, 2011, by the Board of Directors plus the Secretary.

Committee on Related-Party Transactions	
Chairperson	António Nogueira Leite
	João Manso Neto João Manuel de Mello Franco
Secretary	Emilio García-Conde Noriega

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

Competences

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

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

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

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

Functioning

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

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

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

The meetings of this committee shall be valid if at least half of the Directors on it plus one are present or represented. Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

2011 Activity

In 2011, the Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

Chapter 2 of this report includes a description of the fundamental aspects of the agreements and contracts between related parties, the object of which does not pertain to the ordinary course of EDPR business.

The Related Party Transactions Committee was informed that in 2011, the average value and the maximum value regarding the transactions analyzed by the Committee was EUR 1,575,657 and EUR 3,132,771, respectively.

The total value of the operations with the EDP Group in 2011 was EUR 17 million which corresponds to a 7.6% of the total value of S&S, and EUR 225 million for total operational costs.

1.3. Incompatibility and independence

Following the recommendations of CMVM, Article 12 of the Board regulations requires at least twenty-five percent (25%) of the Directors to be independent Directors, who are considered to be those who can perform their duties without being conditioned by relations with the Company, its significant shareholders or Directors and, if applicable, meet the requirements of applicable laws.

In addition, pursuant to Article 23 of the Articles of Association, the following may not be Directors:

- People who are Directors of or are associated with any competitor of EDPR and those who are related to the above. A company shall be considered to be a competitor of EDPR if it is directly or indirectly involved in the generation, storage, transmission, distribution, sale or supply of electricity or combustible gases and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its Group, and Directors, employees,

lawyers, consultants or representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;

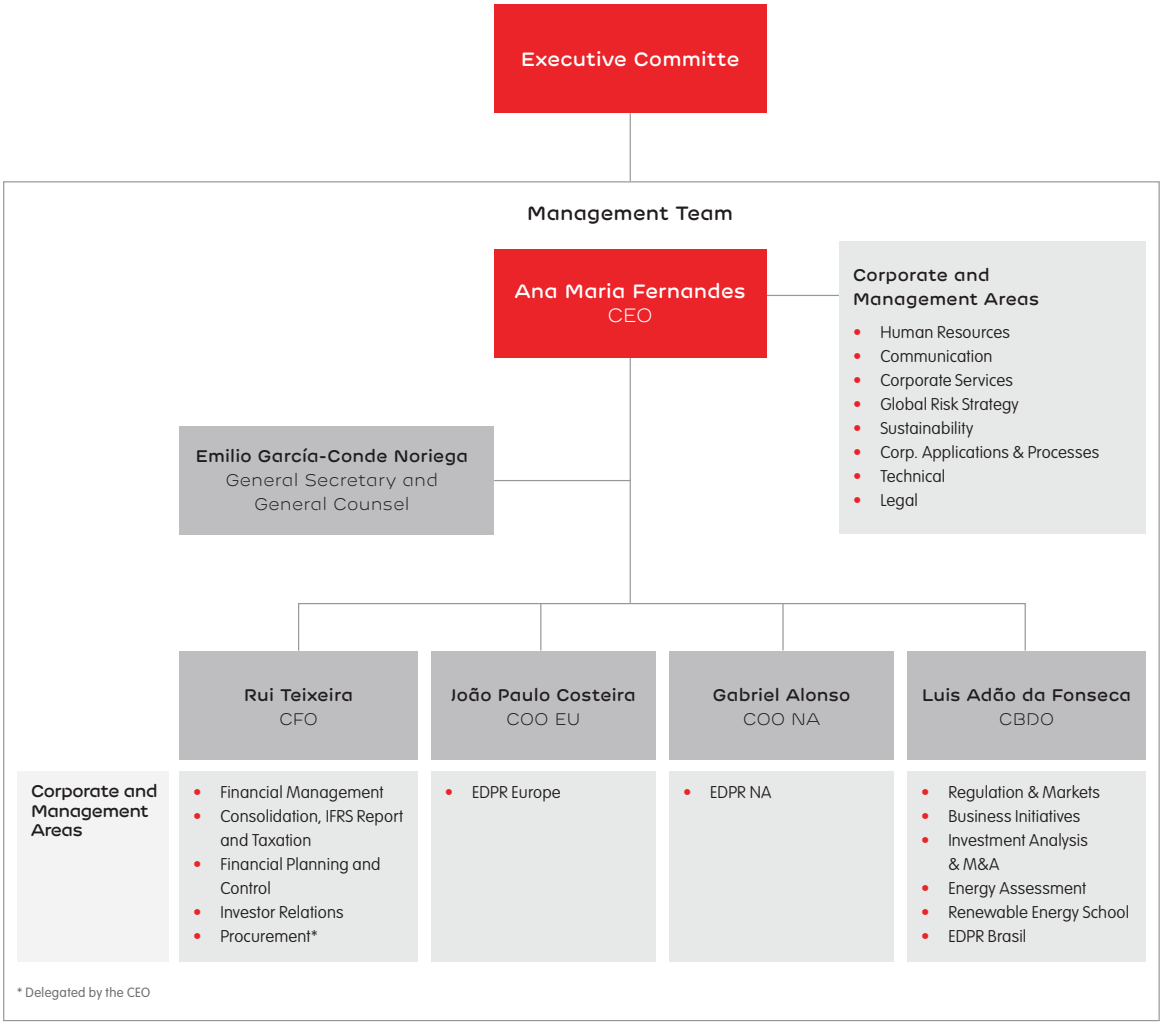
- People who are in any other situation of incompatibility or prohibition under the law or Articles of Association. Under Spanish law, people, among others, who are I) aged under eighteen (18) years, (II) disqualified, III) competitors; (IV) convicted of certain offences or (V) hold certain management positions are not allowed to be Directors.

1.4. Rules of appointment and discharge of the members of the Board of Directors

The Nominations and Remunerations Committee, according to its Regulations, presents to the Board of Directors a proposal with the names of the candidates that the Committee considers having the best qualities to fulfil the role of Board Member. The Board of Directors presents the proposal to the General Meeting of Shareholders that will approve by majority for an initial period of three (3) years and may be re-elected once or more times for further periods of three (3) years. Nonetheless, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders so wishing may group their shares until they constitute an amount of capital equal to or higher than the result of dividing it by the number of Directors and appoint those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the appointment of the other members of the Board of Directors.

If there is a vacancy, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, the Board of Directors may co-opt people from the shareholders, who will occupy the position until the next General Meeting, which shall ratify the co-opted Director. Pursuant to Article 247 of the Spanish Companies Law, the co-option of Directors, as for other Board decisions, must be approved by absolute majority of the Directors at the meeting.

1.5 Management stucture



2. Transactions between the company and members of the company's governing bodies or group companies

During 2011, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

Regarding related party transactions, EDPR and/or its subsidiaries have signed the contracts detailed below with EDP – Energias de Portugal, S.A. (hereinafter, EDP) or other members of its group not belonging to the EDPR subgroup.

The contracts signed between EDPR and its related parties are analyzed by the Related-Party Transactions Committee according to its competences, as mentioned on chapter 1.2.6. of the report.

Framework agreement

The framework agreement was signed by EDP and EDPR on May 7th, 2008 and came into effect when the latter was admitted to trading. The purpose of the framework agreement is to set out the principles and rules governing the legal and business relations existing when it came into effect and those entered into subsequently.

The framework agreement establishes that neither EDP, nor the EDP Group companies other than EDPR and its subsidiaries can engage in activities in the field of renewable energies without the consent of EDPR. EDPR shall have worldwide exclusivity, with the exception of Brazil, where it shall engage its activities through a joint venture with EDP – Energias do Brasil, S.A., for the development, construction, operation and maintenance of facilities or activities related to wind, solar, wave and/or tidal power and other renewable energy generation technologies that may be developed in the future. Nonetheless, the agreement excludes technologies being developed in hydroelectric power, biomass, cogeneration and waste in Portugal and Spain.

It lays down the obligation to provide EDP with any information that it may request from EDPR to fulfil its legal obligations and prepare the EDP Group's consolidated accounts.

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

Executive management services agreement

On November 4th, 2008 EDP and EDPR signed an Executive Management Services Agreement and was renewed on May 4th, 2011 and effective from March 18th, 2011.

Through this contract, EDP provides management services to EDPR, including matters related to the day-to-day running of the Company. Under this agreement EDP appoints three people from EDP to be part of EDPR's Executive Committee, for which EDPR pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting.

Under this contract, EDPR is due to pay an amount of EUR 380.400 corresponding to the fixed remuneration, for the management services rendered by EDP in 2011.

The term of the contract is on June 21st, 2014.

Finance agreements and guarantees

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

Loan agreements

EDPR (as the borrower) has loan agreements with EDP Finance BV (as the lender), a company 100% owned by EDP – Energias de Portugal, S.A.. Such loan agreements can be established both in EUR and USD, usually have a 10-year tenor and are remunerated at rates set on arm's length basis. As at December 31st, 2011, such loan agreements totalled EUR 1,451,042,386 and USD 1,986,641,541.

Counter-guarantee agreement

A counter-guarantee agreement was signed, under which EDP or EDP Energias de Portugal Sociedade Anónima, sucursal en España (hereinafter guarantor or EDP Sucursal) undertakes on behalf of EDPR, EDP Renewables Europe SLU (hereinafter EDPR EU) and EDPR North America LLC (hereinafter EDPR NA) to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDP executive board.

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As at December 31st, 2011, such counter-guarantee agreements totalled EUR 155,169,622 and USD 573,208,391.

Current account agreement

EDP Sucursal and EDPR signed an agreement through which EDP Sucursal manages EDPR' cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As at December 31st 2011, the current account had a balance of EUR 158,622,803 and USD 50,011,596 both in favour of EDPR.

The agreement is automatically renewable on a yearly basis.

Cross currency interest rate swaps

Due to the net investment in EDPR NA, the company and Group accounts of EDPR and the accounts of EDP Sucursal, were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDP Group settled a cross currency interest rate swap (CIRS) in USD and EUR, between EDP Sucursal and EDPR for a total amount of USD 2,632,613. Also a CIRS in PLN and EUR, between EDP Sucursal and EDPR was settled for a total amount of PLN 309,307,188 related with the net investment in polish companies.

Hedge agreements – exchange rate

EDP Sucursal and EDPR entered into several hedge agreements with the purpose of managing the transaction exposure related with the investment payments to be done in Poland, fixing the exchange rate for EUR/PLN in accordance to the prices in the forward market in each contract date. At December 31st 2011, a total amount of EUR 38,803,000 remained outstanding.

Hedge agreements – commodities

EDP and EDP EU entered into hedge agreements for a total volume of 1,599 MWh for 2011 at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

Trademark licensing agreement

On May 14th 2008, EDP and EDPR signed an agreement under which the former granted to the latter a non-exclusive license for the trademark "EDP Renováveis" for use in the renewable energy market and related activities.

In return for the granting of the trademark license, EDPR will pay to EDP fees calculated on the basis of the proportion of the costs pertaining to the former in the Group's annual budget for image and trademark services, which are subject to annual review. The fee established for 2011 was EUR 1,500,000.

The license is granted indefinitely and shall remain in effect until the expiry of EDP's legal ownership of the trademark or until EDP ceases to hold the majority of the capital or does not appoint the majority of Directors of EDPR. EDP may also terminate the agreement in case of non-payment or breach of contract.

The licensing agreement is restricted by the terms of the framework agreement.

Consultancy service agreement

On June 4th, 2008, EDP and EDPR signed a consultancy service agreement. Through this agreement, and upon request by EDPR, EDP (or through EDP Sucursal) shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing and organizational development.

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2011 the estimated cost of these services is EUR 3,132,771.00. This was the total cost of services provided for EDPR, EDPR EU and EDPR NA.

The duration of the agreement is one (1) year tacitly renewable for equal periods.

Research and development agreement

On May 13th, 2008, EDP Inovação, S.A. (hereinafter EDP Inovação), an EDP Group company, and EDPR signed an agreement regulating relations between the two companies regarding projects in the field of renewable energies (hereinafter the R&D Agreement).

The object of the R&D Agreement is to prevent conflicts of interest and foster the exchange of knowledge between companies and the establishment of legal and business relationships. The agreement forbids EDP Group companies other than EDP Inovação to undertake or invest in companies that undertake the renewable energy projects described in the agreement.

The R&D Agreement establishes an exclusive right on the part of EDP Inovação to project and develop new renewable energy technologies that are already in the pilot or economic and/or commercial feasibility study phase, whenever EDPR exercises its option to undertake them.

In June 2011 EDPR requested EDP Inovação the development of services related to certain renewables projects, which are currently under execution.

The agreement shall remain in effect for as long as EDP directly or indirectly maintains control of more than 50% of both companies or appoints the majority of the members of the Board and Executive Committee of the parties to the agreement.

Management support service agreement between EDP Renováveis Portugal S.A., and EDP Valor – Gestão Integrada de Recursos, S.A.

On January 1st, 2003, EDP Renováveis Portugal, S.A., holding company of the EDPR subgroup in Portugal, and EDP Valor – Gestão Integrada de Recursos, S.A. (hereinafter EDP Valor), an EDP Group company, signed a management support service agreement.

The object of the agreement is the provision to EDP Renováveis Portugal by EDP Valor of services in the areas of procurement, economic and financial management, fleet management, property management and maintenance, insurance, occupational health and safety and human resource management and training.

The remuneration paid to EDP Valor by EDP Renováveis Portugal and its subsidiaries for the services provided in 2011 totalled EUR 945,458.

The initial duration of the agreement was five (5) years from date of signing and it was tacitly renewed for a new period of five (5) years on January 1st 2008.

Either party may renounce the contract with one (1) year's notice.

Information techonology management services agreement between EDP Renováveis, S.A. and EDP – Energias de Portugal, S.A.

On January 1st, 2010, EDPR, and EDP, signed an IT management services agreement.

The object of the agreement is to provide to EDPR the information technology services described on the contract and its attachments by EDP.

The amount to be paid to EDP for the services provided in 2011 totalled EUR 2,483,227.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Either party may renounce the contract with one (1) month notice.

Representation agreement with Hidroeletrica del Cantábrico S.A. for the EDP Renováveis, S.A. Portfolio in Spain

On October 27th, 2011, EDPR and Hidroeletrica del Cantábrico S.A., signed an Agreement for Representation services.

The object of this agreement was to provide EDPR representation services in the market and risk management for a fix tariff based in volume (€0,12/MWh) in the electricity market.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Consultancy agreement between EDP Renováveis Brasil S.A., and EDP Energias do Brasil S.A.

The object of the agreement is to provide to EDP Renováveis Brasil S.A. (hereinafter EDPR Brasil) the consultancy services described on the contract and its attachments by EDP – Energias do Brasil S.A. (hereinafter EDP Brasil). Through this agreement, and upon request by EDPR Brasil, EDP Brasil shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing and organizational development.

The amount to be paid to EDP Brasil for the services provided in 2011 totalled BRL 1,383,840.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

3. Internal control systems and risk management

3.1. Internal control system over financial reporting

EDPR has an Internal Control System over Financial Reporting (SCIRF) updated and monitored in line with international standards of internal control, whose mechanisms are beginning to be generally applicable to listed companies.

SCIRF covers the main aspects of the COSO (Committee of Sponsoring Organizations of the Treadway Commission): maintaining a control environment for the preparation of a financial reporting of quality, assessment of the risks of financial information, existence of control activities that mitigate risks of error, transparent communication and reporting procedures and mechanisms of the SCIRF both internally and externally and continuous supervision of the design and operation of the system.

SCIRF provides a control environment in EDPR in many ways, embodied in the Entity Level Controls. These controls cover aspects such as:

- existence of government bodies with regulated activities (the Regulations of the Audit Committee specifies the supervision and evaluation of the financial reporting process and operation of internal control systems and risk management);
- adequacy of the organizational structure and delegation of authority to the needs of EDPR, and their evaluation and updating;
- existence of conditions to ensure effective supervision capacity, monitoring and evaluation of activities of the Executive Committee;
- existence and dissemination of a Code of Ethics and a channel of communication of bad practice;
- risk identification, assessment and management by conducting continuous analysis, update and monitor;
- existence of an internal control system supervised and evaluated, with structure and specific conceptual model, specific methodology and supporting documentation available and suitable.

One aspect covered by SCIRF is the risk assessment of financial information. The way in which this point is dealt with by SCIRF is evidenced by the existence of processes that establish the responsibility for developing and supervising the accounts and the frequency with which financial information is reported, with the corresponding controls that allow the minimization of the occurrence of errors and irregularities. These controls satisfy the following control objectives: (I) completeness (the product of event and transaction processing presents no omissions or duplications), (II) accuracy (no data is missing or wrong), (III) validity (events and transactions are subject to formal approval) and (IV) restricted access (existence of adequate protection of resources).

In the processes set down, information capture mechanisms are specified, as well as the steps that are performed for the preparation of financial information which forms part of EDPR's financial statements. Likewise, there is a process for the communication to markets of all kinds of information required, whether financial, operational or on any relevant matter contemplated by the regulatory bodies.

Besides the elements already mentioned, SCIRF has a wide variety of control activities (embodied in Process controls and General Computer Controls) covering the various phases of activity of EDPR, from the initial promotion stage to the beginning of exploitation and sale of energy produced by the facilities, including the reflection

of these activities in the accounting as well as the work necessary for the individual and consolidated accounts disclosures or for the obtaining of financing for the management of the business.

EDPR's SCIRF Control activities also cover the systems and information technologies (General Computer Controls), following an international reference model such as COBIT (Control Objectives for Information and related Technologies). The importance of this aspect is that information systems are the tools with which financial information is prepared, thus being relevant for transactions conducted with them. It includes activities such as access control to applications and systems, management of corrective and evolutive maintenance, new projects implementation, systems, facilities and operations (back-ups, security, incidents) management and administration, and their monitoring and proper planning. These activities are developed taking into account the requirements of control and supervision.

For contracted entities that provide relevant services that support processes of financial reporting preparation, specifically in the field of information technologies, the entities are required to meet the same minimum requirements for internal control in line with those of EDPR.

As noted above, SCIRF undergoes a process of supervision and evaluation.

- In compliance with SCIRF's supervision and through various meetings throughout the year, the Audit Committee approved the planning work to be done in the exercise and reviewed the evolution of the various aspects of the internal control cycle (update of the scope, consolidation and incorporation of new territories in the scope, SCIRF's maintenance, adaptation and management through monitoring the implementation of resolution plans for improvement opportunities identified by the external auditor in previous cycles) and assessments by Internal Audit.

- As in the previous year, in 2011 the assessment of EDPR's SCIRF has been conducted by auditor KPMG in line with the strategic objectives of the group. KPMG issued a favourable opinion.

The SCIRF activities and their progress have been quarterly reported to the Audit and Control Committee, complying with its supervision and follow-up missions regarding the company's internal control systems and risk management.

At the year-end in accordance with CMVM Recommendation III.1.4 the external auditors, within the scope of their powers, verified the efficiency and functioning of the Internal Control Systems and reported their conclusions to the Audit and Control Committee. Additionally, KPMG reported the result of their review of SCIRF to the Audit and Control Committee.

With this report and the teamwork of the Internal Auditors the Audit and Control Committee in accordance with CMVM Recommendation II.1.1.3 made its final assessment report and presented to the Board.

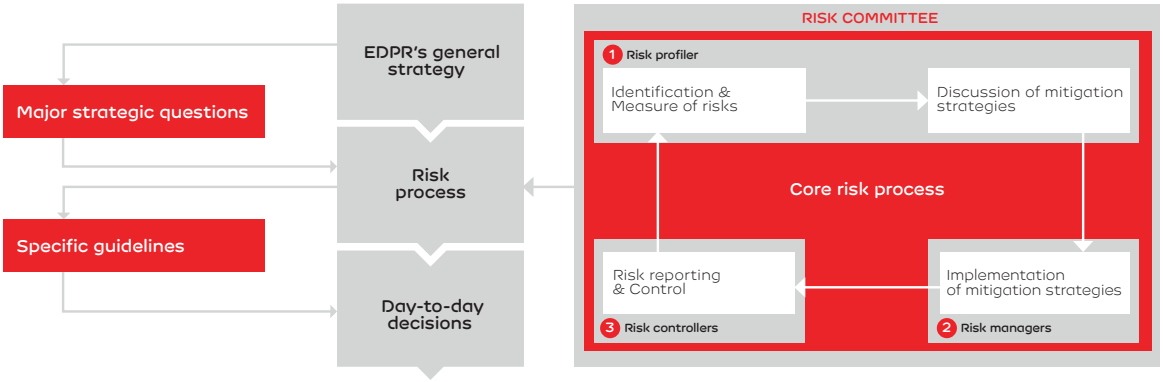
3.2. Risk management

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

3.2.1. Risk framework and process

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

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



3.2.2.Risk functions and risk committee

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

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

EDPR's Risk Committee integrates and coordinates all the risk functions and assures the link between risk strategy and the company's operations.

EDPR's Risk Committee intends to be the forum to discuss how EDPR can optimize its risk-return position according to its risk profile. The key responsibilities of this committee are:

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

3.2.3.Risk areas and risk related strategic questions

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

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

3.2.4.Countries and regulations

Regulatory risks

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

Support for renewable energy sources has been strong in previous years, and both the European Union and various US federal and state bodies have regularly reaffirmed their wish to continue and strengthen such support.

It cannot be guaranteed that the current support will be maintained or that the electricity produced by future renewable energy projects will benefit from state purchase obligations, tax incentives, or other support measures for the electricity generation from renewable energy sources.

Management of regulatory risks

EDPR is managing its exposure to regulatory risks trough diversification (being present in several countries) and by being an active member in several wind associations.

3.2.5.Revenues

Exposure to market electricity prices

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

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

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

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

Under EDPR's global approach to optimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the defined limits, assessing in which markets financial hedges may be more effective to correct it. In 2011, in order to manage such exposure, EDPR financially hedged a significant part of its generation in Spain while it closed a significant portion of its exposure through several physical and financial deals for the long-term in the US.

Risk related to volatility of energy production

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

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

Management of risks related to volatility of energy production

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

3.2.6 Financing

Risks related to the exposure to financial markets

EDPR is exposed to fluctuations in interest rates through financing. This risk can be mitigated using fixed rates and hedging instruments, including interest rate swaps.

Also because of its presence in several countries, currency fluctuations may have a material adverse effect on the financial condition and results of operations. EDPR may attempt to hedge against currency fluctuations risks by natural hedging strategies, as well as by using hedging instruments, including forward foreign exchange contracts and Cross Interest Rate Swaps.

EDPR hedging efforts will minimize but not eliminate the impact of interest rate and exchange rate volatility.

Management of financial risks

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

The Board of Directors is responsible for the definition of general risk-management principles and the establishment of exposure limits following the recommendation of the risk committee.

Taking into account the risk management policy and exposure limits previously approved, the Financial Department identifies, evaluates and submits for the Board's approval the financial strategy appropriate to each project/location

The execution of the approved strategies is also undertaken by the Financial Department, in accordance with the policies previously defined and approved.

Fixed rate, Natural hedging and Financial instruments are used to minimize potential adverse effects resulting from the interest rate and foreign exchange rate risks on its financial performance.

Interest rate risk

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

Management of Interest rate risk

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

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

Exchange rate risk

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currently, main currency exposure is the U.S. USD/EUR currency fluctuation risk that results principally from the shareholding in EDPR NA. With the ongoing increasing capacity in others non-euro regions, EDPR will become also exposed to other local currencies (Poland, Romania and Brazil).

Management of exchange rate risk

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

Counterparty credit risk

Counterparty risk is the default risk of the other party in an agreement, either due to temporary liquidity issues or long term systemic issues.

Management of counterparty credit risk

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

Liquidity risk

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

Management of liquidity risk

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

3.2.7 Wind turbine contracts

Wind turbine supply risk

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

Management of wind turbine supply risk

EDPR faces limited risk to the availability and prices' increase of WTG due to its framework agreements with the major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to reduce its dependency on any one supplier being one of the worldwide wind energy developers with a more diversified and balanced portfolio.

3.2.8 Pipeline development

Permitting risks

Wind farms are subject to strict international, national, state, regional and local regulations relating to the development, construction, licensing, grid interconnection and operation of power plants. Among other things, these laws regulate: land acquisitions, leasing and use; building, transportation and distribution permits; landscape and environmental permits; and regulations on energy transmission and distribution network congestions.

Management of permitting risk

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

3.2.9 Operations

Wind turbine performance risk

Wind farms output depend upon the availability and operating performance of the equipment necessary to operate it, mainly the components of wind turbines and transformers. Therefore the risk is that the performance of the turbine does not reach its optimum implies that the energy output is not the expected.

Management of wind turbine performance risk

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

Most recently, and following the general trend in the wind sector, EDPR is externalizing some pure technical O&M activities of its wind farms.

3.3. External auditor

The Audit and Control Committee is responsible for proposing to the Board of Directors for submission to the General Meeting the appointment of the Company auditors, the terms of their contracts, scope of their duties and revocation and renewal of their contracts.

In order to protect the External Auditor independence, the following competences of the Audit and Control Committee were exercised during 2011:

- Direct and exclusive supervision from the Audit and Control Committee;
- Evaluation of the qualifications, independence and performance of the External Auditor and the annual report from the External Auditor regarding the information of all existing relations between the Company and the Auditors or people related to them, including all the services rendered and all the services in course. The Audit and Control Committee, in order to evaluate its independence, obtained from the External Auditor information regarding their independence according to Portuguese Decree-Law n.º 224/2008, November 20th, that changes the Articles of Association of the External Auditors Association;
- Revision of the transparency report signed by the External Auditor and published on their website. This report is about a group of subjects regulated on article 62º-A from the Portuguese Decree-Law n.º 224/2008, mainly related to the Internal Control System and to the process of quality control realized by the competent entities;
- Analysis with the External Auditor of the scope, planning and resources to use on the services provided.

EDPR's External Auditor is, since the year 2007, KPMG Auditores S.L., therefore there is still no need to rotate the auditor according to Recommendation III.1.3 of the Portuguese Corporate Governance Code.

In 2011, according to the Audit and Control Committee's competences and in line with Recommendations II.4.4 and II.4.5, it was the first recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time.

The Audit and Control Committee assessed the performance of the external auditor in providing the services hired by the Company and made a positive evaluation of their quality, considering that they meet applicable standards and that it is advisable to maintain the same auditor.

The work of the external auditor, including reports and audits of its accounts, was supervised and evaluated in accordance with applicable rules and standards, in particular international auditing standards. The external auditor in coordination with the Audit and Control Committee verifies the implementation of remuneration policies and the efficiency and functioning of internal control mechanisms. The external auditor reports to the Audit and Control Committee all the shortcomings.

3.4 Whistle-blowing policy

EDPR has always carried out its activity by consistently implementing measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance.

EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their company, in compliance with the provisions of CMVM Regulation no. 1/2010.

With this channel for reporting irregular accounting and financial practices, EDPR aims:

- Guaranteeing conditions that allow workers to freely report any concerns they may have in these areas to the Audit and Control Committee;
- Facilitating the early detection of irregular situations which, if practised, might cause serious damage to the EDPR Group, its workers, customers and shareholders.

Contact with the Company's Audit and Control Committee is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. S/he will be assured that the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information or assist in an investigation.

The Secretary of the Audit and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2011 there were no communications regarding any irregularity at EDPR.

3.5 Ethics

EDPR is governed by a strong sense of ethics, whose principles are embodied in the day-to-day activities of its employees, according to ethical practices generally considered to be consensual but which, for reasons of appropriate disclosure, transparency and impartiality, the company decided to provide details on.

For that purpose, EDPR developed and approved a global Code of Ethics, to be adopted by all company's employees, without prejudice to other legal or regulating provisions. EDPR Employees' must comply with the Code of Ethics and with the approved corporate policies, which provide those practices and should follow main principles such as:

- Transparency, honesty and integrity
- Working environment
- Development of human capital
- Human rights
- Non-discrimination and equal opportunities
- Integrity
- Environment and sustainability
- Disciplinary action

The Code of Ethics has been disseminated to all employees.

On 2011, the Board of Directors approved the creation of an Ethics Committee.

The Ethics Committee is a standing committee which objective is to ensure the Code of Ethics compliance within the company, processing all information received to this extent and establishing, if appropriate, corrective actions.

The main functions of the Ethics Committee are the receipt, registration, processing and reporting to the Board of Directors of information and reports received by the employees regarding violations of the Code in matters of legislation and ethics, conduct in the work environment, human rights and equal opportunities, integrity, relations with customers and suppliers, the environment and sustainability. These functions include the following:

- Proposing corporate ethics instruments, policies, goals and targets.
- Monitoring application of the Code of Ethics, laying down guidelines for its regulation and overseeing its proper application by the Company and its subsidiaries.
- Analyzing reported violations of the Code of Ethics, deciding on their relevance and admissibility.
- Deciding if there is any need for a more in-depth investigation to ascertain the implications and persons involved. The Ethics Committee may, for this purpose, use internal auditors or hire external auditors or other resources to assist in the investigation.
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

On September 15th, 2011, the Ethics Committee was formed. The members of the Ethics Committee are the Chairpersons of the Board of Director's Committees:

Ethics Committee	
Chairperson	João Manuel de Mello Franco
	António Nogueira Leite Jorge Santos
Secretary	Emilio García-Conde Noriega

On that meeting it was also nominated an Ethics Ombudsmen, Carlos Alberto Silva Almeida Loureiro. According to the Ethics Code regulation, the Ethics Ombudsmen is responsible for:

- receiving reports and preparing and documenting cases and submitting them to the Ethic Committee;
- monitoring each violation case that they have prepared until its conclusion and liaising with the complainant whenever necessary and appropriate.
- drafting quarterly reports on the organization's performance in terms of compliance with the Code of Ethics;

A "Code of Ethics" e-mail channel is available for the communication of any breach to the Code articles. In 2011 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR.

4. Shareholder structure and exercise of shareholders' rights

4.1. Capital structure

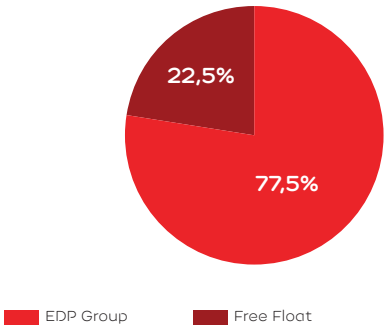
The EDPR share capital of EUR 4,361,540,810 is represented by 872,308,162 shares with a face value of EUR 5 each. All shares integrate a single class and series and are fully issued and paid. There are no holders of special rights and pursuant to the Article 8 of the Company's Articles of Association, there are no restrictions on the transfer of EDPR shares.

As far as the EDPR Board of Directors is aware there are currently no shareholders' agreements regarding the company.

4.2. Shareholder structure

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

EDPR SHAREHOLDER STRUCTURE

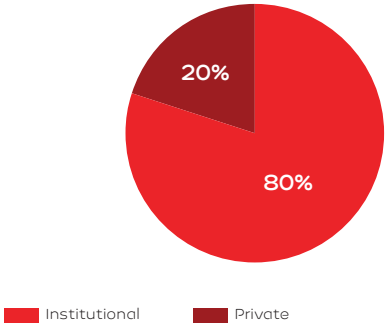


Free-float descripton

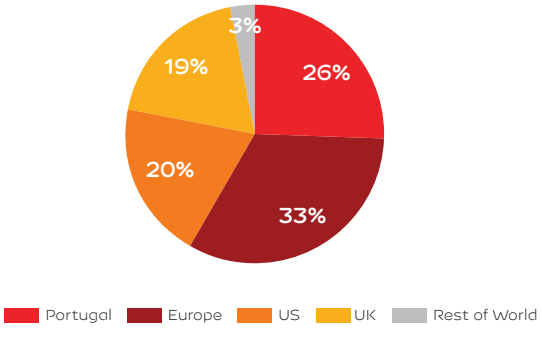
By Dec. 31st, 2011, EDPR's free-float comprised about 110,000 institutional and private investors spread across more than 35 different countries with special focus on Portugal, United States, and United Kingdom. Rest of Europe most represented countries are Switzerland, France and Norway.

Institutional investors represented 80% of EDPR's free-float (79% in 2010) while private investors, mostly Portuguese, stand for the remaining 20%.

FREE-FLOAT BY INVESTOR TYPE



FREE-FLOAT BY GEOGRAPHY



4.3. Qualifying holding

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

4.4. Right to attend

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

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

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

Any shareholder with the right to attend may send a representative to a General Meeting, even if this person is not a shareholder. Power of

attorney is revocable. The Board of Directors may require shareholders' power of attorney to be in the Company's possession at least two (2) days in advance, indicating the name of the representative.

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

4.5. Voting and voting rights

Each share entitles its holder to one vote.

Shares issued without this right do not have voting rights, with the exception of cases set forth by current legislation.

There is no employee share-owning system at EDPR and so no relevant control mechanisms on the exercise of voting rights by employees or their representatives have been set up.

4.6. Mail and electronic communication votes

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

Votes by mail shall be sent in writing to the place indicated on the invitation to the meeting accompanied by the documentation indicated in the Shareholder's Guide.

In order to vote by electronic communication, shareholders must express this intention to the Chairperson of the General Meeting of the in the form indicated in the invitation to the meeting, sufficient time in advance to permit the vote within the established time limit. They will then receive a letter containing a password for voting by electronic communication within the time limit and in the form established in the call of the General Meeting.

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

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

4.7. Quorum for constituting and adapting decisions of the general meeting

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

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

4.8. Minutes and information on decisions

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

Given the personal nature of the information involved, the history does not include attendance lists at general meetings, although, in accordance with CMVM Circular nr. 156/EMIT/DMEI/2009/515, when General Meetings are held, EDPR plans to replace them by statistical information indicating the number of shareholders present and distinguishing between the number of physical presences by mail.

EDPR therefore publishes on its website an extract of the minutes of General Meetings with all information on the constitution of the General Meeting and decisions made by it, including motions submitted and any explanations of votes.

The website also provides EDPR shareholders with information on: I) requirements for participating in the General Meeting, II) mail and electronic communication votes III) information available at the registered office.

4.9. Measures regarding control and changes of control of the company

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

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

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

On the other hand, EDPR has not entered into any agreements (current or future) subject to the condition of a change in control of the Company, other than in accordance with normal practice in case of financing of certain wind farm projects by some of its group companies.

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

5. Remuneration

5.1. Remuneration of the members of the Board of Directors and its Audit and Control Committee

Pursuant to Article 26 of the Company's Articles of Association, the remuneration of the members of the Board of Directors shall consist of a fixed amount to be determined by the General Meeting for the whole Directors and expenses for attending Board meetings.

The above article also establishes the possibility of the Directors being remunerated with Company shares, share options or other securities granting the right to obtain shares, or by means of share-indexed remuneration systems. In any case, the system chosen must be approved by the General Meeting and comply with current legal provisions.

The maximum remuneration approved for each fiscal year by the General Meeting of Shareholders, for all the members of the Board of Directors was EUR 2,500,000.

Pursuant to Article 26.4 of the Company's Articles of Association the rights and duties of any kind derived from the condition of Board Member shall be compatible with any other rights and obligations either fixed or variable that could correspond to the Board Members as a consequence of other employment or professional engagements, if any, carried out in the Company. Variable remuneration resulting from said contracts or from any other relationship, including being a Board Member, will be limited to a maximum annual amount to be established by the General Shareholders' Meeting.

The maximum remuneration approved by the General Meeting of Shareholders for this Variable remuneration in 2011 for all the members of the Board of Directors is EUR 600,000.

The Nominations and Remunerations Committee is responsible for proposing to the Board of Directors, although not bindingly, the system, distribution and amount of remuneration of the Directors on the basis of the overall amount of remuneration authorized by the General Meeting. It can also propose to the Board the terms of contracts with the Directors. The distribution and exact amount paid to each Director and the frequency and other details of the remuneration shall be determined by the Board on the basis of a proposal from the Nominations and Remunerations Committee.

5.2. Performance-based components, variable component and fixed amount

The remuneration of the Executive Committee and the Management Team is built in three blocks: fixed remuneration, annual and multi-annual bonus.

The annual bonus is defined as a maximum of 68% of the annual salary and is calculated based on the following indicators in each year of their term:

- The relative performance of the Total Shareholder Return of EDP Renováveis vs Benchmark, (PSI-20 and peers);
- EDP Renováveis growth (MW and pipeline)
- The risk – result of EDP Renováveis (ROIC Cash; market exposure, EBITDA and net result)
- Efficiency (technical availability, OPEX/MW, CAPEX/MW).

The multi-annual bonus is defined as a maximum of 102% of the annual salary and is calculated based on the same drivers as for annual bonus but measured on a multi-year timeframe to be paid at the end of the period and with additional environmental and social perspectives including, (I) the performance of the Sustainability Index applied to EDPR (DJSI method), (II) Employee satisfaction survey, (III) Appreciation of the Nominations and Remunerations Committee.

According to the Remuneration Policy approved at the General Meeting of Shareholders', the maximum variable remuneration (annual and multi-annual) is applicable if all the above mentioned KPI's were achieved and the performance evaluation is equal or above 110%.

The remuneration to the CEO and the Executive Committee Directors that are also members of the Management Team was paid directly by EDPR while for the other members of the Executive Committee there was no direct payment to its members.

Although the remuneration for all the members of the Board of Directors is provided for the members of the Executive Committee with the exception of the CEO and those members that could likewise be part of the Management Team (who devote most of their work to the activity of EDPR) are not remunerated by EDPR.

This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Nonetheless, in line with the above corporate governance practice, EDPR has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for the render of those services corresponding to the remuneration defined for the executive members of the Board of Directors.

The non-executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or cumulatively with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee and the Audit and Control Committee.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors. No Director has entered into any contract with the company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.

In EDPR there aren't any payments for the dismissal or termination of Director's duties.

5.3. Annual remuneration of the Board of Directors including the Audit and Control Committee

The remuneration of the members of the Board of Directors for the year ended on December 31st 2011 was as follows:

Remuneration (€)	Fixed	Variable		Total
		Annual	Multi-annual	
EXECUTIVE DIRECTORS				
António Mexia *	–	–	–	–
Ana Maria Fernandes (CEO)	384,000	167,362	–	551,362
João Manso Neto *				
Nuno Alves *	–	–		–
António Martins da Costa *	–	–	–	–
Rui Teixeira	–	–	–	–
João Paulo Costeira	–	–	–	–
Luis Adão da Fonseca	–	–	–	–
Gabriel Alonso	–	–	–	–
NON-EXECUTIVE DIRECTORS				
António Nogueira Leite	35,000	–	–	35,000
Daniel M. Kammen	22,500	–	–	22,500
Francisco José Queiroz de Barros de Lacerda	55,000	–	–	55,000
Gilles August	45,000		–	45,000
João Lopes Raimundo	58,333	–	–	58,333
João Manuel de Mello Franco	80,000	–	–	80,000
Jorge Santos	60,000	–	–	60,000
José Araújo e Silva	26,250	–	–	26,250
José Silva Lopes	30,000	–	–	30,000
Manuel Menéndez Menéndez	45,000	–	–	45,000
Rafael Caldeira Valverde	55,000	–	–	55,000
Total	**896,083**	**167,362**		**1,063,445**

* With exception of the CEO and Executive Committee Directors that are also members of the Management Team the members of the Executive Committee have not received any remuneration from EDPR. EDPR has entered in an Executive Management Services Agreement with EDP pursuant to which EDPR is due to pay to EDP EUR 380,400, corresponding to the fixed remuneration, for the management services rendered by EDP in 2011.

In 2011, Mr. António Martins da Costa, Mr. José Silva Lopes and Mr. Daniel Kammen ended their terms as Board members. The remuneration mentioned above refers only to the months when these Board members were still on duty.

The retirement savings plan for the members of the Executive Committee, excluding the Management Team members, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The non-executive directors may opt between a fixed remuneration or attendance fees per meeting, in a value equivalent to the fixed remuneration proposed for a director, taking into consideration the duties carried out as members of one or more committees.

In 2011, the remuneration of the members of the Management Team, as EDPR employees, excluding the Chief Executive Officer, was the following:

Remuneration (€)	Fixed	Variable*		Total
		Annual	Multi-annual	
Rui Teixeira	242,575	75,000	138,279	455,854
João Paulo Costeira	250,000	75,000	154,320	479,320
Luis Adão da Fonseca	242,575	75,000	138,279	455,854
Gabriel Alonso	250,000	75,000	141,357	466,357
Total	**985,151**	**300,000**	**572,235**	**1,857,386**

* Corresponds to the 2010 annual variable remuneration and 2009-2010 multi-annual variable remuneration accrued before their incorporation to the Board of Directors.

The retirement savings plan for the members of the Executive Committee that are also members of the Management Team, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary.

The Directors do not receive any relevant non-monetary benefits as remuneration.

5.4. Statement on remuneration policy

The definition of the proposal of the remuneration policy for the members of the Board is of the responsibility of the Nominations and Remunerations Committee and is approved by the General Shareholders Meeting.

This Committee defined the remuneration to be attributed to Directors and members of the Management Team, with the purpose that it reflects the performance of each of the members in each year of their term of office (variable annual remuneration), and also their performance during their term of office establishing a variable component which is consistent with the maximisation of the Company's long term performance (variable multi-annual remuneration for a three-year period), thereby guaranteeing the alignment of the performance of the governing bodies with the interests of the shareholders.

The remuneration policy proposed by the Nominations and Remunerations Committee for the period 2011-2013, defines a structure with a fixed remuneration for all members of the Board of Directors and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee and the Management Team.

For the period 2011-2013, it was decided to maintain the remuneration structure in terms of its components, as well as to keep the same nominal value of fixed annual component as the one in force during the 2009-2010 period, revise the KPIs (Key Performance Indicators) for variable multi-annual and annual components, and unify for Executive Committee and Management Team the implementation of the Correlation Matrix of Goals Achievements to determine the variable remuneration.

5.5. General Meeting's assessment of company remuneration policy and performance evaluation of its governing bodies

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

One of the General Meeting's duties includes appraising the above mentioned statement.

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

5.6. Attendance at the ordinary General Meeting of Shareholders of a representative of the Nominations and Remunerations Committee

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

5.7. Proposal on the approval of plans on share remuneration and/or share purchase options or on the basis of share price fluctuations

The Company has not approved any plans for share remuneration or share purchase options or plans based on share price fluctuations.

5.8. Remuneration of the President of the General Meeting

In 2011, the remuneration of the Chairperson of the General Meeting of EDPR was EUR 15,000.

5.9. Auditor's remuneration

For the year ended on December 31st, 2011, the fees paid to KPMG Auditores, S.L. for the audit and statutory audit of accounts and financial statements, other assurance and reliability services, tax consultancy services and other services unrelated to statutory auditing are as follows:

Remuneration (€)	Portugal	Spain	Brazil	USA	Other	Total	%
Audit and statutory audit of accounts and financial statements	166,000	638,829	83,102	688,241	307,749	1,883,921	85.2%
Other assurance and reliability services (*)	180,000	60,895		31,173	12,750	284,818	12.9%
Sub-total audit related services	346,000	699,724	83,102	719,414	320,499	2,168,739	98.1%
Tax consultancy services	-	-		24,067	9,000	33,067	1.5%
Other services unrelated to statutory auditing	9,500	-				9,500	0.4%
Sub-total non-audit related services	9,500	-		24,067	9,000	42,567	1.9%
Total	**355,500**	**699,724**	**83,102**	**743,481**	**329,499**	**2,211,306**	**100%**

(*) The fees of Portugal regarding the inspection of the internal control system (SCIRF) include the Spanish subsidiaries (EUR 80,000) and EDPR NA (EUR100,000) as their invoices were issued in this country.

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation III.1.5 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2011.

6. Capital markets

6.1. Share performance and dividend policy

Share description

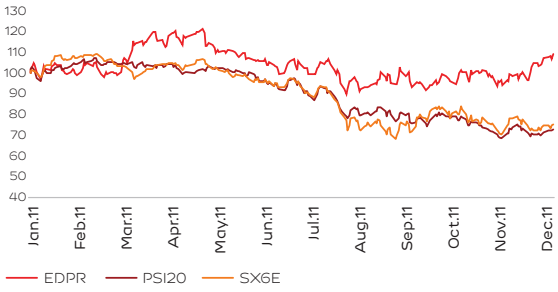
The shares representing 100% of the EDPR share capital were admitted to trading in the official stock exchange NYSE Euronext Lisbon on June 4th, 2008. Since then the free float level is unchanged at 22.5%.

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

Share price performance

EDPR's equity market value at December 31st 2011 was EUR 4.12 billion, the equivalent to EUR 4.73 per share. In 2011, the share price improved 9%, outperforming the PSI-20 (the NYSE Euronext Lisbon reference index), the Euronext 100 and the Dow Jones Eurostoxx Utilities ("SX6E") which suffered a general depreciation in 2011. The year's low was recorded on August 9th (EUR 3.89) and the year's high was reached on May 2nd (EUR 5.25).

SHARE PRICE PERFORMANCE

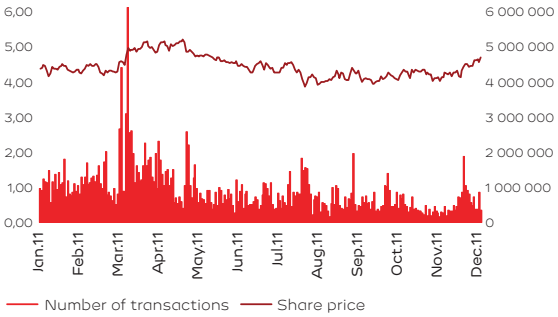


PSI-20 Best & Worst Performers in 2011			
Jerónimo M.	+12.19%	BCP	-74.82%
EDPR	+9.02%	Sonae Indús.	-66.75%
Cimpor	+4.87%	BPI	-61.80%
EDP	-4.01%	Banif	-60.92%
Sonaecom	-10.00%	BES	-53.13%

SX6E Best & Worst Performers in 2011			
Gas Natural	+15.45%	Veolia Env.	-61.28%
Enel Green P.	+2.09%	Areva	-47.70%
EDP	-4.01%	RWE	-45.40%
Enagas	-4.19%	Suez Env.	-42.39%
Red Electrica	-6.07%	EDF	-38.75%

In 2011 were traded more than 232 million EDPR shares, representing 25% year-on-year decrease in its liquidity, and corresponding to a turnover of approximately EUR 1.04 billion. On average, 0.9 million shares were traded per day. The total number of shares traded represented 27% of the total shares admitted to trading and to 118% of the company's free float.

EDPR SHARE PRICE AND TRANSACTIONS



Capital market Indicators

	2011	2010	2009	2008
EDPR SHARES IN NYSE EURONEXT LISBON (€)				
Opening price	4.34	6.63	5.00	8.00
Closing price	4.73	4.34	6.63	5.00
Peak price	5.25	7.01	7.75	8.00
Minimum price	3.89	3.72	5.00	3.45
VARIATION IN SHARE PRICE AND REFERENCE INDICES				
EDP Renováveis	9%	-35%	33%	-37%
PSI20	-28%	-10%	33%	-51%
Dow Jones Eurostoxx Utilities	-25%	-15%	-1%	-38%
Euronext 100	-14%	1%	25%	-45%
LIQUIDITY OF EDPR SHARES IN THE MARKET				
Volume in NYSE Euronext (€m)	1,060.3	1,539.2	1,676.0	1,646.0
Daily average volume (€m)	4.1	6.0	6.4	11.0
Number of shares traded (million)	232.3	311.2	257.0	216.0
Daily Average traded shares (million)	0.9	1.2	1.0	1.5
Total shares issued (million)	872.3	872.3	872.3	872.3
Number of own shares (million)	-	-	-	-
Free-float (million)	196.3	196.3	196.3	196.3
Annual rotation of capital (% of total shares)	27%	36%	29%	25%
Annual rotation of capital (% of free-float)	118%	159%	131%	110%
EDPR MARKET VALUE (€m)				
Market capitalisation at end of period	4,124	3,783	5,783	4,364

The graph below shows the evolution in EDPR prices over the year and all announcements and relevant events that may had impact on them.

MAIN EDPR EVENTS IN 2011

#	Date	Descripton	Share Price (€)
1	2/Feb	EDP Renováveis discloses 2010 provisional data	4.38
2	24/Feb	EDP Renováveis announces 2010 results	4.35
3	30/Mar	EDPR takes full control of Genesa	5.20
4	7/Apr	EDP Renováveis sells its financial stake in a Spanish wind farm	4.90
5	11/Apr	EDP Renováveis Annual Shareholder Meeting	5.17
6	18/Apr	EDP Renováveis discloses 1Q2011 provisional data	4.93
7	4/May	EDP Renováveis discloses 1Q2011 financial results	4.90
8	3/Jun	EDP Renováveis is awarded new long-term contract in the US	4.65
9	6/Jun	EDP Renováveis establishes a partnership for the development of 2.4 GW of wind offshore capacity in the UK	4.61
10	21/Jun	EDP Renováveis Extraordinary Shareholder Meeting	4.48
11	21/Jun	EDP Renováveis executes project finance for 138 MW in Romania	4.48
12	28/Jun	EDPR is granted 127 MW by the Aragón Government – Spain	4.37
13	11/Jul	EDP Renováveis executes project finance for 90 MW in Romania	4.44
14	13/Jul	EDP Renováveis establishes a new institutional partnership structure and secures USD 116 million	4.44
15	14/Jul	EDP Renováveis discloses its 1H2011 provisional data	4.30
16	25/Jul	EDP Renováveis executes project finance for 70 MW in Brazil	4.53
17	27/Jul	EDP Renováveis discloses its 1H2011 financial results	4.58
18	14/Sep	EDP Renováveis secures a new PPA for 101 MW in the US	4.27
19	13/Oct	EDP Renováveis discloses its 9M2011 provisional data	4.20
20	26/Oct	EDP Renováveis discloses its 9M2011 financial results	4.32
21	20/Dec	EDP Renováveis is awarded long term contracts for 120 MW at the Brazilian energy auction	4.48
22	21/Dec	EDP Renováveis executes through its associated company ENEOP – Eólicas de Portugal, S.A. project finance for 376 MW in Portugal	4.51
23	22/Dec	EDP Renováveis: EDP and China Three Gorges establish a strategic partnership	4.51
24	22/Dec	EDP Renováveis establishes a new institutional partnership structure for 99 MW in the US	4.51

6.2. Dividend policy

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

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

The expected dividend policy of EDPR, as announced in the IPO, is to propose dividends' distribution each year representing at least 20% of EDPR's distributable profit. Also as announced in the IPO, EDPR Board of Directors can adjust this dividend policy as required to reflect, among other things, changes to our business plan and our capital requirements, and there can be no assurance that in any given year a dividend will be proposed or declared.

In light of a challenging economic and regulatory environment in the countries in which EDPR holds investments, of the net financial results obtained in the fiscal year of 2011 and of the company's capital requirements in a harsh financial environment, the Board of Directors will propose at the Shareholder's Meeting, to be held in 2012, to retain the 2011 results as voluntary reserves.

6.3. Communication with capital markets

Communication policy

The Communication Policy of EDPR seeks to provide to shareholders, potential investors and stakeholders all the relevant information about the Company and its business environment. The promotion of transparent, consistent, rigorous, easily accessible and high-quality information is of fundamental importance to an accurate perception of the company's strategy, financial situation, accounts, assets, prospects, risks and significant events.

EDPR therefore look for to provide investors with information that can support them make informed, clear, concrete investment decisions.

An Investor Relations Office was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee the equality between shareholders and to prevent imbalances in the information access.

EDPR make use of its corporate website as a major channel to publish all the material information and ensures that all the relevant information on its activities and results is always up-to-date and available.

Investor relations department

The EDPR Investor Relations Department is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow the Company's activity, all investors and the financial market agents in general. The main purpose of the department is to guarantee the principle of equality among shareholders, prevent asymmetries in access to information and reduce the market perception gap of the company's strategy and intrinsic value. The department responsibility encompass developing and implementing

EDPR's communication strategy and preserve an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CMNV – Comisíon Nacional del Mercado de Valores – in Spain).

The company representative for relations with the market is the Executive Board of Directors member, Mr. Rui Teixeira. The Investor Relation Department is coordinated by Mr. Rui Antunes and is located at the company's head offices in Madrid, Spain. The department contacts are as follows:

IR Contacts

Calle Serrano Galvache 56
Centro Empresarial Parque Norte
Edificio Olmo – 7th Floor
Phone: +34 902 830 700
Fax: +34 914 238 429
E-mail: ir@edpr.com

Activity in 2011

Last year was particularly challenge for the stock markets, requiring the biggest effort from the EDPR management and the IR team to best deliver a clear and realistic message to all entities in the financial markets to attempt to ease concerns and to avoid investment decisions supported by speculative news flow. In 2011, we were able to discuss the investors' main topics of concerns, namely related to the perceived sector regulatory uncertainty in some European markets, the difficult market in the US, the impact from the sovereign debt crisis in Europe, the Portuguese financial assistance program from the IMF/ECB/EU and the outcome for EDPR from the 8th privatization phase of EDP – Energias de Portugal, our principal shareholder. The merger between Iberdrola and Iberdrola Renovables, the tender offer launched by EDF over EDF Energies Nouvelles and the EDPR's strategic plan pos-2012 were also relevant topics of discussion.

During 2011 EDPR was present in several events reinforcing its value creation proposition to its shareholders while prospecting new ones. In the year, the EDPR management and the IR team held more than 300 meetings in the Company's Offices and in 15 of the major financial cities of Europe and of the US, in a strong evidence of investor's interest in the company.

EDPR is clearly aware of the importance of delivering clear and detailed information to the market on time. Consequently, EDPR publishes the company's price sensitive information before the opening of the NYSE Euronext Lisbon stock exchange through CMVM's information system, and simultaneously we make that same information also available on the website investors' section and through the IR department's mailing list.

On each earnings announcement, EDPR promotes a conference call and webcast, at which the Company's management updated the market on EDPR's activities. On each of these events, shareholders, investors and analysts had the opportunity to directly submit their questions and to discuss EDPR's results as well as the company's outlook.

At the IR Department of EDPR, we remained in permanent contact with the financial analysts who evaluated the Company and with all shareholders and investors by e-mail, phone or face-to-face meetings. In 2011, as far we are aware of the sell-side analysts issued more than 200 reports evaluating EDPR's performance.

Analysts

As a world leader in renewable energy, one of the biggest listed companies in the sector and one of the biggest companies of PSI20, EDPR is permanently under analysis and valuation.

At the end of the 2011, as far as the company is aware of, there were 28 institutions elaborating research reports and following actively the Company's activity. As of December 31st 2011, the average price target of those analysts was of €5.39 per share with most of them reporting "Buy" recommendations on EDPR's share: 17 Buys, 7 Neutrals, 3 Sell and only 1 Suspended.

Company	Analyst	Recommen-dation	Price Target (€)	Last Report Issued
Banesto	Antônio Cruz-Guzmán	Overweight	6.86	22/07/2011
Banif	Sofia Cordeiro	Buy	5.46	05/05/2011
Barclays Capital	Rupesh Madlani	Equalweight	4.75	01/11/2011
BBVA	Daniel Ortea	Outperform	5.30	05/05/2011
BCP	Vanda Mesquita	Buy	6.00	14/10/2011
Berenberg	Benita Barretto	Buy	6.50	21/10/2011
BES	Fernando Garcia	Buy	4.90	26/09/2011
BNP Paribas	José Fernandez	Underperform	4.20	20/10/2011
BoAML	Matthew Yates	Buy	5.25	27/10/2011
BPI	Flora Trindade	Buy	6.00	19/09/2011
Caixa BI	Helena Barbosa	Suspended	–	16/12/2011
Cheuvreux	José Porta	Underperform	5.19	27/07/2011
Citigroup	Manuel Palomo	Buy	5.00	30/09/2011
Deutsche Bank	Virginia Sanz de Madrid	Hold	5.00	26/10/2011
Fidentiis	Daniel Rodríguez	Buy	5.59	04/08/2011
Goldman Sachs	Matija Gergolet	Neutral	5.90	29/12/2011
HSBC	James Magness	Overweight	7.25	14/10/2011
ING	Maurice Rosenthal	Sell	3.30	14/12/2011
Jefferies	Gerard Reid	Buy	5.85	26/10/2011
JP Morgan	Sarah Laitung	Overweight	5.10	13/10/2011
Macquarie	Shai Hill	Outperform	5.25	06/07/2011
Morgan Stanley	Allen Wells	Overweight	5.40	12/10/2011
Natixis	Céline Chérubin	Neutral	4.70	27/10/2011
Redburn Partners	Archie Fraser	Buy	6.11	07/02/2011
Sabadell	Jorge Gonzalez	Buy	5.06	26/10/2011
Santander	Joaquín Ferrer	Hold	6.20	23/05/2011
Société Générale	Jorge Alonso	Hold	4.50	27/10/2011
UBS	Alberto Gandolfi	Neutral	5.00	08/09/2011

Online information: website and e-mail

EDPR considers online information a powerful tool in the dissemination of material information updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, the Company website also carries financial and operational updates of EDPR's activities ensuring all an easy access to information.

	Portuguese	English	Spanish
Identification of the company	√	√	√
Financial statements	√	√	√
Regulations of the management and supervisory bodies	√	√	√
Audit Committee Annual report	√	√	√
Investor Relations Department - functions and contact details	√	√	√
Articles of association	√	√	√
Calendar of company events	√	√	√
Invitation to General Meeting	√	√	√
Proposal submitted for discussion and voting at General Meetings	√	√	√
Minutes of the General Shareholders' Meeting	√	√	√
Market Liaison Officer	√	√	√
Credentials of the Members of the Board of Directors	√	√	√

annex I

MAIN POSITIONS HELD BY MEMBERS OF BOARD OF DIRECTORS IN THE LAST FIVE YEARS

Name	Position
Antônio Mexia	
	CEO of EDP - Energias de Portugal, S.A. Member of the General Supervisory Board of Banco Comercial Português S.A.
Ana Maria Fernandes	
	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A.
João Manso Neto	
	Chairperson of the Executive Committee of EDP Produção CEO and Vice-Chairperson of Hidroeléctrica del Cantábrico, S.A. Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A.
Nuno Alves	
	Executive Director of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. (CFO)
Rui Teixeira	
	Chief Financial Officer of EDP Renováveis, S.A. Member of the Management Team of EDP Renováveis, S.A.
João Paulo Costeira	
	Chief Operating Officer for Europe of EDP Renováveis, S.A. Member of the Management Team of EDP Renováveis, S.A.
Luis Adão da Fonseca	
	Chief Business Development Officer of EDP Renováveis, S.A. Member of the Management Team of EDP Renováveis, S.A.
Gabriel Alonso Imaz	
	Chief Operating Officer for North America of EDP Renováveis, S.A. Member of the Management Team of EDP Renováveis, S.A.
Antônio Nogueira Leite	
	Director of the Instituto Português de Relações Internacionais, UNL Director of Reditus, SGPS, S.A. Managing Director José de Mello, SGPS, S.A. Director of Companhia União Fabril CUF, SGPS, S.A. Director of Quimigal, S.A. Director of CUF - Químicos Industriais, S.A. Director of ADP, S.A.-CUF Adubos Director of Sociedades de Explosivos Civic, SEC, S.A. Director of Brisa, S.A. Director of Efacec Capital, SGPS, S.A. Director of Comitur, SGPS, S.A. Director of Comitur Imobiliária, S.A. Director of Expocomitur - Promoções e Gestão Imobiliária, S.A. Director of Herdade do Vale da Fonte - Sociedade Agrícola, Turística e Imobiliária, S.A. Director of Sociedade Imobiliária e Turística do Cojo, S.A. Director of Sociedade Imobiliária da Rua das Flores, nº 59, S.A. Director of José de Mello Saúde, SGPS, S.A. Vice-Chairperson of the Advisory Board of Banif Banco de Investimentos Chairperson of the General Supervisory Board of Opex, S.A. Member of the Advisory Board of IGCP Vice-Chairperson of Fórum para a Competitividade Director of José de Mello Investimentos, SGPS, S.A. Director of Fundação de Aljubarrota Chairperson of Associação Oceano XXI (cluster do Mar)
Francisco José Queiroz de Barros de Lacerda	
	Member of the Executive Board of Directors of Banco Comercial Português, S.A. and several subsidiaries Director of Mague - SPGS, S.A. CEO of CIMPOR – Cimentos de Portugal, SGPS, S.A.
Gilles August	
	Co-founder of August & Debouzy. He now manages the firm's corporate department.
João Lopes Raimundo	
	Chairperson of the Board of Banque BCP Luxembourg Chairperson of the Board of Directors of Banque BCP France Director of Banque Orive BCP Switzerland Managing Director of Banco Comercial Português Vice-Chairperson of the Board of Millenniun Angola Director of Banco Millennium BCP de Investimento Vice-Chairperson of the Board of Millennium Bank, NA (USA) Director of CIMPOR - Cimentos de Portugal SGPS, S.A. Chairperson of the Board of BCP Holdings USA, Inc Managing Director of Banco Comercial Português
João Manuel De Mello Franco	
	Director of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Portugal Telecom SGPS, S.A. Member of the Remunerations Committee of Portugal Telecom SGPS, S.A. Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Sporting Clube de Portugal S.A.D.

Name	Position
Jorge Santos	
	Full Professor of Economics at Instituto Superior de Economia e Gestão, da Universidade Técnica de Lisboa Member of the Assembly of Representatives of Instituto Superior de Economia e Gestão da Universidade Técnica de Lisboa Coordinator of the PhD course in Economics at ISEG
José Araújo e Silva	
	Director of Corticeira Amorim, SGPS, S.A. Member of the Executive Committee of Corticeira, SGPS, S.A. Director of Caixa Geral de Depósitos
Manuel Menéndez Menéndez	
	Chairperson and CEO of Liberbank S.A. Chairperson of Banco de Castilla-La Mancha Chairperson of Cajastur Chairperson of Hidroeléctrica del Cantábrico, S.A. Chairperson of Naturgas Energía, S.A. Director of EDP Renewables Europe, SL Member of the Board of Directors of EDP Renováveis, S.A. Representative of Peña Rueda, SL in the Board of Directors of Enagas, S.A. Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of UNESA
Rafael Caldeira Valverde	
	Vice-Chairperson of the Board of Directors Banco Espirito Santo de Investimento, S.A. Member of the Executive Committee of Banco Espirito Santo de Investimento, S.A.

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 Português, S.A.
Ana Maria Fernandes	
	N/A
João Manso Neto	
	N/A
Nuno Alves	
	N/A
Rui Teixeira	
	N/A
João Paulo Costeira	
	N/A
Luis Adão da Fonseca	
	N/A
Gabriel Alonso Imaz	
	N/A
António Nogueira Leite	
	Director of the Instituto Português de Relações Internacionais, UNL Director of Reditus, SGPS, S.A. Managing Director José de Mello, SGPS, S.A. Director of Companhia União Fabril CUF, SGPS, S.A. Director of Quimigal, S.A. Director of CUF – Químicos Industriais, S.A. Director of ADP, S.A.-CUF Adubos Director of Sociedades de Explosivos Civic, SEC, S.A. Director of Brisa, S.A. Director of Efacec Capital, SGPS, S.A. Director of Comitur, SGPS, S.A. Director of Comitur Imobiliária, S.A. Director of Expocomitur – Promoções e Gestão Imobiliária, S.A. Director of Herdade do Vale da Fonte – Sociedade Agrícola, Turística e Imobiliária, S.A. Director of Sociedade Imobiliária e Turística do Cojo, S.A. Director of Sociedade Imobiliária da Rua das Flores, nº 59, S.A. Director of José de Mello Saúde, SGPS, S.A. Vice-Chairperson of the Advisory Board of Banif-Banco de Investimentos Chairperson of the General Supervisory Board of Opex, S.A. Member of the Advisory Board of IGCP Vice-Chairperson of Fórum para a Competitividade Director of José de Mello Investimentos, SGPS, S.A. Director of Fundação de Aljubarrota Chairperson of Associação Oceano XXI (cluster do Mar)
Francisco José Queiroz de Barros de Lacerda	
	CEO of Cimpor – Cimentos de Portugal, SGPS, S.A. Chairperson of Cimpor Inversiones, S.A. Chairperson of Sociedade de Investimento Cimpor Macau, S.A. Manager of Deal Winds – Sociedade Unipessoal, Lda
Gilles August	
	Co-founder of August & Debouzy. He now manages the firm's corporate department.
João Lopes Raimundo	
	Director of CIMPOR – Cimentos de Portugal SGPS, S.A. Chairperson of the Board of BCP Holdings USA, Inc Managing Director of Banco Comercial Português
João Manuel de Mello Franco	
	Director of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Portugal Telecom SGPS, S.A. Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Sporting Clube de Portugal S.A.D.
Jorge Santos	
	Full Professor of Economics at Instituto Superior de Economia e Gestão, da Universidade Técnica de Lisboa Member of the Assembly of Representatives of Instituto Superior de Economia e Gestão da Universidade Técnica de Lisboa Coordinator of the PhD course in Economics at ISEG
José Araújo e Silva	
	Director of Corticeira Amorim, SGPS, S.A. Member of the Executive Committee of Corticeira, SGPS, S.A. Director of Caixa Geral de Depósitos Director of Artlant, S.A. Director of Caetano Auto SGPS Director of Cartolinas do Prado
Manuel Menéndez Menéndez	
	Chairperson and CEO of Liberbank, S.A. Chairperson of Banco de Castilla-La Mancha Chairperson of Cajastur Representative of Peña Rueda, SL in the Board of Directors of Enagas, S.A. Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of UNESA
Rafael Caldeira Valverde	
	Vice-Chairperson of the Board of Directors Banco Espirito Santo de Investimento, S.A. Member of the Executive Committee of Banco Espirito Santo de Investimento, S.A.

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	Nuno Alves	Ana Maria Fernandes	João Manso Neto	Manuel Ménendez Menéndez	Rui Teixeira	João Paulo Costeira	Luis Adão da Fonseca	Gabriel Alonso
EDP – Energias de Portugal, S.A.	CEBD	D	D	D	–	–	–	–	-
EDP – Gestão da Produção de Energia, S.A.	–	–	–	CBD	–	–	–	-	-
EDP – Energias do Brasil, S.A.	CBD	D	D	–	–	–	–	–	–
EDP – Estudos e Consultoria, S.A.	–	CBD	–	–	–	–	–	–	–
EDP – Imobiliária e Participações, S.A.	–	CBD	–	–	–	–	–	–	–
EDP Valor – Gestão Integrada de Serviços, S.A.	–	CBD	–	–	–	–	–	–	–
Sãvida – Medicina Apoiada, S.A.	–	CBD	–	–	–	–	–	–	–
SCS – Serviços Complementares de Saúde, S.A.	–	CBD	–	–	–	–	–	–	–
Energia RE S.A.	–	CBD	–	–	–	–	–	–	–
Hidroeléctrica del Cantábrico, S.A.	–	D	D	VCBD/CEO	CBD	–	–	–	–
Hidrocantábrico Energia, SAU				CBD					
Eléctrica de la Ribera de Ebro, SL				CBD					
Naturgás Energia Grupo, S.A.	–	–	–	VCBD	CBD	–	–	–	–
EDP Gás – SGPS, S.A.	–	–	–	CBD	–	–	–	–	–
Balwerk – Consultadoria Económica e Participações, Sociedade Unipessoal, Lda.	–	M	–	–	–	–	–	–	–
EDP – Energias de Portugal Sociedade Anónima, Sucursal en España	PR	PR	PR	PR	–	–	–	–	–
EDP Gás.com – Comércio de Gás Natural, S.A.				D	–	–	–	–	–
EDP Finance BV	R	R	R	R	–	–	–	–	–
Electricidade de Portugal Finance Company Ireland Lt.	–	D		–	–	–	–	–	–
Empresa Hidroeléctrica do Guadiana, S.A.	–	–	–	CBD	–	–	–	–	–
EDP Projectos SGPS, S.A.	–	–	–	D	–	–	–	–	–
EDP Energia Ibérica S.A.				D	–	–	–	–	–
EDP Inovacão, S.A.	–	–	–	–	–	–	–	D	–
Operacão e Manutencão Industrial, S.A.	–	–	–	–	–	–	D	–	–

CEBD – Chairperson Executive Board of Directors
CBD – Chairperson of the Board of Directors/ CEO – Chief Executive Officer
D - Director
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	Nuno Alves	Ana Maria Fernandes	João Manso Neto	Manuel Ménendez Menéndez	Rui Teixeira	João Paulo Costeira	Luis Adão da Fonseca	Gabriel Alonso
EDP Renewables North America LLC	–	–	–	–	–	–	–	–	CEO
EDP Renewables Europe, S.L.	–	–	CBD	–	D	D	D	D	–
ENEOP – Eólicas de Portugal, S.A.	–	–	CBD	–	–	–	–	–	–
EDP Renováveis Brasil, S.A.	–	–	CBD	–	–	D	–	D	
EDP Renováveis Portugal, S.A.	–	–	–	–	–	D	CBD	D	–
EDP Renewables Romania SRL	–	–	–	–	–	–	CBD	D	–
EDP Renewables UK Ltd	–	–	–	–	–	–	D	D	–
EDP Renewables France SA	–	–	–	–	–	–	CBD	–	–
EDP Renewables Polska, SP, z.o.o.	–	–	–	–	–	D	D	D	–
EDP Renewables Italia, SRL	–	–	–	–	–	–	D	D	–
ENEOP 2 S.A	–	–	–	–	–	–	CBD	–	–
Generaciones Especiales I SL	–	–	–	–	–	D	D	D	–
EDP Renewables Canada, Ltd	–	–	–	–	–	D		D	–
Greenwind, S.A.	–	–	–	–	–	–	CBD	–	–

CBD – Chairperson of the Board of Directors
CEO – Chief Executive Officer
D – Director
MSB – Member of the Supervisory Board
PGMS – President of the General Meeting of Shareholders
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 41.

Board of Directors

António Luís Guerra Nunes Mexia
(Chairperson)

Born on July 12th, 1957. He received a degree in Economics from Université de Genève (Switzerland) in 1980, where he was also Assistant Lecturer in the Department of Economics. He was a postgraduate lecturer in European Studies at Universidade Católica. He was also a member of the governing boards of Universidade Nova de Lisboa and of Universidade Católica, where he was Director from 1982 to 1995. Served as Assistant to the Secretary of State for Foreign Trade from 1986 until 1988. From 1988 to 1990 served as Vice-Chairperson of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade). From 1990 to 1998 was Director of Banco Espírito Santo de Investimentos and, in 1998, was appointed Chairperson of the Board of Directors of Gás de Portugal and Transgás. In 2000 joined Galp Energia as Vice-Chairperson of the Board of Directors. From 2001 to 2004, was the Executive Chairperson of Galp Energia and Chairperson of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico. In 2004, was appointed Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government. He also served as Chairperson of the Portuguese Energy Association (APE) from 1999 to 2002, member of the Trilateral Commission from 1992 to 1998, Vice-Chairperson of the Portuguese Industrial Association (AIP) and Chairperson of the General Supervisory Board of Ambelis. He was also a Government representative to the EU working group for the trans-European network development. In January 2008, was appointed member of the General Supervisory Board of Banco Comercial Portugues, S.A. having before integrated the Superior Board of this Bank. On 30th March 2006, was appointed Chairperson of EDP's Executive Board of Directors to start the term of office on 30th June 2006. He was reappointed on 15th April 2009.

Ana Maria Machado Fernandes
(Vice-Chairperson and Chief Executive Officer)

Born on 1st November, 1962. She graduated in Economics from the Faculty of Economics at Oporto (1986). She received a postgraduate degree in Finance from the Faculty of Economics of Universidade do Porto and an MBA from the Escola de Gestão do Porto (1989). She lectured at the Faculty of Economics of Universidade do Porto from 1989 until 1991. Began her professional career in 1986 at Conselho – Gestão e Investimentos, a company of the Banco Português do Atlântico Group, in the capital markets, investments and business restructuring field. In 1989 began working at Efisa, Sociedade de Investimentos, in the area of corporate finance, and was later made a director of Banco Efisa. In 1992 joined the Grupo Banco de Fomento e Exterior as director in the area of investment banking and was Head "Corporate Finance" at BPI between 1996 and 1998. In 1998 joined Gás de Portugal as Director of Strategic Planning and M&A and, in 2000, became Director of Strategy and Portfolio Management of Galp Business. She later became President of Galp Power and Director of Transgás. From 2004 until 2006 was director of the Board of Galp Energia. On 30th March 2006, was appointed member of EDP's Executive Board of Directors to start the term of office on 30th June 2006. She was reappointed on 15th April 2009.

João Manuel Manso Neto

Born on April 2nd, 1958. He graduated in Economics from Instituto Superior de Economia (1981) and received a post-graduate degree in European Economics from Universidade Católica Portuguesa (1982). He also completed a professional education course through the American Bankers Association (1982), the academic component of the master's degree programme in Economics at the Faculty of Economics, Universidade Nova de Lisboa and, in 1985, the "Advanced Management Program for Overseas Bankers" at the Wharton School in Philadelphia. From 1988 to 1995 worked at Banco Português do Atlântico, occupying the positions of Supervisor for the International Credit Division, Head of the International Credit Division, Department Director, Deputy Central Director for International Management and Central Director of Financial Management and Retail Commerce South. From 1995 to 2002 worked at the Banco Comercial Português, where he held the posts of General Director of Financial Management, General Manager of Large Institutional Businesses, General Manager of the Treasury, member of the Board of Directors of BCP Banco de Investimento and Vice-Chairperson of BIG Bank Gdansk. From 2002 to 2003, in Banco Português de Negócios, was the Chairperson of BPN Serviços ACE, Director of BPN SGPS, Director of Sociedade Lusa de Negócios and a member of the Board of Banco Efisa. He is still a voting Member of the OMEL Board of Directors. From 2003 to 2005 worked at EDP as Director-General and Administrator of EDP Produção. In 2005 was appointed Adviser at HC Energía, Chairperson of Genesa and Director of Naturgas Energia and OMEL. On 30th March 2006, was appointed member of EDPS' Executive Board of Directors to start the term of office on 30th June 2006. He was reappointed on 15th April 2009.

Nuno Maria Pestana de Almeida Alves

Born on April 1st, 1958. He received an undergraduate degree in Engineering and Naval Construction in 1980 and an MBA in 1985 from the University of Michigan. He began his professional career in 1988 as Supervisor in the Studies and Planning Directorate at Banco Comercial Português, where he took on the role of Sub-Director of Financial Investment in 1990. In 1991, became Director of Investor Relations. In 1994, became the Director of Private Retail Coordination. In 1996, served as Director of Capital Markets for Banco CISF, the investment bank of Banco Comercial Português, and was promoted to Director of Investment Banking in 1997. In 1999, became Chairperson of the Board of Directors of CISF Dealer, where he remained until 2000, when became Director of Milleniumbcp Investimento (formerly Banco CISF), responsible for Capital Markets and Treasury of the BCP Group. Has served as Director-General of BCP from 2000 to 2006. On 30th March 2006, was appointed member of EDP's Executive Board of Directors to start the term of office on 30th June 2006. He was reappointed on 15th April 2009.

annex IV

Rui Teixeira

Born in 1972. Mr. Teixeira is a member of the Board of Directors of EDP Renováveis, S.A., member of the Executive Committee, member of the Management Team and is the Chief Financial Officer of the Company. From 1996 to 1997, Mr. Teixeira was assistant director of the commercial naval department of Gellweiler – Sociedade Equipamentos Maritimos e Industriaies, Lda. From 1997 to 2001, Mr. Teixeira worked as a project manager and ship surveyor for Det Norske Veritas, with responsibilities for offshore structures, shipbuilding and ship repair. Between 2001 and 2004, Mr. Teixeira was a consultant at McKinsey & Company, focussing on energy, shipping and retail banking. From 2004 to 2007, he headed the corporate planning and control division within the EDP Group. In 2007 Mr. Teixeira has also served as Chief Financial Officer of EDP Renewables Europe SL (former NEO). He was appointed Chief Financial Officer of the Company in 2008. Mr. Teixeira is also a Director on the board of directors of a number of subsidiaries of the Company's Group.
Mr. Teixeira holds a master of science degree in naval architecture from the Institute Superior Técnico de Lisboa and a master of business administration degree from the Universidade Nova de Lisboa.

João Paulo Costeira

Born in 1965. He was the Commercial Director of Portgás from 1992 to 1998. In 1998 he entered Galpenergia Group (Portugal's National Oil & Gas Company), where he held several positions, as General manager of Lisboagás (Lisbon's Natural gás LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), or Managing Director of Lusitaniagás (Natural gas LDC). He also was a member of the Management Team of GalpEmpresas and Galpgás. In 2006 he became Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain). In 2007 he joined EDP Renováveis S.A., where he serves currently as Chief Operating Officer for Europe of EDP Renováveis S.A., member of the Management Team, member of the Executive Committee and Executive Board Member of EDP Renováveis S.A.. He is also Vice-President of the European Wind Association and the Spanish Wind Association (Asociación Empresarial Eólica).
He holds a degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto, and a Master in Business Administration by IEP/ESADE (Oporto and Barcelona). He also studied the Executive Development Program at École des HEC (Université de Lausanne, 1997), the Strategic Leadership Development Program at INSEAD (Fontainebleau, 2002) and the Advanced Management Program of IESE (Barcelona, 2004).

Luis Adão da Fonseca

Born in 1975. In 1998 Mr. Adão da Fonseca held the position of assistant lecturer in the Economics and Business Sciences School and in the Human Sciences School of Universidade Católica Portuguesa, until leaving later the same year to become a consultant for McKinsey & Company. Mr. Adão da Fonseca left McKinsey & Company in July 2000 to enter into a Master in Business Administration degree program at INSEAD, which he concluded with distinction in 2001. He then assumed the role of management for renewable energy development projects with the EDP Group M&A and Business Development Division. Mr. Adão da Fonseca was appointed as Chief Financial Officer of NEO (now EDP Renewables Europe SL) in January 2005, a position he held until becoming Chief Development Officer of EDP Renewables Europe SL (former NEO) in 2007. Currently he is member of the Board of Directors of EDP Renováveis S.A. and EDP Inovação.
Mr. Adão da Fonseca holds a master's degree in economics from the Universidade Católica Portuguesa, a Master of Business Administration degree from INSEAD, as well as a postgraduate degree in leading change and organizational renewal from the Stanford Graduate School of Business. In 2011 Mr. Adão da Fonseca has also received a Master Degree for Risk Management from the Stern School of Management – NYU.

Gabriel Alonso

Born in 1973. He has been working in the wind energy industry for over 14 years in several countries in Europe, North America and North Africa.
Gabriel joined EDP in early 2007 as Managing Director for North America, where he led EDP's entrance into the United States renewables arena through EDP's acquisition of Horizon Wind Energy from Goldman Sachs, the largest renewable energy transaction to date. He was a key member of the initial public offering (IPO) of EDPR in June 2008. He served in EDPR NA as Chief Development Officer (CDO) and Chief Operating Officer (COO), responsible for overseeing development, engineering, construction, energy management, procurement and operations and maintenance.
Gabriel Alonso is currently Chief Executive Officer for EDP Renewables North America LLC (EDPR NA), member of the Executive Committee and Board of Directors of EDP Renewables S.A. (EDPR), and member of the Executive Committee and the Board of Directors of the American Wind Energy Association (AWEA).
He holds a law degree and a Master of Science degree in economics, each from the University of Deusto in Spain, and has completed the Advanced Management Program at The University of Chicago Booth School of Business.

António Nogueira Leite

Born in 1962. Between 1988 and 1996, held the position of consultant to several national and international institutions, including the Bank of Portugal, the OECD and the EC. Between 1995 and 1998, was general secretary of APRITEL, and between 2000 and 2002 was a Director of APRITEL. From 1997 to 1999, was a Director of Soporcel, S.A., between 1998 and 1999, was a Director of Papercel, S.A., and in 1999, was a Director of MC Corretagem, S.A. Also in 1999, was appointed chairperson of the board of directors of Bolsa de Valores de Lisboa and became a member of the executive committee of Associação de Bolsas Ibero Americanas. Since 2000, Mr. Nogueira Leite has been a member of the consultative council of Associação Portuguesa para o Desenvolvimento das Comunicações. Between 2000 and 2002, was a consultant for Vodafone – Telecomunicações Pessoais,S.A., between 2001 and 2002, was a consultant of GE Capital, and in 2002 was a member of the consultative council of IGCP. Since 2002, he has held various positions within the José de Mello group and has held Directorships with numerous other entities including Reditus, SGPS, S.A., Quimigal, S.A, Brisa, S.A., ADP, S.A., Comitur, SGPS, S.A., Comitur Imobiliária, S.A., Expocomitur – Promoções e Gestão Imobiliária, S.A., Herdade do Vale da Fonte – Sociedade Agrícola, Turística e Imobiliária, S.A., e SGPS, S.A., Efacec Capital, SGPS, S.A., and Cuf – Químicos Industriais, S.A. He held a further Directorship with Sociedade de Explosivos Civis, SEC, S.A. from 2007 to March 2008. Between October 1999 and August 2000, was Secretary of State for Treasury and Finance and Governor Substitute of the European Bank of Investments. Additionally held positions with the European Bank for Reconstruction and Development, the International Monetary Fund and was a member of the Financial and Economic Council of the European Union. He was vice-chairperson of the consultative council of Banif Banco de Investimento, S.A., and chairperson of the general and supervision council of OPEX, S.A. He is Chairperson of Associação Oceano XXI (cluster do Mar). Since 2008 is Non-Executive Director of EDPR'S Board of Directors and member of the Related-Party Transactions Committee.

Has an undergraduate degree in economics from the Universidade Católica Portuguesa, a master of science degree in economics, and a Ph.D. in economics from the University of Illinois.

Francisco José Queiroz de Barros de Lacerda

Born in 1960, he graduated with the highest grade on Business Administration in 1982 from Universidade Católica Portuguesa, where he returned as assistant professor in 1984 and 1985. Between 1982 and 1990 he held positions of analyst, manager and director of Locapor (Leasing), CISF and Hispano Americano Sociedade de Investimentos. Between 1990 and 2000 he developed his main activity at Banco Mello, as Executive Member of the Board of Directors since 1990 and as CEO between 1993 and 2000, being after 1997 also Vice-Chairperson, and, over that period, Chairperson or Director of several banks and financial companies' part of the Banco Mello group. He was simultaneously member of the top management team of the José de Mello group and a non-executive director of Insurance Company Império. Between 2000 and 2008, he was a member of the Executive Board of Directors of Banco Comercial Português, S.A., and in this capacity was responsible for the activities of the banking group in Central, Eastern & South-eastern Europe and in investment banking. Since 2010 he is CEO of Cimpor, a large multinational cement group. He is also Member of the Remuneration Committee of Portugal Telecom SA since 2009 and Member of the Advisory Boards of the Católica Lisbon's Master in Finance since 2006 and of Nova Business & Economics since 2009. Since 2008 is a Non-Executive Director of EDPR's Board of Directors, was member of the Audit and Control Committee from 2008 till 2011 and in 2011 was appointed member of the Nominations and Remunerations Committee.

Gilles August

Born in 1957, between 1984 and 1986, was a Lawyer at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC. Between 1986 and 1991he was an Associate and later became Partner at Baudel, Salès, Vincent & Georges Law Firm in Paris. In 1991 he became a Partner at Salès Vincent Georges, where he stayed until 1994. In 1995 he co-founded August & Debouzy Law firm where he is presently working as the manager of the firm's corporate department. Has been a Lecturer at École Supérieure des Sciences Economiques et Commerciales and at Collège de Polytechnique and is currently giving lecturres at CNAM (Conservatoire National des Arts et Mêtiers). He is Knight of the Lègion d'Honneur. Since 2009 is a Non-Executive Director of EDPR's Board of Directors.

He has a Master in Laws from Georgetown University Law Center in Washington DC (1986); a Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984) and a Master in Private Law from the same University (1981). He graduated from the Ècole Supérieure des Sciences Economiques et Commerciales (ESSEC).

annex IV

João José Belard da Fonseca Lopes Raimundo

Born in 1960. Between 1982 and 1985, he was senior auditor of BDO – Binder Dijker Otte Co. Between 1987 and 1990, he was director of Banco Manufactures Hanover (Portugal), S.A. and between 1990 and 1993 was a member of the board of TOTTAFactor, S.A. (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS, S.A. In 1993, he held Directorships with Nacional Factoring, da CISF – Imóveis and CISF Equipamentos. Between 1995 and 1997 he was a Director of CISF – Banco de Investimento and a Director of Nacional Factoring. In 1998, he was appointed to the board of several companies, including Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing and Nacional Factoring. From 1999 to 2000, he was a Director of BCP Leasing, BCP Factoring and Leasefactor SGPS. From 2000 to 2003, He was appointed Chairperson of the Board of Directors of Banque BCP (Luxemburg) and Chairperson of the Executive Committee of Banque BCP (France). Between 2003 and 2006 he was a member of management of Banque Prive BCP (Switzerland) and was general director of private banking of BCP. Since 2006, he has been a Director of Banco Millennium BCP de Investimento, and general Director of Banco Comercial Português and Vice-Chairperson and CEO of Millenniumbcp bank, NA. Mr. Lopes Raimundo is presently Director of CIMPOR - Cimentos de Portugal SGPS, S.A., and Chairperson of the Board of BCP Holdings USA, Inc. Since 2008 is a Non-Executive Director of EDPR's Board of Directors, was member of the Nominations and Remunerations Committee from 2008 till 2011 and in 2011 was appointed member of the Audit and Control Committee.

Has an undergraduate degree in company management and administration from Universidade Católica Portuguesa de Lisboa, and a master of business administration degree from INSEAD.

João Manuel de Mello Franco

Born in 1946. Between 1986 and 1989, he was a member of the management council of Tecnologia das Comunicações, Lda. Between 1989 to 1994, he was chairperson of the board of directors of Telefones de Lisboa e Porto, S.A., and between 1993 to 1995 he was chairperson of Associação Portuguesa para o Desenvolvimento das Comunicações. From 1994 to 1995, he was chairperson of the board of directors of Companhia Portuguesa Rádio Marconi and additionally was chairperson of the board of directors of Companhia Santomense de Telecomunicações e da Guiné Telecom. From 1995 to 1997, he was vice-chairperson of the board of directors and chairperson of the executive committee of Lisnave (Estaleiros Navais) S.A. Between 1997 and 2001, he was CEO and in the last year chairperson of the board of directors of Soponata and was a director and member of the audit committee of International Shipowners Reinsurance, Co S.A. Between 2001 and 2004, he was vice-chairperson of José de Mello Imobiliária SGPS, S.A. Since 1998, he has been a director of Portugal Telecom SGPS, S.A., chairperson of the audit committee since 2007, member of the corporate governance committee since 2006 and member of the evaluation committee since 2008. Since 2008 is a Non-Executive Director of EDPR's Board of Directors, Chairperson of the Audit and Control Committee and member of the Related-Party Transactions Committee.

He was member of the remuneration committee of Portugal telecom, SGPS, S.A. between 2003 and 2008.

Since 2011 he is also chairperson of the audit committee of Sporting Clube de Portugal S.A.D.

He has an undergraduate degree in mechanical engineering from Instituto Superior Técnico. He additionally holds a certificate in strategic management and company boards and is the holder of a grant of Junta de Energia Nuclear.

Jorge Santos

Born in 1951. From 1997 to 1998, coordinated the committee for evaluation of the EC Support Framework II and was a member of the committee for the elaboration of the ex-ante EC Support Framework III. From 1998 to 2000, he was Chairperson of the Unidade de Estudos sobre a Complexidade na Economia and from 1998 to 2002 was Chairperson of the scientific council of Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa. From 2001 to 2002, he coordinated the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal. Since 2007, he has been co-ordinator of the masters program in economics. Since 2009, he has been President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa (ISEG). In December 2011 was elected president of the general assembly of IDEFE. Since 2008 is a Non- Executive Directors of EDPR's Board of Directors, Chairperson of the Nominations and Remunerations Committee and in 2011 was appointed member of the Audit and Control Committee

He has an undergraduate degree in economics from Instituto Superior de Economia e Gestão, a master degree in economics from the University of Bristol and a Ph.D. in economics from the University of Kent. He additionally has a doctorate degree in economics from the Instituto Superior de Economia e Gestão of Universidade Técnica de Lisboa, and has consequently held the positions of Professor Auxiliar and Professor Associado with Universidade Técnica de Lisboa. He has been appointed as university professor (catedrático) of Universidade Técnica de Lisboa and is the President of the Department of Economics at ISEG.

José Fernando Maia de Araújo e Silva

Born in 1951. Began his professional career as an assistant lecturer at Faculdade de Economia do Porto and in 1987 and 1988 he was responsible for the "Gestão Financeira Internacional" degree at the same University. From 1980 to 1983 he held a part-time position as technician for Comissão de Coordenação da Região Norte., and from 1991 he was invited to be a lecturer at Universidade Católica do Porto.He has since held the position of director of several companies, including of Banco Espírito Santo e Comercial de Lisboa and Soserfin – Sociedade Internacional de Serviços Financeiros – Oporto group. He has been involved in the finance and management coordination of Sonae Investimentos SGPS, was executive director of Sonae Participações Financeiras, SGPS, S.A. and was vice-Chairperson of Sonae Indústria, SGPS, S.A. He has additionally held directorships with Tafisa, S.A., Spread SGPS, S.A. and Corticeira Amorim, SGPS. He presently serves on the board of directors of Caixa Geral de Depósitos, S.A, and is President of Caixa Seguros e Saúde, Caixa Leasing and Factoring, and Locarent, as well as Non Executive Director in several other companies. Since 2008 is a Non-Executive Director of EDPR's Board of Directors.

Has an undergraduate degree in economics from the Faculdade de Economia do Porto and has obtained certificates from Universidade de Paris IX, Dauphine and the Midland Bank International banker's course in London.

Manuel Menéndez Menéndez

Born in 1960. He is Chairperson and CEO of Liberbank S.A., a financial institution formed by the integration of the financial businesses of Caja de Ahorros de Asturias, Caja de Extremadura and Caja Cantabria, as well as Chairperson of Cajastur and Chairperson of Banco de Castilla-La Mancha. He is a member of the board of directors of CECA and of ENAGAS, on behalf of Liberbank Group. He is also Chairperson of HC Energia and Naturgás Energía and member of the Board of Directors of EDP Renováveis S.A. and EDP Renewables Europe SLU, and of UNESA (the Spanish association of the electricity industry). Since 2008 is a Non-Executive Director of EDPR's Board of Directors.

He is a university professor in the Department of Business Administration and Accounting at the University of Oviedo; has a PhD in Economic Sciences and a degree in Economics and in Business Administration, both from the University of Oviedo. He has supervised several doctoral thesis', developing research work and has participated as a speaker in many courses and seminars. His main research areas are the efficiency in credit institutions, management control in decentralized companies and those in sectors with regulated economies. He is also author of many books and technical articles about the aforementioned matters.

Rafael Caldeira Valverde

Born in 1953. In 1987, he joined Banco Espírito Santo de Investimento, S.A. and was the Director responsible for financial services management, client management, structured financing management, capital markets management, and for the department for origination and information; between 1991 and 2005 he was also Director and Member of the Executive Committee. In March 2005, he was appointed as vice-chairperson of the board of Directors of Banco Espírito Santo de Investimento, S.A. and formed part of the executive committee of the company. He is Vice-Chairperson of the Board of Directors and Member of the Executive Committee of Banco Espírito Santo de Investimento, S.A. Director of BES Investimento do Brasil, S.A.; ESSI, SGPS, S.A.; ESSI COMUNICAÇÕES, SGPS, S.A.; ESSI INVESTIMENTOS, S.A. and Espírito Santo Investment Holdings Limited. Since 2008 is a Non-Executive Director of EDPR's Board of Directors and member of the Nominations and Remunerations Committee.

Has an undergraduate degree in economics from the Instituto de Economia da Faculdade Técnica de Lisboa.

Secretary of the Board

Emilio García-Conde Noriega

Born in 1955. In 1981, he joined Soto de Ribera Power Plant, which was owned by a consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico, as legal counsel. In 1995, he was appointed general counsel of Soto de Ribera Power Plant, and also chief of administration and human resources of the consortium. In 1999, he was appointed as legal counsel at Hidrocantábrico, and in 2003 was appointed general counsel of Hidrocantábrico and also a member of its management committee. Presently serves as general counsel of the Company, as secretary of the Board, and is also Director and/or secretary on Boards of Directors of a number the Company's subsidiaries in Europe.

Holds a master's degree in law from the University of Oviedo.

annex V

SHARES OF EDP RENOVÁVEIS OWNED BY MEMBERS OF THE BOARD OF DIRECTORS AS AT 31.12.2011

Board Member	Direct	Indirect	TOTAL
António Luis Guerra Nunes Mexia	3,880	320	4,200
Ana Maria Machado Fernandes	1,510	0	1,510
João Manuel Manso Neto	0	0	0
Nuno Maria Pestana de Almeida Alves	5,000	0	5,000
Rui Manuel Rodrigues Lopes Teixeira	10,135	370	10,505
João Paulo Nogueira de Sousa Costeira	3,000	0	3,000
Luis de Abreu Castelo-Branco Adão da Fonseca	1,200	0	1,200
Gabriel Alonso Imaz	18,503	0	18,503
Francisco José Queiroz de Barros de Lacerda	310	310	620
João Manuel de Mello Franco	380	0	380
Jorge Manuel Azevedo Henriques dos Santos	200	0	200
José Fernando Maia de Araújo e Silva	80	0	80
Rafael Caldeira de Castel-Branco Valverde	0	0	0
António do Pranto Nogueira Leite	0	0	0
João José Belard da Fonseca Lopes Raimundo	170	670	840
Manuel Menéndez Menéndez	0	0	0
Gilles August	0	0	0

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

Audit report on the system of internal control over financial reporting

To the Board of Directors
EDP Renováveis, S.A.

Further to your request and to our engagement letter dated 15 February 2011, we have audited the system of internal control over financial reporting of EDP Renováveis, S.A. (the Company) and subsidiaries (the Group) at 31 December 2011, based on the criteria established in the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures, and with the COBIT Framework for IT Governance and Control. The Board of Directors of the Company and senior Group management are responsible for adopting the measures required to reasonably guarantee the implementation, maintenance and supervision of an adequate system of internal control over financial reporting, assess its efficiency and make improvements to the system, as set forth in the report drawn up by Group management on the internal control over financial reporting system enclosed. Our responsibility is to express an opinion on the effectiveness of the Group's internal control over financial reporting system based on our audit.

An organisation's system of internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that are aimed at: (i) verifying the existence and maintenance of records that present fairly and in reasonable detail the Group's transactions and assets; (ii) providing reasonable assurance that transactions are adequately recorded so as to allow the Group to draw up consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) providing reasonable assurance regarding the timely prevention or detection of asset additions or disposals or unauthorised use of Group assets that might have a material effect on the consolidated annual accounts. Due to the limitations inherent in any form of internal control system, irrespective of the quality of the design and operation of the internal control system adopted for annual financial reporting, this system can only provide reasonable but not absolute assurance as to the objectives sought.

We have performed our audit in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000). This standard requires that we plan and perform our audit to obtain reasonable assurance about whether the Group system of internal control over financial reporting is effective in all material aspects. Our audit included our gaining an understanding of the Group's internal control over the financial reporting system, verifying and evaluating, on a selective test basis, the design and operating efficiency of the system, and performing other procedures that we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion.

KPMG Auditores S.L., sociedad española de responsabilidad limitada, es una filial de KPMG Europe LLP y firma miembro de la red KPMG de firmas independientes afiliadas a KPMG International Cooperative ("KPMG International"), sociedad suiza.

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N.I.F. B-78510153

Due to the limitations inherent in any form of internal control system, there is always the possibility that internal control over financial reporting may not prevent or detect the errors or irregularities that might arise, whether due to errors in judgement, human error, fraud or malpractice. Extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the levels of compliance with policies and procedures.

In our opinion, the Group's system of internal control for financial reporting at 31 December 2011 is effective in all material aspects, according to the criteria established in the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures and the COBIT Framework for IT Governance and Control.

On 29 February 2012, in accordance with prevailing accounting legislation in Spain, we issued our audit report on the consolidated annual accounts of the Group for 2011, expressing an unqualified opinion thereon.

This report has been issued in accordance with your request. We accept no liability to any third parties other than the intended recipients of this report.

KPMG Auditores, S.L.

Ana Fernández Poderós

29 February 2012

edp renováveis

Report from Management concerning responsibility for

the System of Internal Control over Financial Reporting

The board of directors and management are responsible for establishing and maintaining an adequate System of Internal Control over Financial Reporting (SCIRF).

The SCIRF of EDP Renováveis Group is a set of processes designed to provide reasonable assurance as to the reliability of the financial information and the preparation of the consolidated annual accounts for external purposes, in accordance with the applicable financial information reporting framework.

Due to the limitations inherent to all internal control systems, it is possible that the system of internal control over financial reporting does not prevent or detect all errors that could occur and may only provide reasonable assurance with respect to the presentation and preparation of the consolidated annual accounts. Furthermore, extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the level of compliance with policies and procedures.

Management has assessed the effectiveness of the SCIRF at 31 December 2011 based on the criteria established in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a result of this assessment, and based on the aforementioned criteria, management concludes that at 31 December 2011 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2011 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.

Chief Executive Officer

Chief Financial Officer

29 February 2012

The Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31 and other documents relating to the submission of annual accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A., containing a description of the principal risks and uncertainties that it faces.

Lisbon, February 28, 2012.

António Luís Guerra Nunes Mexia	João Manuel Manso Neto
Ana Maria Fernandes Machado	Nuno Maria Pestana de Almeida Alves
Rui Manuel Rodrigues Lopes Teixeira	João Paulo Nogueira da Sousa Costeira
Luis de Abreu Castelo-Branco Adão da Fonseca	Gabriel Alonso Imaz
José Fernando Maia de Araújo e Silva	Manuel Menéndez Menéndez
João Manuel de Mello Franco	Jorge Manuel Azevedo Henriques dos Santos
Francisco José Queiroz de Barros de Lacerda	António do Pranto Nogueira Leite
Gilles August	João José Belard da Fonseca Lopes Raimundo
Rafael Caldeira de Castel-Branco Valverde	

EDP Renováveis, S.A.

Consolidated Annual Accounts
31 December 2011

Consolidated Directors´ Report
2011

(With Auditors´Report Thereon)

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

Auditors' Report on the Consolidated Annual Accounts

To the Shareholders of
EDP Renováveis, S.A.

We have audited the consolidated annual accounts of EDP Renováveis, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the consolidated statement of financial position at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes thereto. As mentioned in note 2 to the accompanying consolidated annual accounts, in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of financial reporting legislation applicable to the Group, preparation of the Group's annual accounts is the responsibility of the Company's directors. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying consolidated annual accounts for 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of the Company and subsidiaries at 31 December 2011 and the consolidated results of their operations and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of applicable legislation governing financial reporting.

The accompanying consolidated directors' report for 2011 contains such explanations as the Directors of EDP Renováveis, S.A. consider relevant to the situation of the Group, the evolution of its business and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2011. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of EDP Renováveis, S.A. and subsidiaries.

KPMG Auditores, S.L.

Ana Fernández Poderós

29 February 2012

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EDP Renováveis, S.A.

Consolidated Annual Accounts

31 December 2011

EDP Renováveis, S.A. and subsidiaries

Consolidated Income Statement
for the years ended 31 December 2011 and 2010

Thousands of Euros	Notes	2011	2010
Revenues	6	957,217	840,642
Income from institutional partnerships in US wind farms	7	111,610	107,005
		1,068,827	947,647
Other operating income / (expenses)			
Other operating income	8	84,544	73,025
Supplies and services	9	-225,069	-196,211
Personnel costs and employee benefits expenses	10	-60,832	-54,846
Other operating expenses	11	-66,732	-56,866
		-268,089	-234,898
		800,738	712,749
Provisions		266	155
Depreciation and amortisation expense	12	-468,493	-434,403
Amortisation of deferred income (government grants)	12	14,986	11,406
		347,497	289,907
Gains / (losses) from the sale of financial assets	13	10,499	-
Financial income	14	61,555	44,305
Financial expenses	14	-305,685	-218,451
Share of profit of associates		4,796	5,036
Profit before tax		118,662	120,797
Income tax expense	15	-28,038	-37,759
Profit for the year		90,624	83,038
Attributable to:			
Equity holders of EDP Renováveis	29	88,604	80,203
Non-controlling interests	31	2,020	2,835
Profit for the year		90,624	83,038
Earnings per share basic and diluted - Euros	29	**0.10**	**0.09**

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Consolidated statement of comprehensive income for the years ended at 31 December 2011 and 2010

Thousands of Euros	2011		2010	
	Equity holders of the parent	Non controlling interests	Equity holders of the parent	Non controlling interests
Profit for the year	88,604	2,020	80,203	2,835
Fair value reserve (cash flow hedge)	-10,827	-1,109	-27,727	115
Tax effect from the fair value reserve (cash flow hedge)	1,622	200	6,079	-33
Fair value reserve (available for sale investments)	-7,673	844	2,321	2,082
Actuarial gains / (losses)	17	-	-	-
Tax effect of actuarial gains/(losses)	-5	-	-	-
Exchange differences arising on consolidation	-15,686	-1,357	-15,886	-506
Other comprehensive income for the year, net of income tax	-32,552	-1,422	-35,213	1,658
Total comprehensive income for the year	56,052	598	44,990	4,493

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Financial Position
as at 31 December 2011 and 2010

Thousands of Euros	Notes	2011	2010
Assets			
Property, plant and equipment	16	10,454,621	9,981,771
Intangible assets	17	21,819	22,727
Goodwill	18	1,311,845	1,344,006
Investments in associates	19	51,381	45,871
Available for sale financial assets	20	9,618	18,380
Deferred tax assets	21	55,558	38,519
Debtors and other assets from commercial activities	24	64,211	62,752
Other debtors and other assets	25	198,272	60,559
Total Non-Current Assets		12,167,325	11,574,585
Inventories	22	23,751	24,162
Trade receivables	23	146,105	143,650
Debtors and other assets from commercial activities	24	80,029	91,419
Other debtors and other assets	25	379,246	383,901
Current tax assets	26	41,288	81,050
Financial assets at fair value through profit or loss	27	211	35,744
Cash and cash equivalents	28	219,922	500,639
Total Current Assets		890,552	1,260,565
Total Assets		13,057,877	12,835,150
Equity			
Share capital	29	4,361,541	4,361,541
Share premium	29	552,035	552,035
Reserves	30	-40,545	-9,249
Other reserves and Retained earnings	30	365,531	283,440
Consolidated net profit attributable to equity holders of the parent		88,604	80,203
Total Equity attributable to equity holders of the parent		5,327,166	5,267,970
Non-controlling interests	31	126,559	125,541
Total Equity		5,453,725	5,393,511
Liabilities			
Medium / Long term financial debt	32	3,691,068	3,325,943
Employee benefits	33	163	95
Provisions	34	57,982	53,787
Deferred tax liabilities	21	381,468	371,600
Institutional partnerships in US wind farms	35	1,796,809	1,644,048
Trade and other payables from commercial activities	36	404,233	416,731
Other liabilities and other payables	37	189,250	337,260
Total Non-Current Liabilities		6,520,973	6,149,464
Short term financial debt	32	135,054	207,647
Trade and other payables from commercial activities	36	707,590	734,383
Other liabilities and other payables	37	189,119	301,399
Current tax liabilities	38	51,416	48,746
Total Current Liabilities		1,083,179	1,292,175
Total Liabilities		7,604,152	7,441,639
Total Equity and Liabilities		13,057,877	12,835,150

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A.

Consolidated Statement of Changes in Equity
for the year ended at 31 December 2011 and 2010

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 Interest
Balance as at 31 December 2009	**5,327,555**	**4,361,541**	**552,035**	**280,522**	**570**	**16,735**	**8,659**	**5,220,062**	**107,493**
Recognised income and expense for the year									
Fair value reserve (available for sale financial assets) net of taxes	4,403	-	-	-	-	-	2,321	2,321	2,082
Fair value reserve (cash flow hedge) net of taxes	-21,566	-	-	-	-	-21,648	-	-21,648	82
Exchange differences arising on consolidation	-16,392	-	-	-	-15,886	-	-	-15,886	-506
Profit for the year	83,038	-	-	80,203	-	-	-	80,203	2,835
Total recognised income and expense for the year	49,483	-	-	80,203	-15,886	-21,648	2,321	44,990	4,493
Dividends attributable to non-controlling interests	-1,363	-	-	-	-	-	-	-	-1,363
Share capital increase in EDP Renovaveis Brazil	2,463	-	-	-	-	-	-	-	2,463
Share capital increase in EDPR EU companies	2,749	-	-	-	-	-	-	-	2,749
Non-controlling interests arising from Parque Eolico Altos del Voltoya business combination	9,706	-	-	-	-	-	-	-	9,706
Other	2,918	-	-	2,918	-	-	-	2,918	-
Balance as at 31 December 2010	**5,393,511**	**4,361,541**	**552,035**	**363,643**	**-15,316**	**-4,913**	**10,980**	**5,267,970**	**125,541**
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**

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Cash Flows
for the years ended 31 December 2011 and 2010

Thousands of Euros	2011	2010
Cash flows from operating activities		
Cash receipts from customers	987,826	812,999
Cash paid to suppliers	-276,080	-230,612
Cash paid to employees	-56,807	-59,203
Concession rents paid	-	-979
Other receipts / (payments) relating to operating activities	13,197	95,887
	668,136	618,092
Income tax received / (paid)	-25,604	-50,645
Net cash flows from operating activities	642,532	567,447
Continuing activities	642,532	567,447
Cash flows from investing activities		
Cash receipts resulting from:		
Proceeds from sale of financial assets	66,644	7,124
Proceeds from sale of property, plant and equipment	40,075	1,996
Other proceeds related to fixed assets	605	128
Interest received	8,409	7,209
Dividends received	2,488	1,799
	118,221	18,256
Cash payments resulting from:		
Acquisition of subsidiaries (net of cash acquired) and other investments	-262,944	-59,575
Acquisition of property, plant and equipment	-892,409	-1,421,493
	-1,155,353	-1,481,068
Net cash flows from investing activities	-1,037,132	-1,462,812
Continuing activities	-1,037,132	-1,462,812
Cash flows from financing activities		
Purchase or sale of non-controlling interests	3,879	-
Receipts/ (payments) of loans	147,987	537,136
Interest and similar costs	-164,089	-111,560
Governmental grants received	2,587	169,304
Increases in capital and share premium	5,863	4,977
Receipts/ (payments) from derivative financial instruments	-5,726	487
Dividends paid	-7,365	-1,361
Receipts / (Payments) from institutional partnership (EDPR NA)	141,111	228,359
Net cash flows from financing activities	124,247	827,342
Continuing activities	124,247	827,342
Net increase / (decrease) in cash and cash equivalents	-270,353	-68,023
Effect of exchange rate fluctuations on cash held	-10,364	40,277
Cash and cash equivalents at the beginning of the period (*)	500,639	528,385
Cash and cash equivalents at the end of the period (*)	219,922	500,639

(*) See Note 28 of the Annual Accounts for a detailed breakdown of Cash and cash equivalents.

The following notes form an integral part of these Consolidated Annual Accounts

1. THE BUSINESS OPERATIONS OF THE EDP RENOVÁVEIS GROUP

EDP Renováveis, Sociedad Anónima (hereinafter referred to as "EDP Renováveis") was incorporated on 4 December 2007. Its main corporate objective is to engage in activities related to the electricity sector, namely the planning, construction, operation and maintenance of electricity generating power stations, using renewable energy sources, mainly wind. The registered offices of the company are located in Oviedo, Spain. On 18 March 2008 EDP Renováveis was converted into a company incorporated by shares (Sociedad Anónima).

As at 31 December 2011 the share capital is held 62.02% by EDP S.A. - Sucursal en España ("EDP Branch"), 15.51% by Hidroeléctrica del Cantábrico, S.A. and 22.47% of the share capital is free-float in the NYSE Euronext Lisbon.

As at 31 December 2011, EDP Renováveis holds a 100% stake in the share capital of EDP Renewables Europe, S.L. ("EDPR EU"), a 100% stake in the share capital of EDP Renewables North America, L.L.C. ("EDPR NA") and a 55% stake in the share capital of EDP Renováveis Brasil, S.A. ("EDPR BR").

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

EDPR EU operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renováveis Portugal, SA (wind farms in Portugal), Genesa (renewable resources electricity generation in Spain), Agrupación Eólica (wind farms in Spain and France), Greenwind, SA (wind farms in Belgium - partnership with local investors), EDP Renewables Polska, SPZOO (wind farms in Poland), EDP Renewables Romania, SRL (wind farms in Romania), EDP Renewables Italy, SRL (wind farms in Italy) and EDPR UK (offshore development projects).

EDPR NA's main activities consist in the development, management and operation of wind farms in the United States of America.

The purpose of EDP Renováveis Brasil is to establish a new business unit to aggregate all the investments in the renewable energy market of Brazil.

As at 31 December 2011, EDP Renováveis and its subsidiaries ("the Group" or the "EDP Renováveis Group") had a fully consolidated installed capacity of 7,157 MW (6,437 MW as at 31 December 2010), operating in Spain 2,201 MW (2,050 MW as at 31 December 2010), in Portugal 613 MW (599 MW as at 31 December 2010), in France 306 MW (284 MW as at 31 December 2010), in Belgium 57 MW (57 MW as at 31 December 2010), in Poland 190 MW (120 MW as at 31 December 2010), in Romania 285 MW (90 MW as at 31 December 2010), in the United States 3,422 MW (3,224 MW as at 31 December 2010) and in Brazil 84 MW (14 MW as at 31 December 2010). Additionally, through its interest in ENEOP-Eólicas de Portugal, S.A. is attributable to EDPR - equity consolidated - 326 MW (239 MW as at 31 December 2010).

Regulatory framework for the activities in Spain

The Electrical Sector in Spain is regulated by Law 54 of 27 November 1997 and subsequent amendments to legislation.

Royal Decree 436 of 12 March 2004 was published on 24 March 2004 and set out the methodology to be used for updating and systematizing the legal and economic regime relating to electrical power production under the special regime, which included the generation of electricity using renewable sources of energy, cogeneration, biomass and waste. This Royal Decree replaced the former Royal Decree 2818/1998 and unified regulations applicable to special regime energies. The Royal Decree also defined a system whereby the owners of the electrical installation are entitled to sell the production or surplus electrical power to distributors. A regulated price was fixed for this sale, or production and surplus could be sold directly on the daily market, futures market or through a bilateral agreement, in which case a market-negotiated price would be received, plus an incentive for participation in the market and a premium if the installation was entitled to receive it.

Royal Decree 661 of 25 May 2007 was published on 26 May 2007 and regulates electrical power produced under the special regime. This Royal Decree replaces Royal Decree 436 of 12 March 2004 and updates regulations on electrical power production under the special regime, whilst maintaining the basic structure of the regulation. The economic framework set out in this Royal Decree maintains the same system of payment for power produced under the special regime, whereby the owner of the installations can opt to sell its power at a regulated price, for all the programming periods only, or sell the power directly on the daily market, futures market or through a bilateral agreement, in this case receiving the negotiated price plus a premium.

The main changes to the Royal Decree include a modification to the regulated price and premiums and the introduction of a variable premium system for certain technologies, such as wind power. The owners of wind power installations officially entering into service prior to 1 January 2008 can opt to adhere to the transitory regime established in the first transitory provision, which stipulates that the owners of this installations may maintain the prices and premiums (with some exceptions) established in the aforementioned Royal Decree until 31 December 2012.

RD 6/2009 of May 7 was approved and is aimed at eliminating the tariff deficit from 2013. Among other measures, it introduces a pre-allocation register for new renewable energy capacity for renewable-energy installations to obtain the entitlements set in RD 661/2007. Installations will be registered in chronological order until the government 's target is met (20,155 MW) and new remuneration scheme should be approved for following projects.

The decision on 19 November 2009 allowed in the register around 6 GW in wind projects and 2.4 GW in solar thermal generation capacity in one go .The entire 8.4 GW in projects registered will receive the remuneration set in RD 661/2007. Under this decision, around 1,700 MW in wind and 500 MW in solar thermal generation will be allowed each year until 2012. The 15th of December 2009 the Spanish Government released the list of wind facilities included in the administrative register. Out of the 6,389 MW of wind capacity assigned by the Spanish Government, EDPR obtained 840 gross MW corresponding to 31 wind farms which represents 13% of the total allocated capacity.

On July 2010, the Industry Ministry established an agreement with two key renewable energy associations (the Spanish Wind Energy Association and Protermosolar) to amend the existing regulation. This agreement means the approval of the RD 1614/2010 of 7 December, that defines (i) a cut, for the years 2011 and 2012, of 35% of the renewable premium applicable to the wind capacity ruled by RD 661/2007, (II) an amendment to the article 44.3 of RD 661/2007 clarifying that future revisions to the premium value would only be applied to the capacity that comes on line after 2012 and (iii) the definition of a limit of 2,589 hours of installed capacity operation, from which the wind farm has no right to receive any premium.

The Decree-Law 14/2010, of 23 December, established several measures to reduce the tariff deficit, among other, a generation rate of 0.5 €/MWh applicable to ordinary and special regime generators.

On 28 January 2012 the Spanish Government enacted Royal-Decree Law 1/2012 that approves a temporary suspension of the premium remuneration for renewable energy capacity not included in the pre-assignation registry. Despite this regulation, the Government has emphasised its commitment towards achieving the 2020 Renewable Energy Target for Spain.Within EDPR's pipeline, wind farms already included in the registry will not be affected by this new regulation. Projects not included in the registry, and therefore, ruled by Royal-Decree-law 1/2012, didn't have beforehand a defined incentive scheme. Accordingly, EDPR planned and valued its pipeline using conservative criteria that was not counting on the existence of a new regulatory scheme. Therefore, the new Royal-Decree Law doesn't have, in practice, any economic impact either on the value of EDPR's pipeline or the overall company. A sensitivity analysis considering one-year delay in the construction of wind farms affected by this new regulation does not induce to any impairment of relevance in the assets' value.

Regulatory framework for the activities in Portugal

The Portuguese legal provisions applicable to the generation of electrical power based on renewable resources are currently established by Decree-Law No. 189/88 dated 27 May 1998, as amended by Decree-Law No. 168/99 dated 18 May 1999, Decree-Law No. 312/2001 dated 10 December 2001, and Decree-Law No. 339-C/2001 dated 29 December 2001. Also relevant is Decree-Law No. 33-A/2005, dated 16 February 2005 ("DL 33-A/2005"), which establishes the current amounts used in the remuneration formula applicable to energy produced by means of renewable resources and the deadlines for the application of such remuneration formula.

The main feature of the legal framework for renewable energy power generation in Portugal is that the national grid operator or the regional distribution operator must purchase all electricity produced by renewable producers who hold an operating license. The construction and operation of a wind farm depends on the allocation of a grid connection point issued by the State Energy Department (Direcção Geral de Geologia e Energia) ("DGGE"). The issue of the point of connection by the DGGE occurs upon the request of the promoters during limited periods of time set by the DGGE or by means of a public tender procedure. Award by direct negotiation is exceptional.

Decree-Law No. 225/2007 dated 31 May, establishes a set of regulations associated to renewable energies, predicted in National Strategy for Energy, and has reviewed the formula used in estimating the remuneration of electricity supply generated by renewable power stations, and delivered to the grid of National Electric System, as well as the definition of attribution procedures of available power in the same grid and deadlines to obtain the establishment license to renewable power stations.

Since July 1, 2007, the Iberian electricity financial market ("MIBEL") has been fully operational, with daily transactions from both Portugal and Spain, including a forwards market that has operated since July 2006.

Regulatory framework for the activities in France

The electricity industry in France is governed primarily by Act 2000-108 (amended by Acts 2004-803 and 2006-1537) ("Act 2000"), passed on 10 February 2000, which governs the modernization and development of public energy services and is the general legislative framework for the operation of wind facilities in France. The operation of wind facilities in France is also subject to the provisions of the French environmental and construction code. Article 10 of Act 2000-108 requires non-nationalized electric power distributors to enter into purchase obligation contracts to buy electricity produced by: (i) installations that extract energy from household or similar waste or that use such sources to provide heat to a district heating system; and (ii) installations that use renewable energy sources (including mechanical energy from wind, for which special provisions apply).

Installations that use renewable energy sources, with the exception of those using mechanical wind energy that are located in areas connected to the continental metropolitan grid or that implement energy-efficient technology such as cogeneration, do not qualify for the power purchase obligation unless they comply with defined installed capacity limits. These limits are set by a decree of the Conseil d'Etat (Decree 2000-1196 of 6 December 2000) for each category of installation eligible to benefit from the power purchase obligation. With the new regulation, only wind farms operating within a ZDE (zone de développement éolien) can benefit the power purchase obligation and may exceed the former 12 MW cap. The power purchase contracts with non-nationalized distributors of electricity are premised on the rates set by ministerial order for each source of renewable energy and according to a model contract approved by the energy minister.

Act 2000 provides that, operator of wind facilities may enter into long-term agreements for the purchase and sale of energy with Electricité de France (EDF). The tariffs are set by Order of July 10, 2006 which was repealed in August 2008 due to formal defect in its approval, and then republished without any amendment in December 2008. The tariffs are the following: i) during the first ten years of the EDF Agreement, EDF pays a fixed annual tariff, which is €82 per MWh for applications made during 2006 (tariff is amended annually based, in part, on a inflation-related index) ii) During years 11 to 15 of the EDF Agreement, the tariff is based on the annual average percentage of energy produced during the wind facility' s first ten years. These tariffs are also amended annually, based, in part, on a inflation-related index. iii) Beginning in the year 16, there is no specific support structure and the wind energy generators will sell their electricity at market price.

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

Regulatory framework for the activities in the United States of America

Federal, state and local energy laws and regulations regulate the development, ownership, business organization and operation of electric generating facilities and the sale of electricity in the United States. All project companies within the Group in the United States operate as exempt wholesale generators ("EWGs") or qualifying facilities ("QFs") under federal law or are dually certified. In addition, most of the project companies in the United States are regulated by the Federal Energy Regulatory Commission ("FERC") and have market-based rates on file with FERC.

The federal government regulates the wholesale electric energy sale and transmission business in interstate commerce through the Federal Energy Regulatory Commission ("FERC"), which draws its jurisdiction from the Federal Power Act (the "FPA"), and from other federal legislation such as the Public Utility Regulatory Policies Act of 1978 ("PURPA 1978"), the Energy Policy Act of 1992 ("EPACT 1992") and the Energy Policy Act of 2005 ("EPACT 2005"), which, among other things, repealed and replaced the Public Utility Holding Company Act of 1935 with the Public Utility Holding Company Act of 2005 ("PUHCA 2005").

All of our project companies in the United States operate as exempt wholesale generators ("EWGs") under PUHCA 2005 or qualifying facilities under PURPA 1978. In addition, most of the project companies are regulated by FERC under Part II of the FPA and have market-based rates on file with FERC.

EWGs are owners or operators of electric generation (including producers of renewable energy, such as wind projects) that are engaged exclusively in the business of owning and/or operating generating facilities and selling electric energy at wholesale rates. An EWG cannot make retail sales of electric energy and may only own or operate the limited interconnection facilities necessary to connect its generating facility to the grid.

The Energy Policy Act of 2005 amended the FPA to grant FERC jurisdiction over all users, owners, and operators of the bulk power system for purposes of approving and enforcing compliance with certain reliability standards. Reliability standards are requirements to provide for the reliable operation of the bulk power system. Pursuant to its authority under the FPA, FERC certified the North American Electric Reliability Corporation ("NERC") as the entity responsible for developing reliability standards, submitting them to FERC for approval, and overseeing and enforcing compliance with reliability standards, subject to FERC review. FERC also authorized NERC to delegate certain functions to eight regional entities. All users, owners, and operators of the bulk power system that meet certain materiality thresholds are required to register with NERC and comply with numerous FERC-approved reliability standards. Violations of mandatory reliability standards may result in the imposition of civil penalties of up to $1 million per day per violation. All of our project companies in the United States that meet the relevant materiality thresholds have registered with NERC and are required to comply with applicable FERC-approved reliability standards.

In certain states, approval of the construction of new electricity generating facilities, including renewable energy facilities such as wind farms, is obtained from a state agency, with only limited ministerial approvals required from state and local governments. However, in many states the permit process for power plants (including wind farms) also remains subject to land-use and similar regulations of county and city governments. State-level authorizations may involve a more extensive approval process, possibly including an environmental impact evaluation and opposition by interested parties or utilities.

Both the United States federal government and various state governments have implemented policies designed to promote the growth of renewable energy, including wind power. The primary federal renewable energy incentive program is the Production Tax Credit (PTC), which was established by the U.S. Congress as part of EPACT 1992, which is currently set to expire by the end of 2012. As part of the American Recovery and Reinvestment of 2009, the federal government also encourages renewable energy development through investment tax credits and cash grants from 2009 through 2013. Many states have passed legislation, principally in the form of renewable portfolio standards ("RPS"), which require utilities to purchase a certain percentage of their energy supply from renewable sources, similar to the Renewable Energy Directive in the EU.

American Recovery and Reinvestment Act of 2009 includes a number of energy related tax and policy provisions to benefit the development of wind energy generation, namely (i) a three year extension of the PTC until 2012 and (ii) an option to elect a 30% Investment Tax Credit ("ITC") that could replace the PTC through the duration of the extension. This ITC allows the companies to receive 30% of the cash invested in projects placed in service or with the beginning of construction in 2009 and 2010. In December 2010, the Tax Relief, Unemployment, Insurance and Reauthorization, and Job Creation Act of 2010 was approved and includes an one year extension of the ITC, which allow the companies to receive 30% of the cash invested in projects with beginning of construction until December 2011 as long as placed in service until December 2012.

It is also in place a depreciation bonus on new equipment placed in service allowing businesses to depreciate a higher percentage of the cost of the project (less 50% of the ITC) in the year that it is placed in service. This bonus depreciation was of 100% in 2011 and is 50% for 2012.

Regulatory framework for the activities in Poland

The legislation applicable to renewable energy in Poland is primarily contained in an Energy Act passed on 10 April 1997, which has been amended by the Act of 24 July 2002 and the Energy Act of 2 April 2004, which came into effect in January 2005 (together, the "Energy Act"). The Energy Act implemented provisions (i) of Directive 2003/54/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in electricity, (ii) of Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in natural gas, and (iii) of Directive 2001/77/EC of the European Parliament and of the Council of 27 September 2001 on the promotion of electricity produced from renewable energy sources in the internal electricity market. Detailed regulations regarding the scope of the energy sector are included in the relevant secondary regulations adopted under the Energy Act. On the basis of the Energy Act, the national energy regulatory authority–the president of the Energy Regulatory Authority (the "ERA President") – was established.

Pursuant to the Energy Act, power generation from renewable sources is supported. The following are forms of such support introduced in Poland: (i) A system of obligatory purchase of certificates of origin by the generation companies and trading companies selling electricity to the end user interconnected to a grid in Poland. These power companies are obliged to: a) obtain a certificate or origin and submit it to the ERA President for cancellation, or b) pay a substitute fee calculated in accordance with the Energy Act. ii) If the power company does not purchase certificates or origin or does not pay a substitute fee, the ERA President will penalize such company by the financial penalty calculated in accordance with the Energy Act.

The minimum limit of electricity generated from renewable sources in the total annual volume of electricity delivered to the end users is specified in the ordinance of Ministry of Economy adopted under the Energy Act. In 2008, this minimum limit was 7% and will increase each year up to 12.9% in 2017. These quotas were originally fixed until 2014 but a new regulation approved in August 2008 fixed the quotas for years 2015-2017 and increased the quota for 2013 and 2014.

The Energy law has been amended on January 2010. The main aim was to limit speculative action in the reservation of interconnection power for wind farms in the energy system. Pursuant to the new provisions, the obligation to prepare an assessment of the impact of the installations being interconnected on the grid lies with the grid company. Within this new regulation, the entity applying for the conditions of interconnection must pay in advance towards the grid interconnection fee of 30 PLN per KW of interconnection capacity.

Another measure aimed at reinforcing the credibility of the project is the obligation to attach to the application for interconnection conditions an excerpt from the local master plan or, if there is no such plan, the planning permit for the real property to which the application relates. The new legislation also introduces new obligations for wind generators, among which, the obligation to prepare a forecast for 15 years when the installed capacity is of at least 50 MW.

Regulatory framework for the activities in Belgium

The regulatory framework for electricity in Belgium is conditioned by the the division of powers between the federal and the three regional entities: Wallonia, Flanders and Brussels-Capital. The federal regulatory field of competence includes electricity transmission (of transmission levels above 70 kV), generation, tariffs, planning and nuclear energy. The relevant federal legislation is the Electricity Act of 29 April 1999 (as modified) (the "Electricity Act"). The regional regulatory entities are responsible for distribution, renewable energy and cogeneration (with the exception of offshore power plants) and energy efficiency. The relevant regional legislation, respectively, is: (a) for Flanders, the Electricity Decree of 17 July 2000; (b) for Wallonia, the Regional Electricity Market Decree of 12 April 2001; and (c) for Brussels-Capital, the Order of 19 July 2001 on the Organization of the Electricity Market.

In view of the allocation of responsibilities between the federal government and the regions, there currently exist four energy regulators: (a) the federal Commission for Electricity and Gas Regulation ("CREG"); (b) the Flemish Electricity and Gas Regulatory Body ("VREG"); (c) the Walloon Energy Commission ("CwaPE"); and (d) the Regulatory Commission for Energy in the Brussels-Capital Region ("BRUGEL").

The Belgian regulatory system promotes the generation of electricity from renewable sources (and cogeneration) by a system of green certificates (each a "GC"), as described below. The Belgian federal government is responsible for offshore power plants and for imposing obligations on the transmission system operators. The various GC systems are very similar across the three regions and are similar to the GC system for federally-regulated offshore power plants. There are currently differences in terms of quotas, fines and thresholds for granting GCs. However, GCs issued in one region or by the Federal government in respect of offshore plants are not recognized automatically in the other regions.

The GC system aims at creating a market for GC parallel to the market of sale of electricity. In March 2009 an exchange market for GCs has been launched. Besides the GC market, there is a minimum guaranteed price system at the federal level (obligations imposed on the transmission system operator) or at a regional level (the production aid regime in Flanders and Wallonia).

New quotas of renewable generation are in a late stage of approval in Wallonia. New quotas proposed by the Government are: 11.25% in 2011, 13.50% in 2012 and 15.75% in 2013. New quotas to be approved are considerably higher than previous ones (11%, 12% and 13% for 2011,2012 and 2013).

Regulatory frameworks for the activities in Romania

The promotion of electricity generated from renewable energy sources in Romania was set with the Electricity Law 318/2003. In 2005 a Green Certificate mechanism was introduced with mandatory quotas for suppliers, in order to comply with their EU renewable requirements. Romania must comply with its target of 33% of gross electricity consumption from renewable energy in 2010. The regulatory authority establishes a fixed quota of electricity produced from RES which suppliers are obliges to buy, and, annually reviews applications form green generators in order to be awarded green certificates. Law 220/2008 of November, 3 introduced some changes in the green certificates system. Today producers of wind energy receive 1 green certificates for each but law 220 that is likely to come into force in January 2010 (once the European Commission approves it) will allow wind generators to receive 2GC/MWh until 2015 . GC can be sold separately from the physically delivered electricity. From 2016 onwards generators receive 1 green certificate for each MWh . The price of electricity is determined in the electricity market and the price of green certificates is determined on a parallel market.

The trading value of green certificates has a floor of 27€ and a cap of 55€, both indexed to Romanian inflation. Law 220/2008 also guarantees the access to the National Grid for the electricity produced from renewable sources. In 2007 a new Energy Law was approved (Law 13/2007). This new regulation sets July 1st 2007 as deadline for the legal unbundling in Romania and defines the role of Implicit Supplier and of the Supplier of Last Resort.

The Romanian Parliament's proposal that regulates renewable energy was published on July 12, 2010. The proposal that has been signed into law and includes the following: (i) increases the mandatory quotas for electricity produced from renewable sources which benefit from the green certificate's promotion system. 2012 quota increases from 8.3% to 12% of the electricity production, escalating by 1%/year to reach 20% by 2020 (ii) extends until 2017 (previously until 2015 the right to collect two green certificates per MWh generated by wind farms (one certificate from 2018 onwards) and (iii) reaffirms the current green certificate's floor and cap prices at 27€/MWh and 55€/MWh and increases the penalty by non-compliance to 110€ for each missing green certificate. Current cap, floor and penalty prices are set in € and indexed to euro-inflation.

Regulatory frameworks for the activities in Brazil

The Electrical Sector in Brasil is regulated by Federal Law nº 8,987 of 13 February 1995, which generally rules the concession and permission regime of public services; Law nº 9,074 of 7 July 1995, which rules the grant and extension of public services concession or permission contracts; Federal Law nº 10,438 of 26 April 2002, which governs the increase in Emergency Electric Power Supply and creates the 3,300 MW Program of Incentives for Alternative Electricity Sources (PROINFA); Federal Law nº 10,762 of 11 November 2003 and Law nº 10,848 of 15 March 2004, concerning commercial rules for the trade of Electric Power and; Subsequent amendments to the legislation.

The Decree nº 5,025 of 30 March 2004, regulates the Federal Law nº 10,438 and states the "Alternative Energy Sources" economical and legal framework. PROINFA participants have granted a PPA with ELETROBRÁS, and are subject to the regulator (ANEEL) authority. However, the first stage of PROINFA has ended and the second stage is highly uncertain.

The Decree nº 5,163 of 30 July 2004 regulates the Federal Law nº 10,762, establishing the possibility of distribution companies and authorized agents to buy "Distributed Energy" (Local Generation), by observing a limit of 10% of the total demand of each distribution agent. In addition, the Law nº 10,762 establishes the possibility of an Alternative Source Electricity Producer to sell directly to the final consumer(s) (aggregated demand > 500kW), at any voltage level. As part of the regulatory incentive framework, Renewable Energy producers (or buyers) are granted a discount on the Distribution and Transmission System Use Tariff (TUSD and TUST). Public Electricity Auctions are technically lead by the state "Energy Planning and Research Company" (EPE), who registers, analyses and allows potential participants.

In addition, the Law nº 10,438 has also regulated the use of a special sector fund, the Fossil Fuel Consumption Quota (CCC), to low cost financing of Renewable ventures that are able to replace fossil fuel based energy production.

On December 20, 2011,ANEELconducted an Power Supply Auction named Auction A-5/2011 with the objective to sell the energy produced from new power plants, by Hydro,Windand Thermal(Biomass and Natural Gas by combined cycle) power sources in the so named Regulated Contract Ambient (ACR). The power supply will commence in January 1st, 2016. In this auctionEDPBRsold a 20 year product fromBaixadoFeijãoI,BaixadoFeijãoII,BaixadoFeijãoIII andBaixadoFeijãoIV power plants, totalizing 120 MW of installed potency.

2. ACCOUNTING POLICIES

a) Basis of preparation

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of EDP Renováveis, S.A. and consolidated entities. The consolidated annual accounts for 2011 and 2010 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2011 and 2010, the consolidated results of operations, consolidated cash flows and changes in consolidated equity for the years then ended.

In accordance with Regulation (EC) no. 1606/2002 of 19 July 2002, from the European Council and Parliament, the Group's consolidated annual accounts are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board ('IASB') and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies.

The Board of Directors approved these consolidated annual accounts on 28 February 2011. The annual accounts are presented in thousands of Euros, rounded to the nearest thousand.

The annual accounts have been prepared under the historical cost convention, modified by the application of fair value basis for derivative financial instruments, financial assets and liabilities held for trading and available-for-sale, except those for which a reliable measure of fair value is not available.

The preparation of annual accounts in accordance with the EU-IFRS requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and of the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors considered reasonable in accordance with the circumstances. They form the basis for making judgments regarding the values of the assets and liabilities whose valuation is not apparent from other sources. Actual results may differ from these estimates. The areas involving the highest degree of judgment or complexity, or for which the assumptions and estimates are considered significant, are disclosed in Note 3 (Critical accounting estimates and judgments in applying accounting policies).

In 2011 annual accounts (with 2010 comparatives), in order to increase the fair view of the assets, liabilities, revenues / income and expense / costs, the Management of EDPR has further disclosed in the consolidated income statement what are in fact the core business revenues and income, as well as in the consolidated statement of financial position the "Debtors and other assets" and "Trade payables and other liabilities".

b) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The annual accounts of subsidiaries are included in the consolidated annual accounts from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated annual accounts include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Jointly controlled entities

Jointly controlled entities, consolidated under the proportionate consolidation method, are entities over whose activities the Group has joint control along with another company, under a contractual agreement. The consolidated annual accounts include the Group's proportionate share of the joint ventures' assets, liabilities, revenue and expenses, from the date the joint control begins until it ceases.

Business combination

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Some business combinations in the period have been determined provisionally as the Group is currently in the process of measuring the fair value of the net assets acquired. The identifiable net assets have therefore initially been recognised at their provisional value. Adjustments during the measurement period have been recorded as if they had been known at the date of the combination and comparative information for the prior year has been restated where applicable. Adjustments to provisional values only include information relating to events and circumstances existing at the acquisition date and which, had they been known, would have affected the amounts recognised at that date.

After that period, adjustments to initial measurement are only made to correct an error.

In business combinations achieved in stages, any excess of the consideration given, plus the fair value of the interest previously held in the acquiree, and the net assets acquired and net liabilities assumed is recognised as goodwill. Any shortfall, after measuring the consideration given to the previously held interest and identifying and measuring the net assets acquired, is recognised in profit and loss. The Group recognises the difference between the fair value of the interest previously held in the acquiree and its carrying amount in consolidated profit and loss, based on the classification of the interest. The Group also reclassifies amounts deferred in other comprehensive income in relation to the previously held interest to profit and loss or consolidated reserves, based on their nature.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Accounting for acquisitions of non-controlling interests

From 1 January 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Investments in foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income in the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Balances and transactions eliminated on consolidation

Inter-company balances and transactions, including any unrealised gains and losses on transactions between group companies, are eliminated in preparing the condensed consolidated annual accounts. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Common control transactions

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the EDP Renováveis Group has developed an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated annual accounts using the EDP consolidated book values of the acquired company (subgroup). The difference between the carrying amount of the net assets received and the consideration paid, is recognised in equity.

Put options related to non-controlling interests

Until 31 December 2009 EU-IFRS did not establish specific accounting treatment for commitments related to written put options related with investments in subsidiaries held by non-controlling interests at the date of acquisition of a business combination. Nevertheless, the EDP Renováveis Group records these written put options at the date of acquisition of a business combination or at a subsequent date as an advance acquisition of these interests, recording a financial liability for the present value of the best estimate of the amount payable, irrespective of the estimated probability that the options will be exercised. The difference between this amount and the amount corresponding to the percentage of the interests held in the identifiable net assets acquired is recorded as goodwill.

Until 31 December 2009, in years subsequent to initial recognition, the changes in the liability due to the effect of the financial discount are recognised as a financial expense in the consolidated income statement, and the remaining changes are recognised as an adjustment to the cost of the business combination. Where applicable, dividends paid to minority shareholders up to the date the options are exercised are also recorded as adjustments to the cost of the business combination. In the event that the options are not exercised, the transaction would be recorded as a sale of interests to minority shareholders.

As from January 2010, the Group applies IAS 27 (2008) to new put options related to non-controlling interests and there subsequent changes in the carrying amount of the put liability are recognised in profit or loss.

c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

d) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised on the trade date at fair value. Subsequently, the fair value of derivative financial instruments is re-measured on a regular basis, being the gains or losses on re-measurement recognised directly in the income statement, except for derivatives designated as hedging instruments. The recognition of the resulting gains or losses on re-measurement of the derivatives designated as hedging instruments depends on the nature of the risk being hedged and of the hedge model used.

The fair value of derivatives correspond to their quoted market prices as provided by an exchange, or is determined by using net present value techniques, including discounted cash flows models and option pricing models, as appropriate.

Hedge accounting

The Group uses financial instruments to hedge interest and foreign exchange risks resulting from its operational and financing activities. The derivate financial instruments that do not qualify for hedge accounting are recorded as for trading.

The derivatives that are designated as hedging instruments are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model adopted by the Group. Hedge accounting is used when:

(i) At the inception of the hedge, the hedge relationship is identified and documented;
(ii) The hedge is expected to be highly effective;
(iii) The effectiveness of the hedge can be reliably measured;
(iv) The hedge is revalued on a on-going basis and is considered to be highly effective over the reporting period; and
(v) The forecast transactions hedged are highly probable and represent a risk to changes in cash flows that could affect the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Fair value hedge

Changes in the fair value of the derivative financial instruments that are designated as hedging instruments are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the risk being hedged. If the hedge no longer meets the criteria for hedge accounting, the accumulated gains or losses concerning the fair value of the risk being hedged are amortised over the period to maturity.

Cash flow hedge

The effective portion of the changes in the fair value of the derivative financial instruments that are designated as hedging instruments in a cash flow hedge model is recognised in equity. The gains or losses relating to the ineffective portion of the hedging relationship are recognised in the income statement in the moment they occur.

The cumulative gains or losses recognised in equity are also reclassified to the income statement over the periods in which the hedged item will affect the income statement. When the forecast transaction hedge results in the recognition of a non-financial asset, the gains or losses recorded in equity are included in the acquisition cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in equity at that time stays recognised in equity until the hedged transaction also affects the income statement. When the forecasted transaction is no longer expected to occur, the cumulative gains or losses recognized in equity are recorded in the income statement.

Net investment hedge

The net investment hedge is applied on a consolidated basis to investments in subsidiaries in foreign currencies. The exchange differences recorded against exchange differences arising on consolidation are offset by the exchange differences arising from the foreign currency borrowings used for the acquisition of those subsidiaries. If the hedging instrument is a derivative, the gains or losses arising from fair value changes are also recorded against exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

e) Other financial assets

The Group classifies its other financial assets at acquisition date in the following categories:

Financial assets at fair value through profit or loss

This category includes: (i) financial assets held for trading, which are those acquired principally for the purpose of being sold in the short term and (ii) financial assets that are designated at fair value through profit or loss at inception.

Available for sale investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in equity securities are classified as available-for-sale financial assets.

Initial recognition, measurement and derecognition

Purchases and sales of: (i) financial assets at fair value through profit or loss and (ii) available for sale investments, are recognised on trade date, the date on which the Group commits to purchase or sell the assets.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, in which case these transaction costs are directly recognised in the income statement.

Financial assets are derecognised when (i) the contractual rights to receive their cash flows have expired, (ii) the Group has transferred substantially all risks and rewards of ownership or (iii) although retaining some, but not substantially all of the risks and rewards of ownership, the Group has transferred the control over the assets.

Subsequent measurement

After initial recognition, financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in their fair value are included in the income statement in the period in which they arise.

Available for sale financial assets are also subsequently carried at fair value, however, gains and losses arising from changes in their fair value are recognised directly in equity, until the financial assets are derecognised or impaired, being the cumulative gains or losses previously recognised in equity recognised in the income statement. Foreign exchange differences arising from equity investments classified as available for sale are also recognised in equity. Interest calculated using the effective interest rate method and dividends, are recognised in the income statement.

The fair values on quoted investments in active markets are based on current bid prices. For unlisted securities the Group determines the fair value through (i) valuation techniques, including the use of recent arm's length transactions or discounted cash flow analysis and (ii) valuation assumptions based on market information.

Financial instruments whose fair value cannot be reliably measured are carried at cost.

Reclassifications between categories

The Group does not reclassify, after initial recognition, a financial instrument into or out of the fair value through profit or loss category.

Impairment

At each balance sheet date, an assessment is performed as to whether there is objective evidence that a financial asset or group of financial assets is impaired, namely when losses may occur in future estimated cash-flows of the financial asset or group of financial assets, and it can be reliably measured.

If there is objective evidence of impairment, the recoverable amount of the financial assets is determined, the impairment losses being recognised through the income statement.

A financial asset or a group of financial assets is impaired if there is objective evidence of loss as a result of one or more events that occurred after their initial recognition, such as: (i) for listed securities, a significant or prolonged decline in the fair value of the security below its cost, and (ii) for unlisted securities, when that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets, that can be reliably estimated.

If there is objective evidence that an impairment loss on available for sale financial assets has been incurred, the cumulative loss recognised in equity, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is taken to the income statement.

f) Financial liabilities

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or another financial asset, independently from its legal form. These financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest rate method.

The Group derecognises the whole or part of a financial liability when the obligations included in the contract have been satisfied or the Group is legally released of the fundamental obligation related to this liability either through a legal process or by the creditor.

The Group considers that the terms are substantially different if the current value of cash flows discounted under the new terms, including any commission paid net of any commission received, and using the original effective interest rate to make the discount, differs by at least 10% of the current discounted value of cash flows remaining from the original financial liability.

If the exchange is recognised as a cancellation of the original financial liability, costs or commissions are taken to the consolidated income statement. Otherwise, costs or commissions adjust the book value of the liability and are amortised following the amortised cost method over the remaining term of the modified liability.

The Group recognises the difference between the carrying amount of a financial liability (or part of a financial liability which has been cancelled or transferred to a third party) and the consideration paid, which includes any asset transferred other than cash or the liability assumed, with a debit or credit to the consolidated income statement.

g) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing costs incurred during the period.

The capitalisation of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted.

h) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of acquisition includes interest on external financing and personnel costs and other internal expenses directly or indirectly related to work in progress accrued solely during the period of construction. The cost of production is capitalised by charging costs attributable to the asset as own work capitalised under financial expenses and personnel costs and employee benefit expense in the consolidated income statement.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Group. All repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Group assesses assets impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement.

The recoverable amount is determined by the highest value between the net selling price and its fair value in use, this being calculated by the present value of estimated future cash-flows obtained from the asset and after its disposal at the end of its economic useful life.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method over their estimated useful lives, as follows:

	Number of years
Buildings and other constructions	20 to 33
Plant and machinery	
Wind farm generation	25
Hydroelectric generation	20 to 30
Other plant and machinery	15 to 40
Transport equipment	3 to 10
Office equipment and tools	3 to 10
Other tangible fixed assets	4 to 10

In the second quarter of 2011 EDPR Group, based on a study performed by an independent entity, has changed the useful life of the wind farms from 20 to 25 years, with effect from 1 April 2011 (see note 3).

i) Intangible assets

The other intangible assets of the Group are booked at acquisition cost less accumulated amortisation and impairment losses. The Group does not own intangible assets with indefinite lives.

The Group assesses for impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement. The recoverable value is determined by the highest amount between its net selling price and its value in use, this being calculated by the present value of the estimated future cash-flows obtained from the asset and sale price at the end of its economic useful life.

Acquisition and development of software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of their expected useful lives.

Costs that are directly associated with the development of identifiable specific software applications by the Group, and that will probably generate economic benefits beyond one year, are recognised as intangible assets. These costs include employee costs directly associated with the development of the referred software and are amortised using the straight-line method during their expected useful lives.

Maintenance costs of software are charged to the income statement when incurred.

Industrial property and other rights

The amortisation of industrial property and other rights is calculated using the straight-line method for an expected useful live expected of less than 6 years.

j) Impairment of non financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is then estimated. For goodwill the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units which are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in circumstances that caused the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Leases

The Group classifies its lease agreements as finance leases or operating leases taking into consideration the substance of the transaction rather than its legal form. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases

Lease payments are recognised as an expense and charged to the income statement in the period to which they relate.

l) Inventories

Inventories are stated at the lower of the acquisition cost and net realisable value. The cost of inventories includes purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

The cost of inventories is assigned by using the weighted average method.

m) Classification of assets and liabilities as current and non-current

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

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

Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months of the balance sheet date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated annual accounts are authorised for issue.

n) Employee benefits

Pensions

EDP Renováveis Portugal, one of the portuguese companies of EDP Renováveis Group attribute post-retirement plans to their employees under defined benefit plans and defined contribution plans, namely, pension plans that pay complementary old-age, disability and surviving-relative pension complements, as well as early retirement pensions.

Defined benefit plans

In Portugal, the defined benefits plan is financed through a restricted Pension Fund complemented by a specific provision. This Pension Fund covers liabilities for retirement pension complements as well as liabilities for early retirement.

The pension plans of the Group companies in Portugal are classified as defined benefit plans, since the criteria to determine the pension benefit to be received by employees on retirement is predefined and usually depend on factors such as age, years of service and level of salary at the age of retirement.

The liability of the Group with pensions is calculated annually, at the balance sheet date for each plan individually, by qualified actuaries using the projected unit credit method. The discount rate used in this calculation is determined by reference to interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liabilities.

Actuarial gains and losses determined annually and resulting from (i) the differences between financial and actuarial assumptions used and real values obtained and (ii) changes in the actuarial assumptions are recognised against equity, in accordance with the alternative method defined by IAS 19, revised on 16 December 2004.

The increase in past service costs arising from early retirements (retirements before the normal age of retirement) is recognised in the income statement when incurred.

Annually the Group recognises as cost in the income statement the net amount of, (i) the current service cost, (ii) the interest cost, (iii) the estimated return of the fund assets and (iv) the cost arising from early retirements.

Defined contribution plans

In Spain, Portugal and United States of America, some Group Companies have social benefit plans of defined contribution that complement those granted by the social welfare system to the companies employees, under which they pay a contribution to these plans each year, calculated in accordance with the rules established in each plan. The cost related to defined contribution plans is recognised in the results in the period in which the contribution is made.

Other benefits

Medical care and other plans

In Portugal some Group companies provide medical care during the period of retirement and early retirement, through complementary benefits to those provided by the Social Welfare System. These medical care plans are classified as defined benefit plans. The present value of the defined benefit obligation at the balance sheet date is recognised as a defined benefit liability. Measurement and recognition of the liability with healthcare benefits is similar to the measurement and recognition of the pension liability for the defined benefit plans, described above.

Variable remuneration to employees

In accordance with the by-laws of certain Group entities, annually the shareholders approve in the annual general meeting a percentage of profits to be paid to the employees (variable remuneration), following a proposal made by the Board of Directors. Payments to employees are recognised in the income statement in the period to which they relate.

o) Provisions

Provisions are recognised when: (i) the Group has a present legal or constructive obligation, (ii) it is probable that settlement will be required in the future and (iii) a reliable estimate of the obligation can be made.

Dismantling and decommissioning provisions

The Group recognises dismantling and decommissioning provisions for property, plant and equipment when a legal or contractual obligation is settled to dismantling and decommissioning those assets at the end of their useful life. Consequently, the Group has booked provisions for property, plant and equipment related with wind turbines, for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation and are recognised as part of the initial cost or an adjustment to the cost of the respective asset, being depreciated on a straight-line basis over the asset useful life.

The assumptions used are:

	EDPR EU	EDPR NA
Average cost per MW (Euros)	14,000	18,549
Salvage value per MW (Euros)	25,000	17,776
Discount rate	6.33%	5.38%
Inflation rate	2.00%	2.50%
Capitalisation (number of years)	25	25

With the change of the useful life of the wind farms from 20 to 25 years (see note 2 h) the capitalisation rate (number of years) of the dismantling and decommissioning provisions has changed to 25 years, with a prospective application from 1 April 2011.

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. The unwinding of the discount at each balance sheet date is charged to the income statement.

p) Recognition of costs and revenue

Costs and revenues are recorded in the year to which they refer regardless of when paid or received, in accordance with the accrual concept. Differences between amounts received and paid and the corresponding revenue and expenditure are recorded under other assets and other liabilities.

Revenue comprises the amounts invoiced on the sale of products or of services rendered, net of value added tax, rebates and discounts, after elimination of intra-group sales.

Revenue from electricity sales is recognised in the period that electricity is generated and transferred to customers.

Engineering revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

Differences between estimated and actual amounts, which are normally not significant, are recorded during the subsequent periods.

q) Financial results

Financial results include interest payable on borrowings, interest receivable on funds invested, dividend income, unwinding of the discount of provisions and written put options to non-controlling interests, foreign exchange gains and losses and gains and losses on financial instruments and the accrual of tax equity estimated interest over outstanding liability.

Interest income is recognised in the income statement based on the effective interest rate method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

s) Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

t) Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups (groups of assets and related liabilities that include at least a non-current asset) are classified as held for sale when their carrying amounts will be recovered principally through sale and the assets or disposal groups are available for immediate sale and its sale is highly probable.

The Group also classifies as non-current assets held for sale those non-current assets or disposal groups acquired exclusively with a view to its subsequent disposal, that are available for immediate sale and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is adjusted in accordance with the applicable IFRS. Subsequently, these assets or disposal groups are measured at the lower of their carrying amount at fair value less costs to sell.

u) Cash and cash equivalents

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

v) Government grants

Government grants are recognised initially as deferred income under non-current liabilities when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

w) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

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

x) Institutional partnerships in US wind farms

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that apportions the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTCs), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

The institutional investors purchase their minority partnership interests for an upfront cash payment with an agreed targeted internal rate of return over the period that the tax credits are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTC's / ITC's, allocated taxable income or loss and cash distributions received.

The control and management of these wind farms are a responsibility of EDPR Group and they are fully consolidated in these annual accounts.

The upfront cash payment received is recognised under "Liabilities arising from institutional partnerships" and subsequently measured at amortised cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and ITC, is recorded as non-current deferred income and is recognized as Revenue on a pro-rata basis over the 25 year useful life of the underlying projects (see note 7). The value of PTC delivered are recorded as generated.

After the Flip Date, the institutional investor retains a small non-controlling interests for the duration of its membership in the structure. The non-controlling interests percentages range from 2.5% to 6% across all structures except for 20% at Blue Canyon I. EDPR NA also has an option to purchase the institutional investor's residual interests at fair market value on the Flip Date for PTC structures and the earlier of the flip date or five years for cash grant structures. The liability for residual interest is accreted on a straight line basis from the funding date through the Flip Date to reflect the institutional investors' minority interest position in the EDPR Group at the Flip Date.

The liability with institutional investors is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

z) EDPR Group concession activities (IFRIC 12)

The International Financial Reporting 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 Annual Accounts.

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2011 and 31 December 2010, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Renováveis, the Group's reported results could differ if a different treatment was chosen. EDP Renováveis believes that the choices made are appropriate and that the annual accounts are presented fairly, in all material respects, the Group's financial position and results. The alternative outcomes discussed below are presented solely to assist the reader in understanding the annual accounts and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of available for sale investments

The Group determines that available for sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost.

This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, valuations are generally obtained through listed market prices or valuation models that may require assumptions or judgment in making estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates could result in a higher level of impairment losses recognised with a consequent impact in the income statement of the Group.

Fair value of derivatives

Fair values are based on listed market prices, if available, otherwise fair value is determined either by dealer prices (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curves and volatility factors. These pricing models may require assumptions or judgments in estimating fair values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model may have produced different financial results for a particular period.

Review of the useful life of assets related to production

The Group regularly reviews the useful life of its electrical generation installations in order to bring it into line with the technical and economic measurements of the installations, taking into consideration their technological capacity and prevailing regulatory restrictions.

In the second quarter of 2011 EDPR Group has changed the useful life of the wind farms from 20 to 25 years (see note 2 h). The redefinition of the useful life of the wind generation assets was made based on a technical study performed by an independent entity which has considered the technical availability for an additional period of 5 years of useful life of these assets. The referred study has covered 95% of wind installed capacity of EDPR Group, in the different geographies (Europe and North America), considering assumptions and estimated that requires judgements. The estimated impact of this change was approximately 81 millions of Euros (pre tax).

Impairment of non financial assets

Impairment test are performed whenever there is an indication that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of assets.

Considering that estimated recoverable amounts related to property, plant and equipment, intangible assets and goodwill are based on the best information available, changes in the estimates and judgments could change the impairment test results which could affects the Group's reported results.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the global amount for income taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the period.

Tax Authorities are entitled to review the EDP Renováveis, and its subsidiaries' determination of its annual taxable earnings, for a determined period that may be extended in case there are tax losses carried forward. Therefore, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, EDP Renováveis and those of its subsidiaries, are confident that there will be no material tax assessments within the context of the annual accounts.

Dismantling and decommissioning provisions

The Board of Directors considers that Group has contractual obligations with the dismantling and decommissioning of property, plant and equipment related to wind electricity generation. For these responsibilities the Group has recorded provisions for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation.

The use of different assumptions in estimates and judgments referred may have produced different results from those that have been considered.

4. FINANCIAL RISK MANAGEMENT POLICIES

The businesses of EDP Renováveis Group are exposed to a variety of financial risks, including the effects of changes in market prices, foreign exchange and interest rates. The main financial risks lie essentially in its debt portfolio, arising from interest-rate and the exchange-rate exposures. The unpredictability of the financial markets is analysed on an on-going basis in accordance with the EDPR's risk management policy. Financial instruments are used to minimize potential adverse effects resulting from the interest rates and foreign exchange rates risks on EDP Renováveis financial performance.

The Board of Directors of EDP Renováveis is responsible for the definition of general risk-management principles and the establishment of exposure limits. The management of financial risks of EDP Renováveis Group is outsourced to the Finance Department of EDP - Energias de Portugal, S.A., in accordance with the policies approved by the Board of Directors. The outsourcing service includes identification and evaluation of hedging mechanisms appropriate to each exposure.

All transactions undertaken using derivative financial instruments require the prior approval of the Board of Directors, which defines the parameters of each transaction and approves the formal documents describing their objectives.

Exchange-rate risk management

EDP Group's Financial Department is responsible for managing the foreign exchange exposure of the Group, seeking to mitigate the impact of exchange rate fluctuations on the net assets and net profits of the Group, using foreign exchange derivatives, raising foreign exchange debt and/or other hedging structures with symmetrical exposure characteristics to those of the hedged item. The effectiveness of these hedges is reassessed and monitored throughout their lives.

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. With the objective of minimizing the impact of exchange rates fluctuations, EDP Renováveis general policy is to fund each project in the currency of the operating cash flows generated by the project.

Currently, the main currency exposure is the U.S. dollar, resulting from the shareholding in EDPR NA. With the increasing capacity in other geographies, EDPR is also becoming exposed to other currencies (Brazilian Real, Polish Zloty and Romanian Leu).

To hedge the risk originated with net investment in EDPR NA, EDP Renováveis entered into a CIRS in USD/EUR with EDP Branch (see note 39).

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2011 and 2010, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

	31 Dec 2011			
	Profit or loss		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD / EUR	10,516	-12,853	-	-
PLN / EUR	-	-	3,309	-4,044
	10,516	-12,853	3,309	-4,044

	31 Dec 2010			
	Profit or loss		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD / EUR	9,527	-11,644	-	-
PLN / EUR	-	-	3,584	-4,381
	9,527	-11,644	3,584	-4,381

This analysis assumes that all other variables, namely interest rates, remain unchange.

Interest rate risk management

The Group's operating cash flows are substantially independent from the fluctuation in interest-rate markets.

The purpose of the interest-rate risk management policies is to reduce the exposure of debt cash flows to market fluctuations. As such, whenever considered necessary and in accordance to the Group's policy, the Group contracts derivative financial instruments to hedge interest rate risks.

In the floating-rate financing context, the Group contracts interest-rate derivative financial instruments to hedge cash flows associated with future interest payments, which have the effect of converting floating rate loans into fixed rate loans.

All these hedges are undertaken on liabilities in the Group's debt portfolio and are mainly perfect hedges with a high correlation between changes in fair value of the hedging instrument and changes in fair value of the interest-rate risk or upcoming cash flows.

The EDP Renováveis Group has a portfolio of interest-rate derivatives with maturities between 1 and 15 years. The Financial Department of EDP Group undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations or upcoming cash flows.

About 92% of EDP Renováveis Group financial debt bear interest at fixed rates, including operations with financial instruments.

Sensitivity analysis - Interest rates

The management of interest rate risk associated to activities developed by the Group is outsourced to the Financial Department of EDP Group, contracting derivative financial instruments to mitigate this risk.

Based on the debt portfolio of the EDPR EU Group and the related derivative financial instruments used to hedge associated interest rate risk, as well as on the shareholder loans received by EDP Renováveis, a change of 100 basis points in the interest rates with reference to 31 December 2011 and 2010 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

	31 Dec 2011			
	Profit or loss		Equity	
Thousands of Euros	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Cash flow hedge derivatives	-	-	37,929	-40,540
Unhedged debt (variable interest rates)	-1,839	1,839	-	-
	-1,839	1,839	37,929	-40,540

	31 Dec 2010			
	Profit or loss		Equity	
Thousands of Euros	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Cash flow hedge derivatives	-	-	28,154	-30,933
Unhedged debt (variable interest rates)	-2,168	2,168	-	-
	-2,168	2,168	28,154	-30,933

This analysis assumes that all other variables, namely foreign exchange rates, remain unchangeable.

Counter-party credit-rate risk management in financial transactions

The EDP Renováveis Group policy in terms of the counterparty risk on financial transactions with companies outside EDP Group is managed by an analysis of the technical capacity, competitiveness, credit rating and exposure to each counter-party. Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions or to the EDP Group.

The EDP Renováveis Group documents financial operations according to international standards. Most derivative financial instruments contracted with credit institutions are engaged under ISDA Master Agreements.

In the specific case of the EDPR EU Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are operators and distributors in the energy market of their respective countries (OMEL and MEFF in the case of the Spanish market).

In the specific case of EDPR NA Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are regulated utility companies and regional market agents in the U.S.

EDP Renováveis believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of Trade receivables and Other debtors, net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exist that have not been recognised as such and provided for.

Liquidity risk

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group strategy to manage liquidity is to ensure, as far as possible, that it will always have significant liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity policy followed ensures compliance with payment obligations acquired, through maintaining sufficient credit facilities and having access to the EDP Group facilities.

The EDP Renováveis Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with its main shareholder, as well as directly in the market with national and international financial institutions, assuring the necessary funds to perform its activities.

Market price risk

As at 31 December 2011, market price risk affecting the EDP Renovavéis Group is not significant. In the case of EDPR NA, the great majority of the plans are under porwer purchase agreements, with fixed or escalating prices. In the case of EDPR EU the electricity is sold in Spain directly on the daily market at spot prices plus a pre-defined premium (regulated). Nevertheless, EDPR EU has an option of selling the power through regulated tariffs, granting minimum prices. In the remaining countries, prices are mainly determined through regulated tariffs.

EDPR EU and EDPR NA have electricity sales swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the year 2011 and 2010 (see note 39). The purpose of EDP Renováveis Group is to hedge a volume of energy generated to reduce its exposure to the energy price volatility.

Capital management

The Group's goal in managing equity, in accordance with the policies established by its main shareholder, is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established growth targets and maintain an optimum equity structure to reduce equity cost.

In conformity with other sector groups, the Group controls its financing structure based on the leverage ratio. This ratio is calculated as net financial borrowings divided by total equity and net borrowings. Net financial borrowings are determined as the sum of financial debt, institutional equity liabilities corrected for non-current deferred revenues, less cash and cash equivalents.

5. CONSOLIDATION PERIMETER

During the year ended in 31 December 2011, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:
- EDPR Group, through its subsidiary EDPR UK, acquired 49% of the share capital of Seaenergy Renewables Inch Cape Limited.;
- EDPR Group, through its subsidiary EDPR EU, acquired 85% of the share capital of S.C. Ialomita Power, S.R.L.

Companies sold and liquidated:
- Generaciones Especiales I, S.L. dissolved and liquidated the subsidiary Sodecoan, S.L.;
- Generaciones Especiales I, S.L. sold the subsidiary Subgroup Veinco;
- EDPR UK, sold an interest of 8.36% in the Moray Offshore Renewables Limited share capital for 4,033 thousands of Euros. As a consequence, the indirect shareholding in the subsidiaries MacColl Offshore Windfarm Limited, Stevenson Offshore Windfarm Limited and Telford Offshore Windfarm Limited have also been reduced in 8.36%;
- Agrupación Eólica, S.L.U. sold the subsidiary Neomai Inversiones SICAV, S.A. by 40.894 thousands of Euros;
- Sinae Inversiones Eólicas S.A., sold an interest of 1.25% in the Eólica Alfoz, S.L. share capital by 106 thousands of Euros.

Companies merged:
- Farma Wiatrowa Wyszogrod, SP. ZO.O. was merged into Masovia Wind Farm I, S.P. ZO.O.

Companies incorporated:
- EDP Renováveis Cantabria, S.L.;
- Pestera Wind Farm, S.A.;
- Paulding Wind Farm IV L.L.C.*;
- Pochidia Wind Farm, S.A.;
- Rush County Wind Farm, L.L.C.*;
- Eastern Nebraska Wind Farm, L.L.C.*;
- 2011 Vento X, L.L.C.;
- EDPR Wind Ventures X, L.L.C.;
- Villa Castelli Wind, S.R.L.

* EDP Renováveis holds through its subsidiary EDPR NA, a set of subsidiaries in the United States of America legally incorporated without share capital and that as at 31 December 2011 do not have any assets, liabilities, or any operating activity.

Other changes

- The Group EDPR increased its indirect holding from 47% to 61% in the share capital of Aplicaciones Industriales de Energias Limpias, S.L. through the subsidiary Santa Quitéria Energia, S.L.U.;
- The Group EDPR increased its indirect holding from 58% to 84% in the share capital of Desarrollo Eólico Santa Quitéria, S.L. through the subsidiary Aplicaciones Industriales de Energias Limpias, S.L.;
- The Group EDPR increased its indirect holding from 51% to 100% in the share capital of the companies Relax Wind Park II, SP. ZO.O. and Relax Wind Park IV, SP. ZO.O. through the subsidiary EDP Renewables Polska, S.P. ZO.O;
- The Group EDPR increased its indirect holding from 90% to 100% in the share capital of Eólica Sierra de Avila, S.L. through the subsidiary Sinae Inversiones Eólicas S.A..

During the year ended in 31 December 2010, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renewables Europe acquired 85% of the share capital of Repano Wind, S.R.L. and EDP Renewables Italia, S.R.L. (formerly named as Italian wind, S.R.L.). The EDPR Group consolidates 100% of these subsidiaries because there is a put option over the remain 15%;
- EDP Renewables Europe acquired 100% of the share capital of the polish companies Farma Wiatrowa Bodzanow SP ZOO, Farma Wiatrowa Starozreby SP ZOO, Farma Wiatrowa Wyszogrod SP ZOO and Karpacka Mala Energetyka SP ZOO, through its subsidiary EDP Renewables Polska SP ZOO (previously Neolica Polska SP ZOO);
- EDP Renewables Europe acquired 80% of the share capital of Re Plus - Societá a Responsabilitá Limitata.

Companies sold and liquidated:

- Freeport Windpower I, L.P.;
- Murciasol-1 Solar Térmica, S.L..

Companies merged:

- Agrupación Eólica Francia S.L. was merged into EDP Renewables Europe;
- Eneraltius-Produção de Energia Electrica, S.A. into EDP Renováveis Portugal, S.A..

Companies incorporated:

- Headwaters Wind Farm L.L.C.*;
- 17th Star Wind Farm L.L.C.*;
- Waverly Wind Farm L.L.C.*;
- EDP Renewables Canada;
- 2010 Vento VII, L.L.C.*;
- 2010 Vento VIII, L.L.C.*;
- 2010 Vento IX, L.L.C.*;
- Horizon Wind Ventures VII, L.L.C.*;
- Horizon Wind Ventures VIII, L.L.C.*;
- Horizon Wind Ventures IX, L.L.C.*;
- Rio Blanco Wind Farm L.L.C.*;
- Hidalgo Wind Farm L.L.C.*;
- MacColl Offshore Windfarm Limited;
- Stevenson Offshore Windfarm Limited;
- Telford Offshore Windfarm Limited;
- Stone Wind Power L.L.C.*;
- Franklin Wind Farm L.L.C.*.

* EDP Group holds, through EDP Renováveis and its subsidiary EDPR NA, a set of subsidiaries in the United States of America legally incorporated without share capital and that as at 31 December 2010 do not have any assets, liabilities, or any operating activity.

Other changes

- The Group EDPR increased its indirect holding from 19.6% to 35.96% in the share capital of ENEOP - Éolicas de Portugal, S.A. through the subsidiary EDP Renewables Europe, S.L.;
- The Group EDPR increased its indirect holding from 49% to 61% in the share capital of Parque Eólico Altos del Voltoya, S.A. through the subsidiary Sinae Inversiones Eolicas, S.L.

6. REVENUES

Revenues are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Revenues by business and geography:		
Electricity in Europe	634,518	557,457
Electricity in United States of America	302,890	274,969
Electricity, other	19,464	3,230
	956,872	835,656
Other revenues	17 709	1 841
	974,581	837,497
Services rendered	4,888	4,642
Changes in inventories and cost of raw material and consumables used:		
Cost of consumables used	-15,168	-12,684
Changes in inventories	-7,084	11,187
	-22,252	-1,497
Total Revenues	957,217	840,642

7. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

Income from institutional partnerships in US wind farms is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Income from institutional partnerships - EDPR NA	111,610	107,005
	111,610	107,005

Income from institutional partnerships - EDPR NA, includes revenue recognition related to production tax credits (PTC), investments tax credits (ITC) and other tax benefits, mostly from accelerated tax depreciation related to projects Vento I, II, III, IV, V, VI, VII, VIII, IX and X (see note 35).

8. OTHER OPERATING INCOME

Other operating income is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Amortisation of deferred income related to power purchase agreements	10,334	25,776
EDPR Italia	51,695	-
Contract termination indemnity	-	15,840
EDPR Polska	-	15,000
Other income	22,515	16,409
	84,544	73,025

The power purchase agreements between EDPR NA and its customers were valued, at the acquisition date, using discounted cash flow techniques. At that date, these agreements were valued based on market assumptions by approximately 120 million of Euros (190.4 million of USD) and recorded as a non-current liability (note 36). This liability is amortised over the period of the agreements against other operating income. As at 31 December 2011, the amortisation for the period amounts to 10,334 thousands of Euros (31 December 2010: 25,776 thousands of Euros).

During 2010, the Group acquired 85% of EDP Renewables Italia, S.r.l (see note 18). The EDPR Group granted the seller a put option over the 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 Goup's best estimate at the purchase data (see notes 18 and 37).

In 2011, EDPR Italia increased its share captital. 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 37).

In 2010, the caption Contract termination indemnity in the amount of 15,840 thousands of Euros, relates to an agreement between the subsidiary Poast Oak Wind LLC (EDPR NA subgroup) and its client J Aron to an early release from the last seven years of the power purchase agreement.

In 2010, the amount included in EDPR Polska caption results from the business combinations of Farma Wiatrowa Bodzanow SP ZOO, Farma Wiatrowa Starozreby SP ZOO, Farma Wiatrowa Wyszogrod SP ZOO and related purchase price allocation, that led to a revaluation of the operating assets and liabilities and the recognition of other operating income amounting to 15,000 thousands of Euros. This income is related with a purchase opportunity that resulted from the Group financial capacity.

9. SUPPLIES AND SERVICES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Supplies and services:		
Leases and rents	34,857	29,728
Insurance	12,842	11,346
Transportation, travelling and representation	7,204	7,651
Maintenance and repairs	126,601	101,677
Specialised works		
IT services	3,677	3,487
Legal fees	4,211	4,371
Advisory fees	5,265	7,964
Shared services	7,918	6,495
Other services	10,108	5,198
Other supplies and services	12,386	18,294
	225,069	196,211

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS EXPENSES

Personnel costs is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Personnel costs		
Management remuneration	1,063	1,158
Remunerations	51,257	49,052
Social charges on remunerations	8,130	6,874
Employee's variable remuneration	15,104	14,241
Other costs	6,145	5,399
Own work capitalised	-23,466	-24,118
	58,233	52,606
Employee benefits expenses		
Costs with pension plans	2,282	2,022
Costs with medical care plan and other benefits	317	218
	2,599	2,240
	60,832	54,846

As at 31 December 2011, Costs with pension plans relates to defined contribution plans (2,272 thousands of Euros) and defined benefit plans (10 thousands of Euros), see also note 33.

The average breakdown by management positions and professional category of the permanent staff as of 31 December 2011 and 2010 is as follows:

	31 Dec 2011	31 Dec 2010
Board members	17	16
	17	16
Senior management / Senior officers	62	60
Middle management	453	442
Highly-skilled and skilled employees	206	220
Other employees	71	100
	792	822
	809	838

The companies of EDPR Group consolidated under the proportional consolidation method have contributed with 14 employees (31 December 2010: 15) included in Other employees.

The number of employees includes Management and all the employees of all the subsidiaries and associates.

11. OTHER OPERATING EXPENSES

Other operating expenses are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Direct operating taxes	17,946	15,984
Indirect taxes	16,738	7,668
Losses on fixed assets	11,813	1,845
Lease costs related to the electricity generating centres	8,998	7,770
Other costs and losses	11,237	23,599
	66,732	56,866

12. DEPRECIATION, AMORTISATION EXPENSE AND DEFERRED INCOME

This balance is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Property, plant and equipment:		
Buildings and other constructions	1,592	1,473
Plant and machinery:		
Hydroelectric generation	83	86
Thermoelectric generation	-	-
Wind generation	415,583	422,140
Other plant and machinery	36	15
Transport equipment	328	234
Office equipment and tools	6,714	6,451
Other tangible fixed assets	1,491	1,764
Impairment	5,058	-
	430,885	432,163
Other intangible assets:		
Industrial property, other rights and other intangibles	2,120	2,240
Impairment of goodwill	35,488	-
	468,493	434,403
Amortisation of deferred income:		
Government grants	-14,986	-11,406
	-14,986	-11,406
	453,507	422,997

Impairment of goodwill, relates essentially with the update of the assumptions in the estimatives of Mw to install and the energy prices in EDPR Italia Group in the amount of 34,737 thousands of Euros (see notes 8 and 18).

13. GAINS / (LOSSES) FROM THE SALE OF FINANCIAL ASSETS

Gains / (losses) from the sale of financial assets , for the Group, are analysed as follows:

	31 Dec 2011		31 Dec 2010	
Thousands of Euros	Disposal %	Value	Disposal %	Value
Investments in subsidiaries and associates				
Sociedad Eólica de Andalucia, S.A.	16.67%	9,405	-	-
Other	-	1,094	-	-
		10,499		-

In 2011, EDP Renováveis closed an agreement with Enel Green Power Spain, SA to sell its 16.67% equity shareholding in Sociedad Eólica de Andalucia, SA ("SEASA") by 10.7 million of Euros, with an after-tax capital gain of 6.6 million of Euros (see note 20).

14. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

	31 Dec 2011	31 Dec 2010
Financial income		
Interest income	10,844	7,355
Derivative financial instruments		
Interest	19,913	2,576
Fair value	8,980	8,376
Foreign exchange gains	20,578	25,984
Other financial income	1,240	14
	61,555	44,305
Financial expenses		
Interest expense	220,250	176,792
Derivative financial instruments		
Fair value	3,211	5,356
Foreign exchange losses	42,284	26,142
Own work capitalised	-33,927	-68,401
Unwinding	68,279	71,317
Other financial expenses	5,588	7,245
	305,685	218,451
Financial income / (expenses)	-244,130	-174,146

Derivative financial instruments - Interest, relates to the interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 37 and 39).

In accordance with the accounting policy described on note 2g), of the 31 December 2011 consolidated annual accounts the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2011 amounted to 33,927 thousands of Euros (31 December 2010: 68,401 thousands of Euros) (see note 16), and are included under Own work capitalised (financial interest). The implicit interest rates used for this capitalisation vary in accordance with the related loans, between 2.62% and 13.06% (31 December 2010: 1.725% and 13.09%).

Interest expense refers to interest on loans bearing interest at contracted and market rates.

Unwinding expenses refers essentially to the financial update of provisions for dismantling and decommissioning of wind farms 2,995 thousands of Euros (31 December 2010: 2,872 thousands of Euros) (see note 34), to the financial update of the liability related with put option of EDPR Italia 1,400 thousands of Euros (31 December 2010: 1,889 thousands of Euros related with put option of Genesa Group) (see note 37) and the implied return in institutional partnerships in US wind farms 62,538 thousands of Euros (31 December 2010: 64,830 thousands of Euros) (see note 35).

15. INCOME TAX EXPENSE

In accordance with prevailing legislation, tax returns are subject to review and correction by the tax authorities during subsequent years. In Portugal and Spain this period is four years and in Brazil it is five years, being 2006 is the last year considered to be definitively reviewed by the tax authorities. In the United States of America, generally, the statute to the issuance by tax authorities (IRS) of a tax additional liquidation is three years from the date of settlement of the annual tax declaration of a company.

Tax losses generated in each year, also subject to inspection and adjustment, may be deductible from taxable profits during subsequent years (4 years in Portugal since 2010, 18 years in Spain, 20 years in the USA, without an expiry date in Belgium, France and Brazil, although in Brazil it is limited to 30% of the taxable income of each period). The breakdown of tax losses carried forward and the respective expiration date are presented in Note 21. The companies of the EDP Renováveis Group are taxed, whenever possible, on a consolidated basis allowed by the tax law of the respective countries.

EDP Renewables Europe, S.L. and its subsidiary companies file individual tax declarations in accordance with prevailing tax legislation. Nevertheless, the main Group companies pay income tax following the specific principles of the Special Tax Consolidation Regime, contained in articles 64 and 82 of Royal Legislative Decree 4/2004 whereby the revised corporate income tax law was approved. The companies of EDPR Group in Spain are included in the Tax consolidation perimeter of Genesa Group and EDP, S.A. - Sucursal en España (EDP Branch).

This balance is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Current tax	-29,060	-28,763
Deferred tax	1,022	-8,996
	-28,038	-37,759

The effective income tax rate as at 31 December 2011 and 2010 is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Profit before tax	118,662	120,797
Income tax	-28,038	-37,759
Effective Income Tax Rate	23.63%	31.26%

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 31 December 2011 and 2010 is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Profit before taxes	118,662	120,797
Nominal income tax rate	30.00%	30.00%
Expected income taxes	-35,599	-36,239
Income taxes for the period	-28,038	-37,759
Difference	7,561	-1,520
Tax effect of operations with institutional partnerships	-	-1,812
Depreciation, amortization and provisions	-835	-3,727
Capitalisation of deferred tax assets related to tax losses from previous periods	8,221	-
Unrecognised deferred tax assets related to tax losses generated in the period	-2,792	3,206
Production tax credits	757	-5,330
Fair value of financial instruments and financial investments	1,325	87
Financial investments in associates	1,432	1,426
Difference between gains and accounting gains and losses	3,488	5,114
Non deductible expenses	-1,276	-848
Taxable income eliminated at consolidation	-2,140	381
Effect of tax rates in foreign jurisdictions	-3,175	-558
Tax benefits	1,896	-
Other	660	541
	7,561	-1,520

The income tax rates in the countries in which the EDP Renováveis Group operates are as follows:

Country	Subgroup	Tax rate 2011 and subsequent years
Spain	EDPR EU	30.00%
Portugal	EDPR EU	29.00%
France	EDPR EU	33.33%
Poland	EDPR EU	19.00%
Belgium	EDPR EU	33.99%
Romania	EDPR EU	16.00%
United States	EDPR NA	37.22%
Brazil	EDPR BR	34.00%

16. PROPERTY, PLANT AND EQUIPMENT

This balance is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Cost:		
Land and natural resources	21,389	18,867
Buildings and other constructions	16,053	13,896
Plant and machinery:		
Hydroelectric generation	2,619	2,619
Thermoelectric cogeneration	6,008	6,008
Wind generation	10,905,666	9,536,702
Other plant and machinery	524	290
Transport equipment	1,919	1,641
Office equipment and tools	48,753	29,186
Other tangible fixed assets	11,756	12,205
Assets under construction	1,203,445	1,666,957
	12,218,132	11,288,371
Accumulated depreciation:		
Depreciation and amortisation expense for the period	-425,827	-432,163
Impairment for the period	-5,058	-
Accumulated depreciation	-1,332,626	-874,437
	-1,763,511	-1,306,600
Carrying amount	10,454,621	9,981,771

The movement in **Property, plant and equipment** from 31 December 2010 to 31 December 2011, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Land and natural resources	18,867	2,322	-	153	-5	52	21,389
Buildings and other constructions	13,896	146	-24	1,993	158	-116	16,053
Plant and machinery:							
Hydroelectric generation	2,619	-	-	-	-	-	2,619
Thermoelectric cogeneration	6,008	-	-	-	-	-	6,008
Wind generation	9,536,702	80,835	-6,646	1,158,187	136,548	40	10,905,666
Other plant and machinery	290	24	-	-	-	210	524
Transport equipment	1,641	321	-119	-	56	20	1,919
Office equipment and tools	29,186	3,047	-2,262	17,631	990	161	48,753
Other tangible fixed assets	12,205	2,100	-12,382	9,756	29	48	11,756
Assets under construction	1,666,957	741,915	-17,615	-1,187,720	1,010	-1,102	1,203,445
	11,288,371	830,710	-39,048	-	138,786	-687	12,218,132

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated depreciation and impairment losses:							
Buildings and other constructions	3,787	1,592	-	-24	145	-13	5,487
Plant and machinery:							
Hydroelectric generation	1,612	83	-	-	-	-3	1,692
Thermoelectric cogeneration	6,009	-	-	-	-	-	6,009
Wind generation	1,274,124	415,583	5,036	-87	29,113	14	1,723,783
Other plant and machinery	249	36	-	-	-	25	310
Transport equipment	621	328	5	-98	31	2	889
Office equipment and tools	13,454	6,714	-	-2,261	314	1	18,222
Other tangible fixed assets	6,744	1,491	17	-1,210	30	47	7,119
	1,306,600	425,827	5,058	-3,680	29,633	73	1,763,511

Plant and Machinery includes the cost of the wind farms under operation.

The caption Changes in perimeter/Other includes the effect of the sale of SubgroupVeinco made by EDPR EU during the year ended at 31 December 2011 (see note 5).

During 2011, EDPR Group changed the useful life of wind farms based on a study performed by an independent entity with prospective effect from 1 April of 2011 as described on the note 3 - Critical accounting estimates and judgements in preparing the annual accounts.

The movement in Property, plant and equipment from 31 December 2009 to 31 December 2010, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Land and natural resources	13,119	5,610	-39	74	103	-	18,867
Buildings and other constructions	11,041	2,558	-	-	297	-	13,896
Plant and machinery:							
Hydroelectric generation	2,619	-	-	-	-	-	2,619
Thermoelectric cogeneration	6,008	-	-	-	-	-	6,008
Wind generation	7,354,463	21,928	-1,869	1,820,606	297,451	44,123	9,536,702
Other plant and machinery	255	21	-1	-	-	15	290
Transport equipment	1,063	468	-	34	76	-	1,641
Office equipment and tools	21,492	5,018	-98	1,621	741	412	29,186
Other tangible fixed assets	8,829	2,376	-113	994	118	1	12,205
Assets under construction	2,038,064	1,432,658	-1,703	-1,823,329	24,718	-3,451	1,666,957
	9,456,953	1,470,637	-3,823	-	323,504	41,100	11,288,371

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated depreciation and impairment losses:							
Buildings and other constructions	2,287	1,473	-	-	27	-	3,787
Plant and machinery:							
Hydroelectric generation	1,526	86	-	-	-	-	1,612
Thermoelectric cogeneration	6,009	-	-	-	-	-	6,009
Wind generation	799,376	422,140	-	-961	20,040	33,529	1,274,124
Other plant and machinery	227	15	-	-	-	7	249
Transport equipment	367	234	-	-	20	-	621
Office equipment and tools	7,050	6,451	-	-12	-119	84	13,454
Other tangible fixed assets	5,100	1,764	-	-100	-20	-	6,744
	821,942	432,163	-	-1,073	19,948	33,620	1,306,600

In 2010 the caption Changes in perimeter /Other includes essentially the integration of the assets (and liabilities) of the subsidiary Parque Eólico Altos de Voltoya, following the acquisition of an additional 12% interest (see note 5).

Assets under construction as at 31 December 2011 and 31 December 2010 are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Electricity business:		
EDPR EU Group	757,921	288,285
EDPR NA Group	433,240	1,293,304
EDP Renováveis, S.A.	1,566	7,909
EDPR BR	10,718	77,459
	1,203,445	1,666,957

Assets under construction as at 31 December 2011 and 2010 for EDPR EU and EDPR NA Group are essentially related to wind farms under construction and development.

Financial interests capitalised amount to 33,927 thousands of Euros as at 31 December 2011 and 68,401 thousands of Euros as at 31 December 2010 (see note 14).

Personnel costs capitalised amount to 23,466 thousands of Euros as at 31 December 2011 (31 December 2010: 24,118 thousands of Euros) (see note 10).

The EDP Renováveis Group has lease and purchase obligations as disclosed in Note 40 - Commitments.

17. INTANGIBLE ASSETS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Cost:		
Industrial property, other rights and other intangible assets	42,462	41,069
Intangible assets under development	4	-
	42,466	41,069
Accumulated amortisation:		
Depreciation and amortisation expense for the period	-2,120	-2,240
Accumulated depreciation	-18,527	-16,102
	-20,647	-18,342
Carrying amount	21,819	22,727

Industrial property, other rights and other intangible assets include 14,035 thousands of Euros and 25,500 thousands of Euros related to wind generation licenses of Portuguese companies (31 December 2010: 14,035 thousands of Euros) and EDPR NA Group (31 December 2010: 24,693 thousands of Euros), respectively.

The movement in Intangible assets from 31 December 2010 to 31 December 2011, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Industrial property, other rights and other intangible assets	41,069	5	-	-	620	768	42,462
Intangible assets under development	-	4	-	-	-	-	4
	41,069	9	-	-	620	768	42,466

Thousands of Euros	Balance at 01 Jan	Charge for the year	Impairment	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated amortisation:							
Industrial property, other rights and other intangible assets	18,342	2,120	-	-	250	-65	20,647
	18,342	2,120	-	-	250	-65	20,647

The movement in Intangible assets from 31 December 2009 to 31 December 2010, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Industrial property, other rights and other intangible assets	30,378	2,186	-	2	1,062	7,441	41,069
Intangible assets under development	2,844	314	-2	-2	-	-3,154	-
	33,222	2,500	-2	-	1,062	4,287	41,069

Thousands of Euros	Balance at 01 Jan	Charge for the year	Impairment	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated amortisation:							
Industrial property, other rights and other intangible assets	15,882	2,240	-	-	220	-	18,342
	15,882	2,240	-	-	220	-	18,342

18. GOODWILL

For the Group, the breakdown of **Goodwill** resulting from the difference between the cost of the investments and the corresponding share of the fair value of the net assets acquired, is analysed as follows:

Thousands of Euros	Functional Currency	31 Dec 2011	31 Dec 2010
Electricity business:			
Goodwill booked in EDPR EU Group		698,403	749,392
EDPR Spain Group	Euro	534,642	547,488
EDPR Poland Group	Zloty	20,746	23,266
EDPR Portugal Group	Euro	42,588	42,588
EDPR France Group	Euro	65,752	66,504
EDPR Romania Group	Lei	9,287	9,421
EDPR Italia Group	Euro	23,044	57,781
Other	Euro	2,344	2,344
Goodwill booked in EDPR NA Group	US Dollar	611,882	592,915
Goodwill booked in EDPR BR Group	Brasilian Real	1,560	1,699
		1,311,845	1,344,006

The movements in Goodwill, by subgroup, from 31 December 2010 to 31 December 2011, are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impairment	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Electricity Business							
EDPR EU Group							
EDPR Spain Group	547,488	-	-12,846	-	-	-	534,642
EDPR Poland Group	23,266	-	-	-	-2,520	-	20,746
EDPR Portugal Group	42,588	-	-	-	-	-	42,588
EDPR France Group	66,504	-	-	-752	-	-	65,752
EDPR Romania Group	9,421	-	-	-	-134	-	9,287
EDPR Italia Group	57,781	-	-	-34,737	-	-	23,044
Other	2,344	-	-	-	-	-	2,344
EDPR NA Group	592,915	-	-	-	18,967	-	611,882
EDPR BR Group	1,699	-	-	-	-139	-	1,560
	1,344,006	-	-12,846	-35,489	16,174	-	1,311,845

The movements in Goodwill, by subgroup, from 31 December 2009 to 31 December 2010, are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impairment	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Electricity Business							
EDPR EU Group							
EDPR Spain Group	616,332	124	-68,968	-	-	-	547,488
EDPR Poland Group	26,410	-	-	-	-3,144	-	23,266
EDPR Portugal Group	42,588	-	-	-	-	-	42,588
EDPR France Group	69,706	-	-3,202	-	-	-	66,504
EDPR Romania Group	10,931	-	-	-	-1,510	-	9,421
EDPR Italia Group	-	57,781	-	-	-	-	57,781
Other	2,344	-	-	-	-	-	2,344
EDPR NA Group	550,868	-	-	-	42,047	-	592,915
EDPR BR Group	1,501	-	-	-	198	-	1,699
	1,320,680	57,905	-72,170	-	37,591	-	1,344,006

EDPR Spain Group

The decrease in EDPR Spain Group goodwill of 12,846 thousands of Euros is related with the final price of the liability related with the put option of Caja Madrid over the non-controlling interests held by this entity over Genesa (3,363 thousands of Euros) and the sale of Subgroup Veinco (9,483 thousands of Euros). This shareholding was sold by 15,8 million of Euros generating a gain of 732 thousands of Euros (see note 13).

In 2010 the increase in EDPR Spain Group is related with an adjustment to the contingent price (124 thousands of Euros) of Aprofitement D'Energies Renovables de la Terra Alta, S.A. The decrease in this goodwill is related with the revaluation (in proportion of 20% of full equity valuation) of the put options of Caja Madrid over Genesa amounting approximately negative 68,968 thousand Euros (see note 40).

EDPR Italia Group

In 2011, the update of the assumptions in the estimates of MW to install and the energy prices result an impairment in EDPR Italia Group of 34,737 thousands of Euros (see notes 8 and 12).

On 27 January 2010, EDPR Group through its subsidiary EDPR EU acquired 85% of the share capital of EDP Renewables Italia, S.r.l. Additionally, EDPR EU has a call option and Energia in Natura, S.r.l. has a put option over the remain 15% of the company's share capital. As a consequence, as at 31 March 2010, the EDPR Group has consolidated 100% of EDP Renewables Italia, S.r.l. , considering the put option as an anticipated acquisition of non-controlling interests. The EDPR Italia Group goodwill (57,781 thousands of Euros), includes the preliminary goodwill generated from the acquisition (42,444 thousand Euros), the amount of the goodwill already included in the annual accounts of Italian Wind, S.r.l. (15,149 thousands of Euros) and from the goodwill generated in the acquisition of Repano, S.r.l. (46 thousand Euros with the acquisition price of 200 thousands of Euros) and Re Plus, S.r.l. (142 thousands of Euros with the acquisition price of 1,080 thousands of Euros).

Other information for business combinations and purchase price allocation included in 2010

EDPR Spain Group

During 2010 the EDPR Group increased its indirect holding from 49% to 61% in the share capital of Parque Eólico Altos del Voltoya, S.A. (see note 5) and has carried out the purchase price allocation that originates the recognition of an operating income of 3,170 thousand Euros (see note 8).

Thousands of Euros	Book value	Final PPA	Assets and Liabilities at fair value
Property, plant and equipment	32,257	21,671	53,928
Other assets (including licenses)	7,138	-	7,138
Total assets	39,395	21,671	61,066
Non-controlling interests	10,507	1,459	11,966
Deferred tax liabilities	-	3,966	3,966
Financial debt	27,344	-	27,344
Current liabilities	3,040	-	3,040
Total liabilities	30,384	3,966	34,350
Net assets acquired	9,011	17,705	14,750
Consideration transferred	11,580		11,580
Goodwill	2,569		-3,170

EDPR France Group

In 2009, the EDPR France Group increased the goodwill (2,826 thousand Euros) related with the acquisition of 100% of the share capital of subsidiary Bon Vent de L'Ébre, including the effect of the final PPA carried out in 2010, analysed as follows:

	2009			2010	
Thousands of Euros	Book Value	Provisory PPA	Assets and Liabilities at fair value	Final PPA	Assets and Liabilities at fair value
Property, plant and equipment	4,113	8,993	13,106	4,042	17,148
Other assets (including licenses)	1,012	-	1,012	-	1,012
Total assets	5,125	8,993	14,118	4,042	18,160
Deferred tax liabilities	-	1,864	1,864	2,045	3,909
Current liabilities	5,070	-	5,070	-	5,070
Total liabilities	5,070	1,864	6,934	2,045	8,979
Net assets acquired	55	7,129	7,184	1,997	9,181
Consideration transferred	7,686		7,686		12,007
Goodwill	7,631		502		2,826

During the year 2010 the final purchase price allocation for the acquisition of subsidiary Bon Vent de L'Ébre was carried out and the goodwill of EDPR France Group has increased by 2,324 thousands of Euros.

EDPR Poland Group

In 2010 EDPR Poland Group acquired 100% of the share capital of the companies Farma Wiatrowa Bodzanow SP ZOO, Farma Wiatrowa Starozreby SP ZOO and Farma Wiatrowa Wyszogrod SP ZOO and carried out the final PPA, that led to a recognition of an operating income of 15,000 thousand Euros (see note 8), analysed as follows:

Thousands of Euros	Bodzanow	Starozreby	Wyszogrod	Book value	Final PPA	Assets and liabilities at fair value
Property, plant and equipment	39	54	134	227	38,533	38,760
Non current assets	39	54	134	227	38,533	38,760
Current assets	445	442	375	1,262	-	1,262
Total assets	484	496	509	1,489	38,533	40,022
Deferred tax liabilities	421	383	332	1,136	7,348	8,484
Current liabilities	1	-1	14	14	-	14
Total liabilities	422	382	346	1,150	7,348	8,498
Net assets acquired	62	114	163	339	31,185	31,524
Consideration transferred	6,132	5,513	4,879	16,524		16,524
Goodwill	6,070	5,399	4,716	16,185		-15,000

In 2010, the increase in EDPR Polska goodwill (329 thousands of Euros) is related with the acquisition of 100% of the share capital of Subsidiary Karpacka Mala Energetyka SP ZOO. Additionally the goodwill has decreased 3,144 thousands of Euros related with exchange differences.

EDPR Italia Group

The EDPR Italia Group goodwill results from the acquisition of Italian Wind, S.r.l., Repano, S.r.l. and Re Plus, S.r.l. During 2010, the final PPA for the Italian Wind, S.r.l., Repano, S.r.l. acquisitions was carried out and the final goodwill generated is analysed as follows:

Thousands of Euros	Book value	Provisory PPA	Assets and Liabilities at fair value
Property, plant and equipment	4,841	3,964	8,805
Other non current assets	123	-	123
Goodwill	15,149	-	15,149
Non current assets	20,113	3,964	24,077
Current assets	-	-	-
Total assets	20,113	3,964	24,077
Non current liabilities	-	1,090	1,090
Current liabilities	405	-	405
Total liabilities	405	1,090	1,495
Net assets acquired	19,708	2,874	22,582
Consideration transferred	65,072		65,072
Goodwill	45,364		42,490

During 2011 the EDPR Group has paid an amount of 15,317 thousands of Euros (31 December 2010: 59,325 thousands of Euros) for business combinations and success fees.

Goodwill impairment tests - EDPR Group

The goodwill of the EDPR Group is tested for impairment each year with basis of September. In the case of operational wind farms, it is performed by determining the recoverable value through the value in use of the different cash generating units (CGUs) comprising each of the countries where EDPR Group performs its activity. Each country coincides with subgroups disclosed before.

To perform this analysis, a Discounted Cash Flow (DCF) method was used. This method is based on the principle that the estimated value of an entity or business is defined by its capacity to generate financial resources in the future, assuming these can be removed from the business and distributed among the company's shareholders, without compromising the maintenance of the activity.

Therefore, for the businesses developed by EDPR's CGUs, the valuation was based on free cash flows generated by the business, discounted at appropriate discount rates.

The future cash flows projection period used is the useful life of the assets (25 years) which is consistent with the estimated useful life of our wind farms and with the current depreciation method. This is also supported by the long-term off-take contracts in place and possibility of utilizing estimated price curves.

The main assumptions on which impairment tests are based are as follows:

- Power produced: net capacity factors used for each CGU utilize the wind studies carried out, which takes into account the long-term predictability of wind output and that wind generation is supported in nearly all countries by regulatory mechanisms that allow for production whenever weather conditions permit;

- Electricity remuneration: approved or contracted remuneration has been applied where available, as for the CGUs that benefit from regulated remuneration or that have signed contracts to sell their output a pre-determined during their useful life; where this is not available, prices were derived using price curves projected by the company based on its experience, internal models and using external data sources;

- New capacity: tests were based on the best information available on the wind farms due to come operational in coming years and considered the contracted and expected prices to buy turbines from various suppliers, adjusted by the probability the projects planned are to be successfully completed and by the growth prospects of the company based on the Business Plan Targets, its historical growth and market size projections;

- Operating costs: established contracts for land leases and maintenance agreements were used; other operating costs were projected consistent with the company's experience and internal models;

- Terminal value: it is used as a percentage of the initial investment in each CGU, considering inflation;

- Discount rate: the discount rates used reflect EDPR Group's best estimate of the risks specific to each CGU and range as follows:

	2011	2010
EDPR EU	6.1% - 8.6%	5.3% - 7.7%
EDPR NA and EDPR BR	5.0% - 8.3%	6.1% - 9.1%

EDPR has performed a series of sensitivity analyses of the results of impairment tests to changes in some of the key variables, such as the ones above:
- Net Capacity;
- Electricity remuneration;
- Capital expenditures of new windfarms;
- Amount of new capacity to be placed on-line in the following years;
- Discount rate.

This sensitivity analysis does not lead into any imparity on EDPR EU nor EDPR NA and EDPR BR, apart from Italy whereas a sensitivity of +25-50bps on the discount rate would lead to the recognition of an impairment impact in results in the range of 4.6M€ to 9.0M€ (gross of 0.3M€ to 0.5M€ positive impact in results driven by existing put option).

On top, on 28th of January 2012 the Spanish Government enacted Royal-Decree Law 1/2012 that approves a temporary suspension of the premium remuneration for renewable energy capacity not included in the pre-assignation registry. Despite this regulation, the Government has emphasized its commitment towards achieving the 2020 Renewable Energy Target for Spain.

Within EDPR's pipeline, wind farms already included in the registry will not be affected by this new regulation. Projects not included in the registry, and therefore, ruled by Royal-Decree-law 1/2012, did not have beforehand a defined incentive scheme. Accordingly, EDPR planned and valued its pipeline using conservative criteria that was not counting on the existence of a new regulatory scheme. Therefore, the new Royal-Decree Law does not have, in practice, any economic impact either on the value of EDPR´s pipeline or the overall company. A sensitivity analysis considering one-year delay in the construction of wind farms affected by this new regulation does not induce to any impairment of relevance in the assets value.

19. INVESTMENTS IN ASSOCIATES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Investments in associates:		
Equity holdings in associates	51,381	45,871
Carrying amount	51,381	45,871

For the purpose of annual accounts presentation, goodwill arising from the acquisition of associated companies is presented in this caption, included in the total amount of Equity holdings in associates.

The breakdown of **Investments in associates as at 31 December 2011** , is analysed as follows:

	31 Dec 2011	
Thousands of Euros	Investment	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 breakdown of **Investments in associates as at 31 December 2010** , is analysed as follows:

	31 Dec 2010	
Thousands of Euros	Investment	Impairment
Associated companies:		
ENEOP - Éolicas de Portugal, S.A.	12,869	-
Desarrollos Eólicos de Canárias, S.A.	11,566	-
Parque Eólico Sierra del Madero S.A.	6,788	-
Veinco Energia Limpia subgroup	4,790	-
Other	9,858	-
	45,871	-

The movement in **Investments in associates** , is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Balance as at 1 January	45,871	47,609
Acquisitions	13,592	3,834
Disposals	-3	-
Share of profits of associates	4,796	5,036
Dividends received	-3,412	-1,784
Exchange differences	1,419	131
Changes in consolidation method	-4,790	-8,955
Others	-6,092	-
Balance as at 31 December	51,381	45,871

Acquisitions of investments in associates are mainly related to acquisition of Seaenergy Renewables Inch Cape Limited (see note 5).

Changes in consolidation method are related with the acquisition of an additional interest of 14% in the share capital of Aplicaciones Industriales de Energias Limpias S.L. (Veinco Energia Limpia subgroup), obtaining the control of this company and starting to consolidate under the full consolidation method (see note 5 and 18).

20. AVAILABLE FOR SALE FINANCIAL ASSETS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Sociedad Eólica de Andalucia, S.A.	-	10,832
Parque Eólico Montes de las Navas, S.L.	8,847	6,684
Other	771	864
	9,618	18,380

In 2011, EDP Renováveis closed an agreement with Enel Green Power Spain, SA to sell its 16.67% equity shareholding in Sociedad Eólica de Andalucia, SA ("SEASA") by 10.7 million of Euros, with an after-tax capital gain of 6.6 million of Euros (see note 13).

The assumptions used in the valuation models of available for sale financial assets are as the same used to the impairment test.

The interest in share capital, voting rights, net assets and net income of the last approved annual accounts of the investments classified as available for sale financial assets are analysed as follows:

	Head office	% of share capital	Voting rights	Net assets	Net income
Parque Eólico Montes de las Navas, S.L.	Madrid	17.00%	17.00%	27,407	3,492

21. DEFERRED TAX ASSETS AND LIABILITIES

The EDP Renováveis Group records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis, which are analysed as follows:

	Deferred tax assets		Deferred tax liabilities	
Thousands of Euros	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Europe and Others:				
Tax losses brought forward	19,733	4,487	-	-
Provisions	7,796	6,591	-	-
Derivative financial instruments	7,285	8,401	49	52
Property, plant and equipment	19,646	18,563	1,098	254
Allocation of fair value to assets and liabilities	-	-	358,243	357,200
Accounting revaluations	-	-	-	146
Other	1,098	477	2,207	1,165
	55,558	38,519	361,597	358,817
United States of America:				
Tax losses brought forward	520,423	329,722	-	-
Provisions	-		-	-
Derivative financial instruments	5,806	6,670	-	-
Property, plant and equipment	-		224,023	234,331
Allocation of fair value to assets and liabilities	-		66,902	50,943
Accounting revaluations	-		-	-
Income from institutional partnerships in US wind farms	-		271,959	76,201
Offsetting of deferred tax assets and liabilities	-543,013	-348,692	-543,013	-348,692
Other	16,784	12,300		-
	-	-	19,871	12,783
	55,558	38,519	381,468	371,600

The movements in net deferred tax assets and liabilities during the year are analysed as follows:

	31 Dec 2011		31 Dec 2010	
Thousands of Euros	Tax Assets	Tax Liabilities	Tax Assets	Tax Liabilities
Opening balance	38,519	-371,600	28,066	-342,924
Movements charged to the profit and loss account	18,417	-16,563	7,119	-16,741
Movements charged to reserves	-1,107	2	2,707	2,545
Change in the applicable tax rate	-	-441	-	-
Other movements	-271	7,134	627	-14,480
	55,558	-381,468	38,519	-371,600

As refered above, the opening balance of tax liabilities as at 1 January 2010 includes the effect of the final purchase price allocation of Bon Vent de L'Êbre (2,045 thousands of Euros) and Kresy (-541 thousands of Euros), performed during 2010.

Other movements of deferred tax liabilities relates mainly to the effect of purchase price allocations occurring in 2010 related to Neo Catalunia, Italy, Parque Eólico Altos del Voltoya (12,404 thousands of Euros).

Details of deferred tax assets and liabilities that will be realised or reversed in over 12 months are as follows:

	31 Dec 2011	
Thousands of Euros	Tax Assets	Tax Liabilities
Tax losses brought forward	15,786	-
Provisions	3,264	-
Derivative financial instruments	7,285	3
Allocation of acquired assets and liabilities fair values	-	344,662
Property, plant and equipement	18,078	909
Accounting revaluations	-	-
Others	1,082	554
	45,495	346,128

The Group tax losses and tax credits carried forward are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Expiration date:		
2011	-	229
2012	352	197
2013	249	164
2014	239	193
2015	7,556	7 633
2016	20,882	2 822
2017 to 2031	1,364,112	985 906
Without expiration date	275,396	155 987
	1,668,786	1,153,131

22. INVENTORIES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Advances on account of purchases	8,344	3,549
Finished and intermediate products	12,194	18,669
Raw and subsidiary materials and consumables:		
Other consumables	3,213	1,944
	23,751	24,162

The Finished and intermediate products are essentially related with wind farms construction in progress.

23. TRADE RECEIVABLES

Trade receivables are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Trade receivables - Current:		
Europe:		
Spain	63,082	81,619
Portugal	11,708	13,664
Poland	12,420	8,967
Rest of Europe	20,891	11,106
	108,101	115,356
United States of America	31,660	27,945
Other	6,344	349
	146,105	143,650
Doubtful debts	1,437	2,339
Impairment losses	-1,437	-2,339
	146,105	143,650

24. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Debtors and other assets from commercial activities - Current:		
Prepaid turbine maintenance	6,775	3,651
Services rendered	5,167	8,103
Advances to suppliers	45,445	55,917
Sundry debtors and other operations	22,642	23,748
	80,029	91,419
Debtors and other assets from commercial activities - Non-current:		
Deferred costs (EDP Renováveis Portugal Group)	44,715	46,588
Deferred PPA costs (High Trail)	5,076	5,275
Mapple Ridge I NYSERDA REC contract (EDPR NA)	4,959	6,317
Sundry debtors and other operations	9,461	4,572
	64,211	62,752
	144,240	154,171

Deferred costs (EDP Renováveis Portugal Group) - non current relates to up-front rents and surface rights paid to land owners and up-front network rents paid to EDP Distribuição. These costs are deferred on the balance sheet and are recognised on a straight line basis over the estimated useful life of the assets.

Advances to suppliers includes mainly a advance for Gamesa of 38,247 thousands of Euros, supplier of wind turbines.

25. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Other debtors and other assets - Current:		
Loans to related parties	324,242	358,795
Derivative financial instruments	9,430	5,402
Guarantees and tied deposits	14,943	15,678
Sundry debtors and other operations	30,631	4,026
	379,246	383,901
Other debtors and other assets - Non-current:		
Loans to related parties	123,560	6,955
Guarantees and tied deposits	45,828	35,957
Derivative financial instruments	8,650	4,068
Deferred costs related with institutional partnerships in US wind farms	12,948	11,631
Sundry debtors and other operations	7,286	1,948
	198,272	60,559
	577,518	444,460

Loans to related parties - Current includes mainly 99,324 thousands of Euros of loans granted by EDP Renováveis Portugal, S.A. to ENEOP Group (31 December 2010: 129,648 thousands of Euros), 19,920 thousands of Euros related to loans granted by EDPR EU to EDP, S.A. - Sucursal en España (31 December 2010: 55,399 thousands of Euros) and 198,713 thousands of Euros (31 December 2010: 171,081 thousands of Euros) of loans granted by EDP Renováveis, S.A. to EDP S.A. - Sucursal en España.

Loans to related parties - Non-current includes mainly 117,880 thousands of Euros of loans granted by EDP Renováveis Portugal, S.A. to Eneop Group.

Guarantees and tied deposits - Non Current are related to project finance agreements, which of EDPR EU Group companies are obliged to hold these amounts in bank accounts in order to ensure its capacity of comply with responsibilities.

26. CURRENT TAX ASSETS

Tax receivable is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
State and other public entities:		
Income tax	15,163	19,131
Value added tax (VAT)	21,738	53,109
Other taxes	4,387	8,810
	41,288	81,050

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Equity securities:		
Investment funds	-	35,335
Debt securities:		
Bonds	211	409
	211	35,744

In 2011, EDPR NA the sold of Neomai Inversiones SICAV, SA which held the investments funds (see note 5).

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Cash:		
Cash in hand	2	4
Bank deposits:		
Current deposits	188,607	234,231
Specific demand deposits in relation to institutional partnerships	24,636	76,939
Other deposits	6,677	189,465
	219,920	500,635
Cash and cash equivalents	219,922	500,639

As at December 2011, the EDP Renováveis Group made a change in presentation related to restricted cash. The Group believes this presentation is more appropriate and provides the users of the annual accounts with more relevant information pertaining to Cash and cash equivalents. Specific demand deposits in relation to institutional partnerships are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 35). The governing agreements of these partnerships and specific escrow agreements define the appropriate expenditure of these funds. Prior to 2011, amounts included in Specific demand deposits were previously included as a component of restricted cash in Other debtors and other assets - Current - Tied deposits (see note 25). The Group has re-classified these amounts that are expected to be used in the next twelve months as restricted cash and included them within Cash and cash equivalents. In accordance with IAS 1, the Group has retrospectively reclassified amounts within 2010 comparative figures to conform to this change in presentation. The Group reclassified 24,636 thousands of Euros and 76,939 thousands of Euros as 31 December 2011 and 2010, respectively, from Other debtors and other assets . Current - Tied deposits to Cash and cash equivalents.

In 31 December 2010, the Other deposits includes 182,633 thousands of Euros made in EDP Finance BV in USD, with a maturity until one month, which earn interests from 5% to 5.5%.

29. CAPITAL

At 31 December 2011 and 2010, the share capital of the Company is represented by 872,308,162 ordinary bearer shares of Euros 5 par value each, all fully paid. These shares have the same voting and profit-sharing rights. These shares are freely transferable.

Companies which hold a direct or indirect interest of at least 10% in the share capital of the Company at 31 December 2011 and 2010 are as follows:

Main shareholders and shares held by company officers:

EDP Renováveis, S.A. shareholder's structure as at 31 December 2011 is analysed as follows:

	N.º 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.

Earning per share attributable to the shareholders of EDPR are analysed as follows:

	31 Dec 2011	31 Dec 2010
Profit attributable to the equity holders of the parent in thousands of Euros	88,604	80,203
Profit from continuing operations attributable to the equity holders of the parent in thousands of Euros	88,604	80,203
Weighted average number of ordinary shares outstanding	872,308,162	872,308,162
Weighted average number of diluted ordinary shares outstanding	872,308,162	872,308,162
Earnings per share (basic) attributable to equity holders of the parent in Euros	0.10	0.09
Earnings per share (diluted) attributable to equity holders of the parent in Euros	0.10	0.09
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent in Euros	0.10	0.09
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent in Euros	0.10	0.09

The EDPR Group calculates its basic and diluted earnings per share attributable to equity holders of the parent using the weighted average number of ordinary shares outstanding during the period.

The company does not hold any treasury stock as at 31 December 2011.

The average number of shares was determined as follows:

	31 Dec 2011	31 Dec 2010
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Effect of shares issued during the year	-	-
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the year	872,308,162	872,308,162
Diluted average number of shares during the year	872,308,162	872,308,162

30. RESERVES AND RETAINED EARNINGS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Reserves		
Fair value reserve (cash flow hedge)	-14,118	-4,913
Fair value reserve (available for sale financial assets)	4,575	10,980
Exchange differences arising on consolidation	-31,002	-15,316
	-40,545	-9,249
Other reserves and retained earnings:		
Retained earnings	286,175	208,493
Additional paid in capital	60,666	60,666
Legal reserve	18,690	14,281
	365,531	283,440
	324,986	274,191

Additional paid in capital

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the Group EDPR has adopted an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated annual accounts using the book values of the acquired company (subgroup) in the EDPR consolidated annual accounts. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

Legal reserve

The legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available or to increase the share capital.

Profit distribution (parent company)

The EDP Renováveis, S.A. proposal for 2011 profits distribution to be presented in the Annual General Meeting is as follows:

	Euros
Profit for the period	59,018,372.50
Distribution	
Legal reserve	5,901,837.25
Retained earnings	53,116,535.25
	59,018,372.50

The EDP Renováveis, S.A. 2010 profits distribution approved in the Annual General Meeting on 12 April 2011 was as follows:

	Euros
Profit for the period	44,091,046.97
Distribution	
Legal reserve	4,409,104.70
Retained earnings	39,681,942.27
	44,091,046.97

Fair value reserve (cash flow hedge)

The Fair value reserve (cash flow hedge) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging

Fair value reserve (available-for-sale financial assets)

This reserve includes the accumulated net change in the fair value of available-for-sale financial assets as at the balance sheet date.

Thousands of Euros	
Balance as at 1 January 2010	8,659
Sociedad Eólica de Andalucia	-934
Parque Eólico Montes de las Navas, S.L.	3,255
Balance as at 31 December 2010	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

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the annual accounts of subsidiaries and associated companies from their functional currency into Euros. The exchange rates used in the preparation of the condensed consolidated annual are as follows:

		Exchange rates as at 31 December 2011		Exchange rates as at 31 December 2010	
Currency		**Closing Rate**	**Average Rate**	**Closing Rate**	**Average Rate**
US Dollar	USD	1.294	1.392	1.336	1.326
Zloty	PLN	4.458	4.121	3.975	3.995
Brazilian Real	BRL	2.416	2.327	2.218	2.331
Lei	RON	4.323	4.239	4.262	4.212
Pound Sterling	GBP	0.835	0.868	0.861	0.858
Canadian Dollar	CAD	1.322	1.376	1.332	1.365

31. NON-CONTROLLING INTERESTS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Non-controlling interests in income statement	2,020	2,835
Non-controlling interests in share capital and reserves	124,539	122,706
	126,559	125,541

Non-controlling interests , by subgroup, are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
EDPR EU Group	115,937	114,216
EDPR BR Group	10,622	11,325
	126,559	125,541

The movement in non-controlling interests of EDP Renováveis Group is mainly related to:(i) profits attributable to non-controlling interests of 2,020 thousands of Euros; (ii) variations resulting from share capital increases attributable to non-controlling interests of EDPR EU subsidiaries (Eólica Alfoz, S.L., Moray Offshore Renewables Limited, Pestera Wind Farm, S.A., Investigación y Desarrollo de Energías Renovables, S. L. and Pochidia Wind Farm, S.A.) and EDP Renováveis Brasil, S.A., totalling 10,324 thousands of Euros and 1,493 thousands of Euros, respectively; and, the acquisition of an additional interest in the share capital of Aplicaciones Industriales de Energias Limpias, S.L. (8,055 thousands of Euros) (see note 5); (iii) and dividends from EDPR EU amount to 3,419 thousands of Euros.

32. FINANCIAL DEBT

This balance is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Financial debt - Current		
Bank loans:		
EDPR EU Group	66,876	125,408
EDPR BR Group	59,165	72,485
Other loans:		
EDPR EU Group	2,061	3,634
EDPR NA Group	1,050	935
Interest payable	5,902	5,185
	135,054	207,647
Financial debt - Non-current		
Bank loans:		
EDPR EU Group	588,353	491,588
EDPR BR Group	91,997	8,052
Loans from shareholders of group entities:		
EDP Renováveis , S.A.	2,986,433	2,799,548
Other loans:		
EDPR EU Group	21,893	23,423
EDPR NA Group	2,392	3,332
	3,691,068	3,325,943
	3,826,122	3,533,590

Financial debt Non-current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV (2,986,433 thousands of Euros). These loans have an average maturity of 7.2 years and bear interest at fixed market rates.

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2011, these financings amount to 570,933 thousands of Euros (624,878 thousands of Euros as at 31 December 2010), which are already included in the total debt of the Group.

The breakdown of **Financial debt** by maturity, is as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Bank loans:		
Up to 1 year	129,512	202,184
1 to 5 years	295,382	215,135
Over 5 years	384,968	284,505
	809,862	701,824
Loans from shareholders of group entities:		
Up to 1 year	2,431	894
1 to 5 years	241,000	-
Over 5 years	2,745,433	2,799,548
	2,988,864	2,800,442
Other loans:		
Up to 1 year	3,111	4,569
1 to 5 years	24,285	16,545
Over 5 years	-	10,210
	27,396	31,324
	3,826,122	3,533,590

The fair value of EDP Renováveis Group's debt is analysed as follows:

	31 Dec 2011		31 Dec 2010	
Thousands of Euros	Carrying Value	Market Value	Carrying Value	Market Value
Financial debt - Current	135,054	135,054	207,647	207,647
Financial debt - Non current	3,691,068	3,262,999	3,325,943	3,178,811
	3,826,122	3,398,053	3,533,590	3,386,458

The market value of the medium/long-term (non-current) debt and borrowings that bear a fixed interest rate is calculated based on the discounted cash flows at the rates ruling at the balance sheet date. The market value of debt and borrowing that bear a floating interest rate is considered not to differ from its book value as these loans bear interest at a rate indexed to Euribor. The book value of the short-term (current) debt and borrowings is considered to be the market value.

As at 31 December 2011, the scheduled repayments of Group's debt are as follows:

Thousands of Euros	Total	2012	2013	2014	2015	2016	Subsequent years
Debt and borrowings - Current	135,054	135,054	-	-	-	-	-
Debt and borrowings - Non current	3,691,068	-	80,281	88,444	73,638	318,304	3,130,401
	3,826,122	135,054	80,281	88,444	73,638	318,304	3,130,401

The breakdown of guarantees is presented in note 40 to the condensed consolidated annual accounts.

The breakdown of Finance debt, by currency, is as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Loans denominated in EUR	2,035,563	1,844,113
Loans denominated in USD	1,538,832	1,452,120
Loans denominated in other currencies	251,727	237,357
	3,826,122	3,533,590

33. EMPLOYEE BENEFITS

Employee benefits balance are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Provisions for social liabilities and benefits	103	36
Provisions for healthcare liabilities	60	59
	163	95

Employee benefit plans

Some EDP Renováveis Group companies grant post-retirement benefits to employees, under defined benefit plans, namely pension plans that ensure retirement complements to age, disability and surviving pensions, as well as retirement pensions. In some cases healthcare is provided during retirement and early retirement, through mechanisms complementary to those provided by the National Health Service.

The existing plans are presented hereunder, with a brief description of each and of the companies covered by them, as well as of the economic and financial data:

I. Defined benefit pension plans

The EDP Renováveis Group companies in Portugal have a social benefits plan funded by a restricted Pension Fund, complemented by a specific provision. The EDP Pension Fund is managed by Pensõesgere being the management of the assets subcontracted to external asset management entities.

This Pension Fund covers the liability for retirement pension complements (age, disability and survivor pension) as well as the liability for early retirement.

The following financial and actuarial assumptions were used to calculate the liability of the EDP Renováveis Group pension plans:

	31 Dec 2011	31 Dec 2010
Assumptions		
Expected return of plan assets	5.00%	5.60%
Discount rate	5.00%	5.00%
Salary increase rate	3.50%	3.70%
Pension increase rate	2.50%	2.70%
Social Security salary appreciation	1.90%	1.90%
Inflation rate	2.00%	2.00%
Mortality table	Age >60 -TV88/90 Age<=60 years -TV99/01	Age >60 -TV88/90 Age<=60 years -TV99/01
Disability table	50%EKV 80	50%EKV 80
Expected % of eligible employees accepting early retirement	40%	40%

II. Pension Plans - Defined Contribution Type

EDPR EU in Spain, has social benefit plans of defined contribution that complement those granted by the Social Welfare System to the companies' employees, under which they pay a contribution to these plans each year, calculated in accordance with the rules established in each case.

III. Liability for Medical Care and Other Benefits Plans - Defined Benefit Type

The Group companies in Portugal resulting from the spin-off of EDP in 1994 have a Medical Care Plan which is fully covered by a provision.

The actuarial assumptions used to calculate the liability for Medical Care Plans are as follows:

	31 Dec 2011	31 Dec 2010
Assumptions		
Discount rate	5.00%	5.00%
Annual increase rate of medical service costs	4.00%	4.00%
Estimated administrative expenses per beneficiary per year (Euros)	200	175
Mortality table	Age >60 -TV88/90 Age<=60 years -TV99/01	Age >60 -TV88/90 Age<=60 years -TV99/01
Disability table	50%EKV 80	50%EKV 80
Expected % of subscription of early retirement by employees eligible	40%	40%

The Medical Plan liability is recognised in the Group's accounts through provisions that totally cover the liability.

34. PROVISIONS

Provisions are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Dismantling and decommission provisions	57,694	53,156
Provision for other liabilities and charges	288	631
	57,982	53,787

Dismantling and decommission provisions refer to the costs to be incurred with dismantling wind farms and restoring of sites and land to their original condition, in accordance with the accounting policy described in Note 2 o). The above amount respects to 34,523 thousands of Euros for wind farms in the United States of America (31 December 2010: 28,813 thousands of Euros), 14,507 thousands of Euros for wind farms in Spain (31 December 2010: 15,904 thousands of Euros), 3,768 thousands of Euros for wind farms in Portugal (31 December 2010: 4,610 thousands of Euros), 896 thousands of Euros for wind farms in Brazil (31 December 2010: 639 thousands of Euros), 1,622 thousands of Euros for wind farms in France (31 December 2010: 2,010 thousands of Euros), 1,165 thousands of Euros for wind farms in Romania, 886 thousands of Euros for wind farms in Poland (31 December 2010: 781 thousands of Euros) and 327 thousands of Euros for wind farms in Belgium (31 December 2010: 399 thousands of Euros).

EDP Renováveis believes that the provisions booked on the consolidated statement of financial position adequately cover the risks described in this note. Therefore, it is not expected that they will give rise to liabilities in addition to those recorded.

As at 31 December 2011 and 31 December 2010, the EDP Renováveis Group does not have any significant tax-related contingent liabilities or contingent assets related to unresolved disputes with the tax authorities.

The movements in Provisions for dismantling and decommission provisions are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Balance at the beginning of the year	53,156	63,956
Capitalised amount for the year and other	452	3,771
Unwinding	2,995	2,872
Other and exchange differences	1,091	-17,443
Balance at the end of the year	57,694	53,156

Capitalised amount for the year and other includes the impact of the update of dismantling provisions assumptions.

The movements in Provision for other liabilities and charges are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Balance at the beginning of the year	631	3,129
Charge for the year	-	-
Write back for the year	-266	-155
Other and exchange differences	-77	-2,343
Balance at the end of the year	288	631

35. INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Deferred income related to benefits provided	773,252	635,271
Liabilities arising from institutional partnerships in US wind farms	1,023,557	1,008,777
	1,796,809	1,644,048

The movements in Institutional partnerships in US wind farms are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Balance at the beginning of the year	1,644,048	1,353,612
Proceeds received from institutional investors	153,192	245,252
Cash paid to institutional investors	-11,966	-16,893
Income (see note 7)	-111,610	-107,005
Unwinding (see note 14)	62,538	64,830
Exchange differences	60,607	104,252
Balance at the end of the year	1,796,809	1,644,048

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that apportions the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTC), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

During 2011 EDPR Group, through its subsidiary EDPR NA, has secured 116 million of USD (approximately 83 million of Euros) of institutional equity financing from Bank of America Corporation and Paribas North America in exchange for an interest in the Vento IX portfolio and 124 million of USD which 97 million of USD (approximately 70 million of Euros) were realized upfront of institutional equity financing from JPM Capital Corporation and Wells Fargo Wind Holdings in exchange for an interest in Vento X Portofolio.

36. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

Trade and other payables from commercial activities are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Trade and other payables from commercial activities - Current:		
Suppliers	82,972	40,453
Property and equipment suppliers	582,280	665,443
Variable remuneration to employees	20,584	16,881
Other creditors and sundry operations	21,754	11,606
	707,590	734,383
Trade and other payables from commercial activities — Non-current:		
Government grants / subsidies for investments in fixed assets	339,209	341,842
Electricity sale contracts - EDPR NA	61,663	71,991
Other creditors and sundry operations	3,361	2,898
	404,233	416,731
	1,111,823	1,151,114

Government grants for investments in fixed assets are essentially related to grants received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government (see note 1).

Electricity sales contracts - EDPR NA relates to the fair value of the contracts entered into by EDPR NA with its customers, determined under Power purchase agreements (see note 8).

37. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Other liabilities and other payables - Current:		
Liabilities arising from options with non-controlling interests	756	234,754
Derivative financial instruments	129,582	10,673
Other operations with related parties	37,891	16,257
Other creditors and sundry operations	20,890	39,715
	189,119	301,399
Other liabilities and other payables — Non-current:		
Success fees payable for the acquisition of subsidiaries	48,053	76,621
Payables - Group companies	31,103	61,806
Derivative financial instruments	106,115	162,042
Liabilities arising from options with non-controlling interests	3,356	36,584
Other creditors and sundry operations	623	207
	189,250	337,260
	378,369	638,659

Success fees payable for the acquisition of subsidiaries Non-Current include the amounts related to the contingent prices of the acquisitions of the EDPR Italy, Relax Wind Group , EDPR Romania, Greenwind, Bodzanow, Starozreby, Wyszorod, Elektrownia Wiatrowa Kresy and Elebrás. The decrease on this caption is due to reestimation of contigent consideration in 17,070 thousands of Euros (see note 8) and payments.

As at 31 December 2010 the Liabilities arising from options with non-controlling interests - Current includes the liability for the put option contracted with Caja Madrid for a 20% interest in the Genesa Group in the amount of 234,754 thousands of Euros equivalent to 20% of Genesa's full equity valuation. The option was exercised by Caja Madrid within the exercise period. During first semester of 2011 EDPR Group has paid 231 million.

As at 31 December 2011 the decrease on Liabilities arising from written put options with non-controlling interests - Non current , is mainly due to the reestimation of fair value of the written put option and the dilution of non-controlling interests in 34,625 thousands of Euros (see note 8 and note 40).

As at 31 December 2011, Derivative financial instruments - Non Current includes 79,184 thousands of Euros related to a hedge instrument of USD and Euros with EDP Branch, which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see note 39).

According to Spanish law 15/2010 of 5 July the Group disclose the details of payments made to spanish suppliers during the year 2011 (distinguishing those who have exceeded the legal limits of postponement), the average payments period , the outstanding balances that at 31 December 2011 with an overdue greater than the legal period, are the following:

	Payments and outstandig payments at year end	
Thousands of Euros	Value	%
Within the legal deadline	200,088	48.19%
Rest	215,150	51.81%
Total payments for the year	415,238	100.00%
Average payment period (days)	31.76	
Outstanding balances with an overdue greater than the legal period	27,873	

At 31 December 2011, the outstanding balances with an overdue greater then the legal period includes 22,165 thousands of Euros regarding group companies.

At 31 December 2010, the balance of Spanish suppliers with a maturity date over 85 days is 15,616 thousands of Euros, from which 1,024 thousands of Euros are related with group companies.

38. CURRENT TAX LIABILITIES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
State and other public entities:		
Income tax	8,838	10,122
Withholding tax	24,026	22,474
Value added tax (VAT)	15,320	14,169
Other taxes	3,232	1,981
	51,416	48,746

39. DERIVATIVE FINANCIAL INSTRUMENTS

In accordance with IAS 39, the Group classifies the derivative financial instruments as a fair value hedge of an asset or liability recognised, as a cash flow hedge of recorded liabilities and forecast transactions considered highly probable or net investment hedged in foreign operations.

As of 31 December 2011, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
Thousands of Euros	Assets	Liabilities	Until 1 year	From 1 to 5 years	More than 5 years	Total
Net investment hedge						
Cross currency rate swaps	7,807	-208,460	1,132,501	77,008	693,674	1,903,183
	7,807	-208,460	1,132,501	77,008	693,674	1,903,183
Cash flow hedge						
Power price swaps	5,961	-29	61,500	1,098	-	62,598
Interest rate swaps	5	-26,931	41,846	184,337	198,763	424,946
	5,966	-26,960	103,346	185,435	198,763	487,544
Trading						
Power price swaps	2,251	-277	2,101	551	-	2,652
Currency forwards	2,056	-	38,803	-	-	38,803
	4,307	-277	40,904	551	-	41,455
	18,080	-235,697	1,276,751	262,994	892,437	2,432,182

As of 31 December 2010, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
Thousands of Euros	Assets	Liabilities	Until 1 year	1 to 5 years	More than 5 years	Total
Net investment hedge						
Cross currency rate swaps	-	-145,123	-	59,627	1,826,174	1,885,801
	-	-145,123	-	59,627	1,826,174	1,885,801
Cash flow hedge						
Power price swaps	7,438	-7,725	74,039	3,940	-	77,979
Interest rate swaps	268	-17,994	106,101	159,221	179,075	444,397
Currency forwards	-	-1,368	38,803	-	-	38,803
	7,706	-27,087	218,943	163,161	179,075	561,179
Trading						
Power price swaps	1,764	-407	2,032	269	-	2,301
Interest rate swaps	-	-98	-	17,381	-	17,381
	1,764	-505	2,032	17,650	-	19,682
	9,470	-172,715	220,975	240,438	2,005,249	2,466,662

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 25) or Other liabilities and other payables (note 37), if the fair value is positive or negative, respectively.

The net investment derivatives are related to the Group CIRS in USD and EUR with EDP Branch as referred in the notes 41 and 42. The fair value is based on internal valuation models, as described in note 42.

Interest rate swaps are related to the project finances and intend to convert variable to fixed interest rates.

Currency forwards related to exchange rate risk in Neólica Polska, derived from the supplying contracts defined in Euros, for which will be necessary financings in Polish Zlotis, are no longer qualified as cashflow hedge but presented as trading.

Cash flow hedge power price swaps are related to the hedging of the sales price. EDPR NA has entered into a power price swap to hedge the variability in the spot market prices received for a portion of the production of Maple Ridge I project. Additionally, both EDPR NA and EDPR EU have entered in short term hedges to hedge the short term volatility of certain un-contracted generation of its wind farms.

In certain US power markets, EDPR NA is exposed to congestion and line loss risks which typically have a negative impact on the price received for power generated in these markets. To economically hedge these risk exposures, EDPR NA entered into Financial Transmission Rights ("FTR") and a three year fixed for floating Locational Marginal Price (LMP) swap .

The trading derivative financial instruments are derivatives contracted for economic hedging that are not eligible for hedge accounting.

Fair value of derivatives is based on quotes indicated by external entities (investment banks). These entities use discount cash flows techniques usually accepted and data from public markets.

The changes in the fair value of hedging instruments and risks being hedged are as follows:

Thousands of Euros			2011		2010	
			Changes in fair value		Changes in fair value	
Type of hedge	Hedging instrument	Hedged item	Instrument	Risk	Instrument	Risk
Net Investment hedge	Cross currency rate swaps	Subsidiary accounts in USD and PLN	-55,530	55,530	-143,855	143,855
Cashflow hedge	Interest rate swap	Interest rate	-15,999	-	-233	-
Cashflow hedge	Power price swaps	Power price	6,219	-	-17,778	-
Cashflow hedge	Currency forward	Exchange rate	2,789	-	-756	-
			-62,521	55,530	-162,622	143,855

The movements in cash flow hedge reserve have been as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Balance at the beginning of the year	-13,632	14,094
Fair value changes		
Interest rate swaps	-16,333	-5,186
Power price swaps	6,110	-18,448
Currency forward	2,789	-756
Transfers to results	-4,502	-3,222
Ineffectiveness	1	-32
Non-controlling interests included in fair value changes	1,109	-82
Balance at the end of the year	-24,458	-13,632

The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Cash-flow hedge		
Transfers to results	4,502	3,222
Ineffectiveness	-1	32
Non eligible for hedge accounting derivatives	1,268	-234
	5,769	3,020

The effective interest rates for derivative financial instruments associated with financing operations during 2011, were as follows:

	EDP Renováveis Group		
	Currency	Pays	Receives
Interest rate contracts:			
Interest rate swaps	EUR	[2.68% - 5.01%]	[1.43% - 1.81%]
Interest rate swaps	PLN	5.41%	4.90%
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/PLN	[3,91% - 4,03%]	1.39%

The effective interest rates for derivative financial instruments associated with financing operations during 2010, were as follows:

	EDP Renováveis Group		
	Currency	Pays	Receives
Interest rate contracts:			
Interest rate swaps	EUR	[2.52% - 5.01%]	[0.72% - 1.11%]
Interest rate swaps	PLN	5.41%	1.00%

40. COMMITMENTS

As at 31 December 2011 and 31 December 2010, the financial commitments not included in the statement of financial position in respect of financial and real guarantees provided, are analysed as follows:

Thousands of Euros

Type	31 Dec 2011	31 Dec 2010
Guarantees of a financial nature		
EDP Renováveis	-	19,453
EDPR EU Group	2,178	2,178
EDPR NA Group	3,478	3,368
	5,656	24,999
Guarantees of an operational nature		
EDP Renováveis	469,459	538,122
EDPR EU Group	20,140	50,998
EDPR NA Group	1,740,496	1,304,742
	2,230,095	1,893,862
Total	2,235,751	1,918,861
Real guarantees	12,360	12,718

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2011, these financings amount to 570,933 thousands of Euros (31 December 2010: 624,878 thousands of Euros), which are already included in the total debt of the Group.

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

	31 Dec 2011				
	Debt capital by period				
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

	31 Dec 2010				
	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)	4,896,942	377,159	442,334	437,899	3,639,550
Operating lease rents not yet due	769,109	42,363	85,458	84,370	556,918
Purchase obligations	2,676,437	1,063,288	1,180,820	429,303	3,026
	8,342,488	1,482,810	1,708,612	951,572	4,199,494

Purchase obligations include debts related with long-term agreements of product and services supply related to the Group operational activity. When prices are defined under "forward" contracts, these are used in estimating the amounts of the contractual commitments.

The Operating lease rents not yet due are essentially related with the land where the wind farms are built. Usually the leasing period cover the useful life of the wind farms.

As at 31 December 2011 the Group has the following contingent liabilities/rights related with call and put options on investments:

- EDP Renováveis, through its subsidiary EDPR FR, holds a call option over Cajastur for all the shares held by Cajastur on company "Quinze Mines" (51% of share capital). Cajastur holds an equivalent put option on these shares over EDPR FR. The price of exercising these options will be determined under an investment bank valuation process. The options can be exercised between 1 January 2012 and 1 January 2013, inclusively.

- EDP Renováveis, through its subsidiary EDPR FR, holds a call option over Cajastur for 51% of interest held by Cajastur in the companies Sauvageons, Le Mee and Petite Pièce. Cajastur holds an equivalent put option on these shares over EDPR FR. The price of exercising these options will be determined under an investment bank valuation process. The options can be exercised between 1 January 2014 and 31 December 2014.

- EDP Renováveis, through its subsidiary Santa Quitéria Energia, S.L.U., holds a call option over Jorge, S.L. for 8.5% of interest held by Jorge, S.L. on company "Apineli Aplicaciones Industriales de Energías Limpias, SL" (Apineli). The price of exercising these options is 900 thousands of Euros. The option can be exercised when Jorge, S.L. obtain the licenses to amplify the windfarms "Dehesa del Coscojar" and "El Águila", until 30 days after the notification of the suspensive condition with a limit date of 18 April 2014.

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over Copcisa for all the shares held by Copcisa on companies Corbera and Vilalba (49% of share capital).

- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of remaining 6.48% of the share capital of EDPR Itália, with an exercise price based on an independent process evaluation conducted by an independent expert. Energia in Natura, S.r.l. holds a put option for 6.48% (15% in 2010, see note 8) of the share capital of EDPR Itália, whose exercise price over 85% of market value of participation (see note 37). The exercise period of the options is 2 years after occurrence of one of the following events:

- Fifth anniversary of the execution of the shareholders agreement (27 January 2015);
- When EDP Renováveis Italy is able to build, develop and operate 350 MW in Italy.

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over the remaining shareholders of Re Plus (WPG, Galilea and Gant Partners) for 10% of its share capital. The price of exercising these options is 7,500 thousands of Euros. The options can be exercised (i) if a change occur in the shareholding structure of the remaining shareholders of Re Plus and (ii) always before the last project starts in operation.

- EDP Renováveis, through its subsidiary EDPR EU, holds a put option of 15% of the share capital of Rowy, over the other shareholders. The exercise price is 80% of equity value with a cap of 5,000 thousands of Euros. The exercise period is the earlier of (i) two years following the begining of construction date or (ii) 31 December 2019.

41. RELATED PARTIES

The number of shares held by company officers as at 31 December 2011 are as follows:

	31 Dec 2011 N.º of shares	31 Dec 2010 N.º of shares
Executive Board of Directors		
António Luis Guerra Nunes Mexía	4,200	4,200
Ana Maria Machado Fernandes	1,510	1,510
Nuno Maria Pestana de Almeida Alves	5,000	5,000
Rui Manuel Rodrigues Lopes Teixeira	10,505	-
João Pedro Nogueira Sousa Costeira	3,000	-
Gabriel Alonso Imaz	18,503	-
Luís Abreu Castelo-Branco Adão da Fonseca	1,200	-
António Fernando Melo Martins da Costa	-	1,480
Francisco José Queiroz de Barros de Lacerda	620	620
João Manuel de Mello Franco	380	380
Jorge Manuel Azevedo Henriques dos Santos	200	200
José Silva Lopes	-	760
José Fernando Maia de Araújo e Silva	80	80
João José Belard da Fonseca Lopes Raimundo	840	840
	46,038	**15,070**

The members of Board of Directors of EDP Renováveis have not communicated or the parent company has knowledge of any conflict of interests included in the article 229º of "Ley de Sociedades Anónimas" (Spanish Public Companies' Law).

The board members of the parent company, complying with the article 229º of the Spanish Companies Act, declared that they and related parties to them have not exercised positions of responsibility in companies with the same, similar or complementary activity of EDP Renováveis Group parent company, and they do not have exercised by their own or through third entities any activity in companies with the same, similar or complementary activity of EDP Renováveis Group parent company, with the following exceptions:

Board Member **Company**	**Position**
António Luis Guerra Nunes Mexía:	
EDP - Energias de Portugal, S.A.	Chairperson of the Executive Board of Directors
EDP - Energias do Brasil, S.A.	Chairperson of the Board of Directors
Ana Maria Machado Fernandes:	
EDP - Energias de Portugal, S.A.	Director
EDP - Energias do Brasil, S.A.	Director
Hidroeléctrica del Cantábrico, S.A.	Director
EDP Renewables Europe, S.L.	Chairperson
EDP Renováveis Brasil, S.A.	Chairperson
ENEOP - Eólicas de Portugal, S.A.	Chairperson
João Manuel Manso Neto:	
Naturgás Energia, S.A.	Vice-Chairperson of the Board of Directors
EDP - Energias de Portugal, S.A.	Director
EDP - Gestão da Produção de Energia, S.A.	Chairperson of the Board of Directors
EDP Gás.com - Comércio de Gás Natural, S.A.	Director
Hidroeléctrica del Cantábrico, S.A.	Vice-Chairperson of the Board of Directors
Eléctrica de la Ribera de Ebro, S.L. (Elebro)	Chairperson of the Board of Directors
Hidrocantábrico Energia , S.A.U.	Chairperson of the Board of Directors
Empresa Hidroeléctrica do Guadiana, S.A.	Chairperson of the Board of Directors
EDP Energia Ibérica S.A.	Director
Nuno Maria Pestana de Almeida Alves:	
EDP - Energias de Portugal, S.A.	Director
EDP - Energias do Brasil, S.A.	Director
Hidroeléctrica del Cantábrico, S.A.	Director

Board Member	Position
Company	
Manuel Menéndez Menéndez:	
Naturgás Energía, S.A.	Chairperson of the Board of Directors
Enagas, S.A.	Permanent Representative
EDP Renewables Europe, S.L.	Director
Hidroeléctrica del Cantábrico, S.A.	Chairperson of the Board of Directors
Rui Manuel Rodrigues Lopes Texeira:	
EDP Renewables Europe, S.L.	Director
Generaciones Especiales I, S.L.	Director
EDP Renováveis Portugal, S.A.	Director
Malhadizes — Energia Eólica, S.A.	Director
EDP Renewables Canada, Ltd	Director
Relax Wind Park III SP. Z O.O.	Member of the Supervisory Board
Relax Wind Park I SP. Z O.O.	Member of the Supervisory Board
EDP Renewables Polska SP. Z O.O	Director
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Director
Masovia Wind Farm I SP. Z O.O.	Director
Farma Wiatrowa Starozreby SP. Z O.O.	Director
Karpacka Mala Energetyka SP. Z O.O	Director
Relax Wind Park IV SP. Z O.O	Member of the Supervisory Board
Relax Wind Park II SP. Z O.O	Member of the Supervisory Board
EDP Renováveis Brasil, S.A.	Director
Luís Abreu Castello-Branco Adão da Fonseca:	
EDP Renewables Europe, S.L.	Director
Generaciones Especiales I, S.L.	Director
EDP Renováveis Portugal, S.A.	Director
EDP Renewables Romania, Srl	Director
Cernavoda Power, Srl	Director
Pochidia Wind Farm, S.A.	Director
EDP Renewables Canada, Ltd	Director
Relax Wind Park III SP. Z O.O.	Member of the Supervisory Board
Relax Wind Park I SP. Z O.O.	Member of the Supervisory Board
EDP Renewables Polska SP. Z O.O	Director
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Director
Masovia Wind Farm I SP. Z O.O.	Director
Farma Wiatrowa Starozreby SP. Z O.O.	Director
Karpacka Mala Energetyka SP. Z O.O	Director
Relax Wind Park IV SP. Z O.O	Member of the Supervisory Board
Relax Wind Park II SP. Z O.O	Member of the Supervisory Board
EDPR UK, Ltd	Director
Moray Offshore Renewables, Ltd	Director
Maccoll Offshore Windfarm, Ltd	Director
Stevenson Offshore Windfarm, Ltd	Director
Telford Offshore Windfarm, Ltd	Director
EDP Renewables Italia, Srl	Director
EDP Renováveis Brasil, S.A.	Director
EDP Inovação, S.A.	Director

Board Member	Position
Company	
João Paulo Nogueira Sousa Costeira:	
Eneroliva S.A.	Director
EDP Renewables Europe, S.L.	Director
Generaciones Especiales I, S.L.	Director
EDP Renováveis Portugal, S.A.	President
Malhadizes — Energia Eólica, S.A.	President
Eólica da Serra das Alturas, S.A.	Director
Eólica de Montenegrelo, S.A.	Director
ENEOP 2 — Exploração de Parques Eolicos, S.A.	President
Eólica dos Altos de Salgueiros-Guilhado, S.A.	President of the General Meeting
Eólica de Alvarrões, S.A.	President
Eólica do Espigão, S.A.	Director
Eólica do Bravo, S.A	President of the General Meeting
Eólica do Campanário, S.A.	President of the General Meeting
Eólica da Terra do Mato, S.A.	Director
Eólica do Alto da Lagoa, S.A.	Director
Eólica do Alto do Mourisco, S.A.	Director
Eólica das Serras das Beiras, S.A.	Director
Eólica do Alto Douro, S.A.	Director
Eólica do Monte das Castelhanas, S.A	President
Eólica da Lomba, S.A.	President
Eólica do Cachopo, S.A.	President of the General Meeting
Eólica do Cotão, S.A.	Chairperson
EDP Renewables Romania, Srl	Director
Cernavoda Power, Srl	Director
Greenwind, S.A.	President
EDP Renewables France, S.A.	President
Centrale Eolienne Neo Truc de l'Homme, SAS	President
Eolienne de Callengeville, SAS	President
Neo Plouvien, SAS	President
Parc Eolien de la Hetroye, SAS	President
Eolienne de Saugueuse, SARL	Manager ("Gerant")
Eolienne des Bocages, SARL	Manager ("Gerant")
Eolienne d'Etalondes, SARL	Manager ("Gerant")
Parc Eolien d'Ardennes, SARL	Manager ("Gerant")
Parc Eolien de Mancheville, SARL	Manager ("Gerant")
Parc Eolien de Roman, SARL	Manager ("Gerant")
Relax Wind Park III SP. Z O.O.	Member of the Supervisory Board
Relax Wind Park I SP. Z O.O.	Member of the Supervisory Board
EDP Renewables Polska SP. Z O.O	Director
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Director
Masovia Wind Farm I SP. Z O.O.	Director
Farma Wiatrowa Starozreby SP. Z O.O.	Director
Karpacka Mala Energetyka SP. Z O.O	Director
Relax Wind Park IV SP. Z O.O	Member of the Supervisory Board
Relax Wind Park II SP. Z O.O	Member of the Supervisory Board
EDPR UK, Ltd	Director
Moray Offshore Renewables, Ltd	Director
Maccoll Offshore Windfarm, Ltd	Director
Stevenson Offshore Windfarm, Ltd	Director
Telford Offshore Windfarm, Ltd	Director
EDP Renewables Italia, Srl	Director
Operação e Manuntenção Industrial, S.A.	Director
Gabriel Alonso Imaz:	
EDP Renewables Canada, Ltd.	Chairman of the Board
EDP Renewables North America, LLC and subsidiaries	Chairman of the Board

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 Luis Guerra Nunes Mexía:	
EDP - Energias de Portugal, S.A.	41,000
EDP - Energias do Brasil, S.A.	1
Joao Manuel Manso Neto:	
EDP - Energias de Portugal, S.A.	1,268
Nuno Maria Pestana de Almeida Alves:	
EDP - Energias de Portugal, S.A.	100,000
EDP - Energias do Brasil, S.A.	1
Gabriel Alonso Imaz:	
Iberdrola	50
Joao Manuel de Mello Franco:	
EDP - Energias de Portugal, S.A.	4,550
REN - Redes Energéticas Nacionais, S.G.P.S., S.A.	380
Jorge Manuel Azevedo Henriques dos Santos:	
EDP - Energias de Portugal, S.A.	2,379

Remuneration of company officers

In accordance with the Company's by-laws, the remuneration of the members of the Board of Directors is proposed by the Nominations and Remunerations Committee to the Board of Directors on the basis of the overall amount of remuneration authorized by the General Meeting. The Board of Directors approves the distribution and exact amount paid to each director on the basis of this proposal.

The remuneration attributed to the members of the Executive Board of Directors in 2011 and 2010 were as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
CEO	551,362	592,939
Board members	512,083	565,000
	1,063,445	**1,157,939**

On 4 November 2008 EDP and EDP Renováveis signed an Executive Management Services Agreement that was renewed on 4 May 2011 and effective from 18 March 2011. Through this contract, EDP provides management services to EDP Renováveis, including matters related to the day-to-day running of the Company. Under this agreement EDP appoints three people from EDP to be part of EDPR's Executive Committee, for which EDP Renováveis pays EDP an amount defined by the the Related Party Commitee, and approved by the Board of Directors and the Shareholders Meeting.

Under this contract, EDP Renováveis is due to pay an amount of 380 thousands of Euros for management services rendered by EDP through 2011 (836 thousands of Euros in 2010).

Additionally, the remuneration of the members of the Management Team, defined as Key Management and not including the Chief Executive Officer, was in 2011 1,857 thousands of Euros (31 December 2010: 1,252 thousands of Euros). They do not receive any relevant non-monetary benefits as remuneration.

The retirement savings plan for the members of the Management Team not including the Chief Executive Officer range betweeen 3% to 6% of their annual salary.

As at 31 December 2011 and 2010 there are no outstanding loans and advances with company officers and key management.

Balances and transactions with related parties

As at 31 December 2011, assets and liabilities with related parties, are analysed as follows:

Thousands of Euros	Assets	Liabilities	Net
EDP Energias de Portugal, S.A.	10,025	5,574	4,451
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	247,999	108,110	139,889
EDP Group companies	42,862	2,994,639	-2,951,777
Hidrocantábrico Group companies	46,370	1,746	44,624
Associated companies	224,114	2,169	221,945
Jointly controlled entities	5,030	840	4,190
Other	-	591	-591
	576,400	3,113,669	-2,537,269

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 2,986,433 thousands of Euros.

As at 31 December 2010, assets and liabilities with related parties, are analysed as follows:

Thousands of Euros	Assets	Liabilities	Net
EDP Energias de Portugal, S.A.	4	15,079	-15,075
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	226,106	156,902	69,204
EDP Group companies	45,169	2,803,263	-2,758,094
Hidrocantábrico Group companies	48,498	2,017	46,481
Associated companies	132,535	2,266	130,269
Jointly controlled entities	7,239	840	6,399
Other	757	2,733	-1,976
	460,308	2,983,100	-2,522,792

Transactions with related parties for the year ended 31 December 2011 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	-	4,861	-11,285	-3,197
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	15,633	-8,368	-2,174
EDP Group companies	136,903	343	-6,354	-152,362
Hidrocantábrico Group companies	358,814	-	-4,994	-700
Associated companies	1,533	6,820	-	-69
Jointly controlled entities	767	5,618	-	-
Other	233	-	-638	-
	498,250	33,275	-31,639	-158,502

Transactions with related parties for the year ended 31 December 2010 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	11,664	2,332	-2,929	-3,053
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	3,015	-6,969	-1,438
EDP Group companies	138,124	756	-3,217	-140,074
Hidrocantábrico Group companies	249,062	-	-4,336	-
Associated companies	1,226	2,971	-	-
Jointly controlled entities	644	4,710	-	-
Other	5,702	663	-99	-
	406,422	14,447	-17,550	-144,565

With the purpose of hedging the foreign exchange risk existing in the company and Group accounts of EDP Renováveis and in the company accounts of EDP Branch, the EDP Group settled a CIRS in USD and Euros between EDP Branch and EDP Renováveis. At each reporting date, this CIRS is revalued to its market value, which corresponds to a spot foreign exchange revaluation, resulting in a perfect hedge (revaluation of the investment in EPDR NA and of the USD external financing). As at 31 December 2011, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 208,460 thousands of Euros (31 December 2010: 144,049 thousands of Euros -payable) (see note 37 and 39).

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers and in connection with renewable energy contracts. Usually, these guarantees are granted by EDP, S.A., through EDP Branch. As at 31 December 2011, EDP, S.A. and Hidrocantábrico granted financial (30,768 thousands of Euros, 31 December 2010: 57,951 thousands of Euros) and operational (336,623 thousands of Euros, 31 December 2010: 439,195 thousands of Euros) guarantees to suppliers in favour of EDPR EU and EDPR NA. The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to the acquisition of property, plant and equipment, supply agreements, turbines and energy contracts (Power purchase agreements) (see note 40).

In the normal course of its activity, EDP Renováveis performs business transactions and operations based on normal market conditions with related parties.

The Company has no pension or life insurance obligations with its former or current directors in 2011 or 2010.

42. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of financial instruments is based, whenever available, on quoted market prices. Otherwise, fair value is determined through internal models, which are based on generally accepted cash flow discounting techniques and option valuation models or through quotations supplied by third parties.

Non-standard instruments may require alternative techniques, which consider their characteristics and the generally accepted market practices applicable to such instruments. These models are developed considering the market variables that affect the underlying instrument, namely yield curves, exchange rates and volatility factors.

Market data is obtained from generally accepted suppliers of financial data (Bloomberg and Reuters).

As at 31 December 2011 and 2010, the following table presents the interest rate curves of the major currencies to which the Group is exposed. These interest rates were used as the base for the fair value calculations made through internal models referred above:

	31 Dec 2011 Currencies			31 Dec 2010 Currencies		
	EUR	USD	BRL	EUR	USD	BRL
3 months	1.36%	0.58%	10.41%	1.01%	0.30%	10.90%
6 months	1.62%	0.81%	10.15%	1.23%	0.46%	11.61%
9 months	1.79%	0.97%	10.04%	1.37%	0.61%	11.90%
1 year	1.95%	1.13%	10.04%	1.51%	0.78%	12.04%
2 years	1.31%	0.73%	10.48%	1.56%	0.79%	12.27%
3 years	1.36%	0.82%	10.75%	1.89%	1.26%	12.15%
5 years	1.72%	1.23%	10.98%	2.49%	2.17%	11.95%
7 years	2.07%	1.64%	11.05%	2.93%	2.83%	11.85%
10 years	2.38%	2.03%	11.22%	3.32%	3.41%	11.90%

Non-listed equity instruments, for which a reliable and consistent fair value estimate is not available either by internal models or external providers, are recognized at their historical cost.

Available for sale financial instruments and financial assets at fair value through profit or loss

Listed financial instruments are recognized at fair value based on market prices. The financial instruments for which reliable fair value estimates are not available, are recorded in the balance sheet at their fair value (note 20).

Cash and cash equivalents, trade receivables and suppliers

These financial instruments include mainly short term financial assets and liabilities. Given their short term nature at the reporting date, their book values are not significantly different from their fair values.

Financial debt

The fair value of the financial debt is estimated through internal models, which are based on generally accepted cash flow discounting techniques. At the reporting date, the carrying amount of floating rate loans is approximately their fair value. In case of fixed rate loans, mainly the intercompany loans granted by EDP Group, their fair value is obtained through internal models based on generally accepted discounting techniques.

Derivative financial instruments

All derivatives are accounted at their fair value. For those which are quoted in organized markets, the respective market price is used. For over-the-counter derivatives, fair value is estimated through the use of internal models based on cash flow discounting techniques and option valuation models generally accepted by the market, or by dealer price quotations.

CIRS with EDP Branch (note 39)

With the purpose of hedging the foreign exchange risk resulting from the net investment in EDPR NA, the Group entered into a CIRS in USD and EUR with EDP Branch. This financial derivative is presented on the balance sheet at its fair value, which is estimated by discounting the projected USD and EUR cash flows. The discount rates and forward interest rates were based on the interest rate curves referred to above and the USD/EUR exchange rate is disclosed on note 30. See also notes 14, 24, 25 and 29.

The fair values of assets and liabilities as at 31 December 2011 and 31 December 2010 are analysed as follows:

	31 December 2011			31 December 2010		
Thousands of Euros	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available for sale investments	9,618	9,618	-	18,380	18,380	-
Trade receivables	146,105	146,105	-	143,650	143,650	-
Debtors and other assets from commercial activities	144,240	144,240	-	154,171	154,171	-
Other debtors and other assets	559,438	559,438	-	434,990	434,990	-
Derivative financial instruments	18,080	18,080	-	9,470	9,470	-
Financial assets at fair value through profit or loss	211	211	-	35,744	35,744	-
Cash and cash equivalents (assets)	219,922	219,922	-	500,639	500,639	-
	1,097,614	1,097,614	-	1,297,044	1,297,044	-
Financial liabilities						
Financial debt	3,826,122	3,398,053	-428,069	3,533,590	3,386,458	-147,132
Suppliers	665,252	665,252	-	705,896	705,896	-
Institutional partnerships in US wind farms	1,796,809	1,796,809	-	1,644,048	1,644,048	-
Trade and other payables from commercial activities	446,571	446,571	-	445,218	445,218	-
Other liabilities and other payables	142,672	142,672	-	465,944	465,944	-
Derivative financial instruments	235,697	235,697	-	172,715	172,715	-
	7,113,123	6,685,054	-428,069	6,967,411	6,820,279	-147,132

The fair value levels used to valuate EDP Renováveis Group financial assets and liabilities are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets and liabilities;
- Level 2 - Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices);
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	31 December 2011			31 December 2010		
Thousands of Euros	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available for sale investments	-	-	9,618	-	-	18,380
Derivative financial instruments	-	18,080	-	-	9,470	-
Financial assets at fair value through profit or loss	-	211	-	35,335	409	-
	-	18,291	9,618	35,335	9,879	18,380
Financial liabilities						
Liabilities arising from options with non-controlling interests	-	-	4,112	-	-	271,338
Derivative financial instruments	-	235,697	-	-	172,715	-
	-	235,697	4,112	-	172,715	271,338

The movement in 2011 and 2010 of the financial assets and liabilities within Level 3 are analysed was as follows:

	Available for sale investments		Trade and other payables	
Thousands of Euros	31 Dec 2011	31 Dec 2010	31 Dec 2011	31 Dec 2010
Balance at the begining of the year	18,380	12,630	271,338	303,783
Gains / (Losses) in other comprehensive income	2,070	-934	-	-
Purchases	-	6,684	3,356	36,584
Fair value changes/Payments	-	-	-270,582	-69,029
Disposals	-10,832	-	-	-
Transfers into / (out of) Level 3	-	-	-	-
Balance at the end of the year	9,618	18,380	4,112	271,338

The trade and other payables within level 3 are related with Liabilities arising from options with non-controlling interests (see note 31).

43. RELEVANT SUBSEQUENT EVENTS

Imputation to China Three Gorges of 21.35% of voting rights

China Three Gorges Corporation ("CTG") notified EDP that it has entered into a Strategic Direct Sale Agreement with Parpública - Participações Públicas (S.G.P.S.), S.A for the acquisition of 780,633,782 ordinary shares of EDP, which correspond to 21.35%od EDP's share capital and 21.35% of the respective voting rights. The imputation of a qualifying holding results from from the signatue of said agreement within the context of the implementation of EDP's 8th reprivatization phase.

The referred acquisition of shares is subject to the prior satisfaction of conditions, namely the obtaining of approvals from relevant regulatory authorities from certain jurisdictions.

Although the acquisiton of the above mentioned stake has not been concluded, Portuguese Law deems relevant, for certain prurposes, the attribuition of voting rights, as a resukt of the execution of a purchase agreement over listed companies' shares.

44. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS USED

The new standards and interpretation that have been issued and are already effective and that the Group has applied on its consolidated annual accounts can be analysed as follows:

IAS 24 (Revised) - Related Party Disclosures

The International Accounting Standards Board (IASB) issued in November 2009, the IAS 24 (Revised) - Related Party Disclosures, with effective date of mandatory application of 1 January 2011, being allowed its early adoption.

This revised version simplifies the disclosure requirements for government related parties and clarifies the definition of a related party. Therefore, this standard establishes that the companies disclose in its financial statements the information regarding the transactions with related parties. In broad terms, two parties are related to each other if one party controls, or significantly influences, the other party.

The principal changes are the following:
- partial exemption of the requirements on the paragraph 18 for transactions with government related entities;
- simplification of "Related Party" definition.

No significant impact in the Group resulted from the adoption of this amendment.

IFRIC 14 (Amendment) - Prepayments of a Minimum Funding Requirement

The International Accounting Standards Board (IASB), issued in November 2009, amendments to IFRIC 14 — Prepayments of a Minimum Funding Requirement, with effective date of mandatory application of 1 January 2011, being early adoption allowed. These ammendments were adopted by European Union in July 2010.

The amendment to IFRIC 14, is it self an interpretation of IASB 19 Employee Benefits. The amendment applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset.

No significant impact in the Group resulted from the adoption of this interpretation.

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

The International Accounting Standard Board (IASB), issued in November 2009, the IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments, with effective date of mandatory application for the exercises beginning after 30 June 2010, being early adoption allowed.

This interpretation clarifies how an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially.

This interpretation cannot be applied if:
- the creditor is also a direct or indirect shareholder and is acting in its capacity as direct or indirect shareholder;
- the creditor and the entity are controlled by the same party or parties before and after the transaction, and the substance of the transaction includes an equity distribution from, or contribution to the entity;
-extinguishing the financial liability by issuing equity shares is in accordance with the original terms of the financial liability.

This interpretation clarifies:
- the entity's equity instruments issued to a creditor are part of the consideration paid to extinguish the financial liability;
- the equity instruments issued are measured at their fair value. If their fair value cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished ;
- the difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued is included in the equity's profit or losses for the year.

No significant impact in the Group resulted from the adoption of this interpretation.

Annual Improvement Project

In May 2010, IASB published the Annual Improvement Project that implied changes to the standards in force. However, the effective date of the referred changes depends on each specific standard.

- Changes to IFRS 1 — First -Time Adoption of International Financial Reporting Standards, which is effective from 1 January 2011. This change establishes that: (i) in case of an entity changes its accounting policies or its use of exemptions contained in this standard , it shall explain the changes between its first interim financial report and its first financial statements; (ii) if an entity uses the exemption provided in the standard for operations subject to rate regulation , it shall disclose that fact and the basis on which carrying amounts were previous deternined.

  No significant impact in the Group resulted from the adoption of this change.

- Changes to IFRS 3 - Business Combinations, effective from 1 January 2011. This changes clarifies that: (i) contigent consideration balances arising from business combinations whose acquisition dates preceded the date when an entity first applied this standard; (ii) if a business combination agreement provides for an adjustment to the cost of the combination contigent on future events, the acquirer shall include the amount of that adjustment in the cost of the combination at the acquisition data if the adjustment is probable and can be measured reliably; and (iii) a business combination agreement may allow for adjustments to the cost of the combination that are contigent on one or more future events.

  No significant impact in the Group resulted from the adoption of this change.

- Changes to IFRS 7 - Financial Instruments: Disclosures, effective from 1 January 2011. This amendment simplifies the quantitave disclosures, since that is no longer necessary: (i) disclose the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated , and (ii) describe the collateral held by the entity as security and other credit enhancements and, unless impracticable, an estimate of fair value related to financial assets renegotiated.

  No significant impact in the Group resulted from the adoption of this change.

- Changes to IAS 1 - Presentation of Financial Assets, effective from 1 January 2011. The amendment establishes that the statement of changes in equity for each component of equity, a reconciliation between the carrying at the beginning and the end of the period, separately disclosing changes resulting from: (i) profit or loss; (ii) other comprehensive income; and (iii) transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.

  No significant impact in the Group resulted from the adoption of this change.

- Changes to IAS 34 - Interim Finacial Reporting, effective from 1 January 2011. The amendment clarifies and emphasis the information that must be disclosed when the interim financial reporting.

  No significant impact in the Group resulted from the adoption of this change.

- Changes to IFRIC 13 - Customer Loyalty Programmes, effective from 1 January 2011. This amendment establish that an entity may estimate the fair value of award credits by reference to the fair value of the awards for which they could be redeemed. Thar fair value of the award credits takes into account: (i) the amount of the discounted or incentives that would otherwise de offered to customers who have not earned award credits from an initial sale; and (ii) the proportion of award credits that are not expected to be redeemed by customers.

  No significant impact in the Group resulted from the adoption of this change.

Standards, amendments and interpretations issued but not yet effective for the Group

IFRS 1 (Amendment) - First-Time Adoption of International Financial Reporting Standards

The International Accounting Standards Board (IASB), issued in December 2010, amendments to IFRS 1 — First-Time Adoption of International Financial Reporting standards, with effective date of mandatory application of 1 July 2011, being early adoption allowed. These amendments have not been adopted by the European Union.

The amendment to IFRS 1 , introduces a specific exeption for the first adoption of IFRS for entities operating in economies previous classifid as hyper-inflation, so that when the date of transition is after or is the date on which the functional currency stable, the entity may elect to measure on the transition date, all assets and liabilities held at the time of standardization, at fair value.

No significant impact in the Group is expected from the adoption of this change.

IFRS 7 (Amendment) - Financial Instruments: Disclosures - 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 July 2013, being early adoption allowed.

With this change, the disclosures of financial instruments include information that will evaluate the effect or potential effect of the compensation arrangements, including the countervailing recognised as asstes and financial liabilities in the statement of financial position.

The adoption of this amendement will only have impact on the financial statement disclosures.

IFRS 7 - Financial instruments: Disclosures for transfer transactions of financial assets

The International Accounting Standards Board (IASB), issued in October 2010, amendments to IFRS 7 — Financial Instruments: Disclosures, with effective date of mandatory application of 1 July 2011, being early adoption allowed.

The amendment to IFRS 7, clarifies the discliosures required to all financial assets that are not derecognised and for any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction ocucurred.

An entity transfers all or part of a financial asset, if, and only if, it either:
- transfers the contractual rights to receive the cash flows of that financial asset ; or
- retains the contractual rights to receive the cash flow of that financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

The entity shall disclose at each reporting date for each class of tranferred financial assets that are not derecognised in their entirety: (i) the nature of transferred assets; (ii) the nature of the risks and rewards between the transferred assets and associated liabilities.

For transferred financial assets that are derecognised in their entirety the disclosures includes: (i) the carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets , and the line items in which the carrying amount of those assets and liabilities are recognised; (ii) the fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets; (iii) the amount that best represents the entity's maximum exposure to loss from its continuing involvement in the de recognised financial assets, and information showing how the maximum exposure to loss is determined; and (iv) the undiscounted cash outflows that would or may be requird to repurchase derecognised financial assets or other amounts payable to the transferee in respect of the transferred assets.

In addition, an entity shall disclose for each type of continuing involvement:
- the gain or loss recognised at the date of transfer of the assets;
- income and expenses recognised, bith in the reporting period and cumulatively, from the entity's continuing involvement in the derecognised financial assets;
- if the total amount of proceeds from transfer activity in a reporting period is not evenly distributed throughout the reporting period;
- when the greatest transfer activity took place within that reporting period;
- the amount recognised from transfer activity in that part of the reporting period; and
- the total amount of proceeds from transfer activity in that part of the reporting period.

An entity shall provide this informaton for each period for which a statement of comprehensive income is presented.

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 2013, being allowed its early adoption. This standard has not yet been adopted by the European Union.

This standard is included in phase I of the IASB's comprehensive project to replace IAS 39 and relates to issues of classification and measurement of financial assets. The main issues considered are as follows:

- the financial assets can be classified in two categories: at amortised cost or at fair value. This decision will be made upon the initial recognition of the financial assets. Its classification depends on how the entity presents these financial assets and the contractual cash flows associated to each financial asset in the business;

- debt instruments model can be measured at amortised cost when the contractual cash-flows represent only principal and interest payments, which means that it contains only basic loan features, and for which an entity holds the asset to collect the contractual cash flows. All the other debt instruments are recognised at fair value; and

- equity instruments issued by third parties are recognised at fair value with subsequent changes recognised in the profit and loss. However an entity could irrevocably elect equity instruments at initial recognition for which fair value changes and the realised gain or loss are recognised in fair value reserves. Gains and losses recognised in fair value reserves can not be recycled to profit and loss. This is a discretionary decision, and does not imply that all the equity instruments should be treated on this basis. The dividends received are recognised as income for the year.

The Group is evaluating the impact of adopting this standard.

IFRS 10 - Consolidated Financial Statements

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 10 - Consolidated Financial Statements, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption. This standard has not yet been adopted by the European Union.

This standard introduces a new approach in determining which investments should be consolidated, replacing IAS 27 - Consolidated and Separate Financial Statements and SIC 12 - Consolidation SPE. This standard establishes a single model to be applied in assessing the existence of control over subsidiaries, where an investor has control over a subsidiary when it is exposed, or has the right, the variable returns arising from his involvement in the subsidiary and has the ability to influence these returns because of the power over it.

The Group is evaluating the impact of adopting this standard.

IFRS 11 - Joint Arrangements

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 11 - Joint Arrangements, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption. This standard has not yet been adopted by the European Union.

This standard superseded IAS 31 - Interests in Joint Ventures and introduces several changes for accounting jointly controlled investments, the main aspect is the elimination of the option to consolidate joint ventures by the proportional method, which must be booked by the equity method.

The structure of a joint agreement ceases to be the main factor in determining the accounting. The classification of a joint agreement requires the identification and evaluation of the structure, legal form of the contractual agreement and other facts and circumstances.

The Group is evaluating the impact of adopting this standard.

IFRS 12 - Disclosure of Interests in Other Entities

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 10 - Consolidated financial statements, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption. This standard has not yet been adopted by the European Union.

The information disclosed has to help users of the financial statements evaluate the nature and riosks associated with its interestes in other entitiesand 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 assocoated with interests in consolidated strsctured entities; and (v) changes in its ownership interest that did or did not result in a loss of control during the reporting period.

- for the interests in joint arrangements and associated, should be disclosed: (i) the nature, extent and financial effects of its interests in joint arrangements and associates, including information about contractual relationships with other parties; and (ii) the nature of, and the changes in, the associated risks with its interests in joint ventures and associates.

- for the interest in unconsolidated structured entities, should be disclose: (i) the nature and the extent of its interests in unconsolidated strectured entities; and (ii) the evaluation of the nature and changes in the risks associated with the interests in unconsolidated structured entities.

No significant impact in the Group is expected from the adoption of this standard.

IFRS 13 - Fair Value Measurement

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 13 - Fair Value Measurement, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption. This standard has not yet been adopted by the European Union.

IFRS 13 defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurement. The standard does not include requirements on when fair value measurement is required; it prescribes how fair value is to be measured if another standard requires it.

No significant impact in the Group is expected from the adoption of this standard.

IAS 1 (Amended) - Presentation of Financial Statements

The International Accounting Standards Board (IASB) issued in June 2011, IAS 1 - Presentation of Financial Statements: Presentation of itmes of other comprehensive income, with effective date of mandatory application for periods beginning on or after 1 July 2012, being allowed its early adoption. These amendments have not yet been adopted by the European Union.

The principal changes are the following:

- The amendments retain the option to present profit or loss and other comprehensive income 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.

No significant impact in the Group is expected from the adoption of this change.

IAS 12 (Amended) - Income Taxes

The International Accounting Standards Board (IASB) issued in December 2011, IAS 12 - Income Taxes: Recovery of underlying assets, with effective date of mandatory application for periods beginning on or after 1 July 2012, being allowed its early adoption. These amendments have not yet been adopted by the European Union.

The amendment to IAS 12 clarifies that, in the case of investment property measured at fair value there is a presumption that the recovery value will always be the sale for the purpose of determining their fiscal impact.

No significant impact in the Group is expected from the adoption of this change.

IAS 19 (Amended) - Employee Benefits

The International Accounting Standards Board (IASB) issued in June 2011, IAS 19 (Amended) - Employee Benefits, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption. These amendments have not yet been adopted by the European Union.

The amendments to IAS 19, make important improvements by:

- eliminating an option to defer the recognition of gains and losses, know as the "corridor method", improving comparability and faithfulnesss of presentation;
- streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income, thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations; and
- enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

No significant impact in the Group is expected from the adoption of this change.

IAS 27 (Amended) - Separate Financial Statements

The International Accounting Standards Board (IASB) issued in May 2011, IAS 27 (Amended) - Separate Financial Statements, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption. This amendment has not yet been adopted by the European Union.

The amendment of IAS 27 in 2011 resulted from the Board's project on consolidation. A new IFRS, IFRS 10 - Consolidated Financial Statements, addresses the principal of control and requirments relating to the preparation of consolidated financial statements. As a result, IAS 27 now contains requirements relating only to separate financial statements. This change is reflected in the standard's amended title, Separate financial statements.

No significant impact in the Group is expected from the adoption of this change.

IAS 28 (Amended) - Investments in Associates and Joint Ventures

The International Accounting Standards Board (IASB) issued in May 2011, IAS 28 (Amended) - Investments in Associates and Joint Ventures, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption. This amendment has not yet been adopted by the European Union.

The amendment of IAS 28 in 2011 resulted from the Board's projecton joint ventures which decided to incorporate the accounting foi joint ventures in this standard since the equitty method is applied in the joint ventures and associates.

No significant impact in the Group is expected from the adoption of this change.

IAS 32 (Amended) - Financial Instruments: Presentation

The International Accounting Standards Board (IASB) issued in December 2011, IAS 32 (Amended) - Financial Statements: Presentation, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption. These amendments have not yet been adopted by the European Union.

This amendment clarifies: (i) the criterion that na entity "currently has a legally enforcable right to set off the recognised amounts"; and (ii) the criterion that na entity "intends either to settleon a net basis, or to realise thae asset and settle the liability simultaneously".

No significant impact in the Group is expected from the adoption of this change.

45. ENVIRONMENT ISSUES

Expenses of environmental nature are the expenses that were identified and incurred to avoid, reduce or repair damages of an environmental nature that result from the Group's normal activity.

These expenses are booked in the income statement of the year, except if they qualify to be recognised as an asset, as according to IAS 16.

During the period, the environmental expenses recognised in the income statement refer to costs with the environmental management plan are analysed as follows:

Thousands of Euros	31 Dec 2011	31 Dec 2010
Environmental Investment	1,910	1,802
	1,910	1,802

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

In Europe, EDP Renováveis renewed certification obtained for thirty three of its wind farms (958 MW) in operation under the ISO 14001.

As referred in accounting policy 2o), the Group has established provisions for dismantling and decommissioning of property, plant and equipment when a legal or contractual obligation exists to dismantle and decommission those assets at the end of their useful lifes. Consequently, the Group has booked provisions for property, plant and equipment related to electricity wind generation for the responsibilities of restoring sites and land to its original condition, in the amount of 57,694 thousands of Euros as at 31 December 2010 (31 December 2010: 53,156 thousands of Euros) (see note 32).

46. SEGMENTAL REPORTING

The Group generates energy from renewable resources and has four reportable segments which are the Group's strategic business units, Portugal, Spain, Rest of Europe and USA. The strategic business units have operations in different geographic zones, and are managed separately because their characteristics are quite different mainly as a consequence of different regulations in each zone. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

Other operations include the EDPR BR subgroup companies, the financial investments and remaining activities (Biomass and mini-hydric generation plants) not included in the reportable segments. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2011 or 2010.

The accounting policies of the reportable segments are the same as described in note 3. Information regarding the results of each reportable segment is included in Annex 2. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

A business segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, and it is subject to risks and returns that can be distinguished from those of other business segments.

A geographical segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, within a specific economic environment, and it is subject to risks and returns that can be differentiated from those that operate in other economic environments.

The Group generates energy from renewable sources in several locations and its activity is managed based on the following business segments:

- Portugal - Includes essentially the EDP Renováveis Portugal Group companies;
- Spain - Includes the EDPR EU Group companies that operate in Spain;
- Rest of Europe - Includes the EDPR EU Group companies that operate in Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom;
- United States of America includes the EDPR NA Group companies;
- Other - Includes the EDPR BR Group companies, the financial investments and remaining activities (Biomass and mini-hydric generation plants) not included in the business segments.

The segment "Adjustments" corresponds to the adjustments related to the annullation of financial investments in subsidiaries of EDPR Group and to the other consolidation and intra-segment adjustments.

Segment definition

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of the intra-segment transactions.

The statement of financial position of each subsidiary and business unit is determined based in the amounts booked directly in the subsidiaries that compose the segment, including the intra-segment annullations, 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.

47. AUDIT AND NON AUDIT FEES

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2011 and 2010. This company and the other related entities and persons in accordance with Law 19/1988 of 12 July, have invoiced for the year ended in 31 December 2011 and 2010, fees and expenses for professional services, according to the following detail (amounts in thousands of Euros):

	31 December 2011					
	Portugal	Spain	Brasil	United States of America	Other	Total
Audit and statutory audit of accounts	166	639	83	688	308	1,884
Other audit services	180	61	-	31	13	285
	346	**700**	**83**	**719**	**321**	**2,169**
Tax consultancy services	-	-	-	24	9	33
Other services	9	-	-	-	-	9
	9	**-**	**-**	**24**	**9**	**42**
Total	**355**	**700**	**83**	**743**	**330**	**2,211**

	31 December 2010					
	Portugal	Spain	Brasil	United States of America	Other	Total
Audit and statutory audit of accounts	193	690	69	728	221	1,901
Other audit services	210	52	-	174	13	449
	403	**742**	**69**	**902**	**234**	**2,350**
Tax consultancy services	-	17	-	481	-	498
Other services	1	-	-	-	-	1
	1	**17**	**-**	**481**	**-**	**499**
Total	**404**	**759**	**69**	**1,383**	**234**	**2,849**

ANNEX 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2011 and 2010, are as follows:

Company	Head Office	Auditor	2011		2010	
			% of capital	% of voting rights	% of capital	% of voting rights
Group's parent holding company:						
EDP Renováveis, S.A.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Parent Company:						
EDP Renewables Europe, S.L.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Electricity business:						
Portugal:						
EDP Renováveis Portugal, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica da Alagoa, S.A.	Arcos de Valdevez	KPMG	60.00%	60.00%	59.99%	59.99%
Eólica de Montenegrelo, Lda	Vila Pouca de Aguiar	KPMG	50.10%	50.10%	50.10%	50.10%
Eólica da Serra das Alturas, S.A.	Boticas	KPMG	50.10%	50.10%	50.10%	50.10%
Malhadizes - Energia Eólica, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
Spain:						
Acampo Arias,S.L.	Zaragoza	KPMG	98.19%	98.19%	98.19%	98.19%
Agrupación Eólica, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Aplicaciones Industriales de Energías Limpias, S.L.	Zaragoza	n.a.	61.50%	61.50%	-	-
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	KPMG	48.70%	60.63%	48.70%	60.63%
Bon Vent de Corbera, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de L'Ebre, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de Vilalba, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Ceasa Promociones Eólicas, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Ceprastur, AIE	Oviedo	n.a.	56.76%	56.76%	56.76%	56.76%
Cía. Eléctrica de Energías Renovables Alternativas, S.A.U.	Zaragoza	Deloitte	100.00%	100.00%	100.00%	100.00%
Compañía Eólica Campo de Borja, S.A.	Zaragoza	KPMG	75.83%	75.83%	75.83%	75.83%
Corporación Empresarial de Renovables Alternativas, S.L.U.	Zaragoza	n.a.	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Almarchal, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Buenavista, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Corme, S.A.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Lugo, S.A.U.	Lugo	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Tarifa, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Dumbria, S.A.U.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Rabosera, S.A.	Huesca	KPMG	95.08%	95.08%	95.00%	95.00%
Desarrollo Eólico Santa Quiteria, S.L.	Huesca	KPMG	83.96%	100.00%	58.33%	58.33%
Desarrollos Catalanes Del Viento,S.L.	Barcelona	KPMG	60.00%	60.00%	60.00%	60.00%
Desarrollos Eólicos de Galicia, S.A.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	n.a.	51.00%	51.00%	51.00%	51.00%
Desarrollos Eólicos Promocion, S.A.	Sevilla	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollos Eólicos, S.A.	Sevilla	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renováveis Cantábria, S.L.	Madrid	n.a.	100.00%	100.00%	-	-
Energías Eólicas La Manchuela, S.L.U.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eneroliva, S.A.	Sevilla	n.a.	100.00%	100.00%	100.00%	100.00%
Eolica Alfoz, S.L.	Madrid	KPMG	83.73%	83.73%	84.98%	84.98%
Eólica Arlanzón, S.A.	Madrid	KPMG	77.50%	77.50%	77.50%	77.50%
Eólica Campollano, S.A.	Madrid	KPMG	75.00%	75.00%	75.00%	75.00%
Eólica Curiscao Pumar, S.A.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%

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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%	89.99%	89.99%
Generaciones Especiales I, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Hidroeléctrica del Rumblar, S.L.	Madrid	n.a.	80.00%	80.00%	80.00%	80.00%
Hidroeléctrica Fuentermosa, S.L.	Oviedo	n.a.	100.00%	100.00%	100.00%	100.00%
Hidroeléctrica Gormaz, S.A.	Salamanca	n.a.	75.00%	75.00%	75.00%	75.00%
Iberia Aprovechamientos Eólicos, S.A.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Industrias Medioambientales Río Carrión, S.A.	Madrid	n.a.	90.00%	90.00%	90.00%	90.00%
Investigación y Desarrollo de Energías Renovables, S. L.	León	KPMG	59.59%	59.59%	59.59%	59.59%
Molino de Caragüeyes, S.L.	Zaragoza	KPMG	80.00%	80.00%	80.00%	80.00%
Muxia I e II	La Coruña	n.a.	100.00%	100.00%	100.00%	100.00%
NEO Catalunya, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
NEO Energia Aragón, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Neomai Inversiones SICAV, S.A.	Madrid	PWC	-	-	100.00%	100.00%
Parc Eolic Coll de la Garganta, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eòlic de Coll de Moro, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic de Torre Madrina, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eolic Molinars, S.L.	Girona	n.a.	54.00%	90.00%	54.00%	90.00%
Parc Eolic Serra Voltorera, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico Altos del Voltoya, S.A.	Madrid	KPMG	61.00%	61.00%	61.00%	61.00%
Parque Eólico Belchite, S.L.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico La Sotonera, S.L.	Zaragoza	KPMG	64.84%	64.84%	64.84%	64.84%
Parque Eólico Los Cantales, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico Montes de Castejón, S.L.	Zaragoza	n.a.	100.00%	100.00%	100.00%	100.00%
Parque Eólico Plana de Artajona, S.L.U.	Zaragoza	n.a.	100.00%	100.00%	100.00%	100.00%
Parques de Generación Eólica, S.L.	Burgos	KPMG	60.00%	60.00%	60.00%	60.00%
Parques Eólicos del Cantábrico, S.A.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Rasacal Cogeneración S.A.	Madrid	n.a.	60.00%	60.00%	60.00%	60.00%
Renovables Castilla La Mancha, S.A.	Albacete	KPMG	90.00%	90.00%	90.00%	90.00%
Santa Quiteria Energia, S.L.U.	Zaragoza	n.a.	100.00%	100.00%	100.00%	100.00%
Sierra de la Peña, S.A.	Madrid	KPMG	84.90%	84.90%	84.90%	84.90%
Siesa Renovables Canarias, S.L.	Gran Canaria	n.a.	100.00%	100.00%	100.00%	100.00%
Sinae Inversiones Eólicas, S.A.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Sotromal, S.A.	Soria	n.a.	90.00%	90.00%	90.00%	90.00%
Subgrupo Veinco	Zaragoza	n.a.	-	-	100.00%	100.00%
Tratamientos Medioambientales del Norte, S.A.	Madrid	n.a.	80.00%	80.00%	80.00%	80.00%
France:						
C.E. Canet-Pont de Salars, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Gueltas Noyal-Pontivy, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. NEO Truc L'homme, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Patay, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Saint Barnabe, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Segur, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renewables France, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne de Callengeville, S.A.S.	Elbeuf	EXCO	100.00%	100.00%	100.00%	100.00%
Eolienne de Saugueuse, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Eolienne des Bocages, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Eolienne D'Etalondes, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%

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Le Mee, S.A. R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Mardelle, S.A.R.L.	Toulouse	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien D'Ardennes	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de La Hetroye, S.A.S.	Elbeuf	EXCO	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Mancheville, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Roman, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Varimpre, S.A.S.	Elbeuf	EXCO	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Bocages, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Longs Champs, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Vatines, S.A.S.	Elbeuf	EXCO	100.00%	100.00%	100.00%	100.00%
Parc Eolien du Clos Bataille, S.A.S.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Petite Piece, S.A.R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Plouvien Breiz, S.A.S.	Carhaix	KPMG	100.00%	100.00%	100.00%	100.00%
Quinze Mines, S.A.R.L.	Toulouse	n.a.	100.00%	49.00%	100.00%	49.00%
Sauvageons, S.A.R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Vallée du Moulin, S.A.R.L.	Toulouse	n.a.	100.00%	100.00%	100.00%	100.00%
Poland:						
EDP Renewables Polska, S.P. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Elektrownia Wiatrowa Kresy I, S.P. ZO.O	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Farma Wiatrowa Starozreby, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Farma Wiatrowa Wyszogrod, SP. ZO.O.	Warsaw	n.a.	-	-	100.00%	100.00%
Karpacka Mala Energetyka, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Masovia Wind Farm I, S.P. ZO.O (former Farma Wiatrowa Bodzanow, S.P. ZO.O)	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Relax Wind Park I, S.P. ZO.O	Warsaw	KPMG	96.43%	96.43%	96.43%	96.43%
Relax Wind Park II, S.P. ZO.O	Warsaw	n.a.	100.00%	100.00%	51.00%	51.00%
Relax Wind Park III, S.P. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Relax Wind Park IV, S.P. ZO.O	Warsaw	n.a.	100.00%	100.00%	51.00%	51.00%
Belgium:						
Greenwind, S.A.	Louvain-la-Neuve	KPMG	70.00%	70.00%	70.00%	70.00%
Brazil:						
Central Nacional de Energia Eólica, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
EDP Renováveis Brasil, S.A.	São Paulo	KPMG	55.00%	55.00%	55.00%	55.00%
Elebrás Projectos, Ltda	São Paulo	n.a.	55.00%	100.00%	55.00%	100.00%
Romania:						
Cernavoda Power, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
EDP Renewables Romania, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Pestera Wind Farm, S.A.	Bucharest	KPMG	85.00%	85.00%	-	-
Pochidia Wind Farm, S.A.	Bucharest	n.a.	85.00%	85.00%	-	-
S.C. Ialomita Power, S.R.L.	Bucharest	n.a.	85.00%	85.00%	-	-
Holland:						
Tarcan, BV	Amsterdam	KPMG	100.00%	100.00%	100.00%	100.00%
Great Britain:						
EDPR UK Limited	Cardiff	KPMG	100.00%	100.00%	100.00%	100.00%
MacColl Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	75.00%	100.00%
Moray Offshore Renewables Limited	Cardiff	KPMG	66.64%	66.64%	75.00%	75.00%
Stevenson Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	75.00%	100.00%
Telford Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	75.00%	100.00%

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Italy:						
EDP Renewables Italia, S.R.L.	Verbania	KPMG	100.00%	100.00%	100.00%	100.00%
Re Plus - S.R.L.	Roma	n.a.	80.00%	80.00%	80.00%	80.00%
Repano Wind S.R.L.	Verbania	n.a.	100.00%	100.00%	100.00%	100.00%
Villa Castelli Wind, S.R.L.	Verbania	n.a.	100.00%	100.00%	-	-
Canada:						
EDP Renewables Canada, Ltd	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
Parent Company:						
EDP Renewables North America, L.L.C. (former Horizon Wind Energy, L.L.C.)	Texas, USA	KPMG	100.00%	100.00%	100.00%	100.00%
Electricity business:						
USA:						
17th Star Wind Farm, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
2007 Vento I, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2007 Vento II	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2008 Vento III	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento IV, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento V, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento VI, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2010 Vento VII, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2010 Vento VIII, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2011 Vento IX, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2011 Vento X, L.L.C.	Texas	KPMG	100.00%	100.00%	-	-
Alabama Ledge Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Antelope Ridge Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Arkwright Summit Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Arlington Wind Power Project, L.L.C.	Oregon	KPMG	100.00%	100.00%	100.00%	100.00%
Aroostook Wind Energy, L.L.C.	Maine	n.a.	100.00%	100.00%	100.00%	100.00%
Ashford Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project II, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
AZ Solar, L.L.C.	Arizona	n.a.	100.00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Holdings, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Wind, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm IV, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm V, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm, L.L.C.	Illionois	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.	Illionois	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm III, L.L.C.	Illionois	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm, L.L.C.	Illionois	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%

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Cloud County Wind Farm, L.L.C.	Kansas	KPMG	100.00%	100.00%	100.00%	100.00%
Cloud West Wind Project, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Coos Curry Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Cropsey Ridge Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Crossing Trails Wind, Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Dairy Hills Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Diamond Power Partners, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
East Klickitat Wind Power Project, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Eastern Nebraska Wind Farm, L.L.C.	Nebraska	n.a.	100.00%	100.00%	-	-
EDPR Wind Ventures X, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
Five-Spot, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Ford Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Franklin Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Gulf Coast Windpower Management Company, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Headwaters Wind Farm, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Hidalgo Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
High Prairie Wind Farm II, L.L.C.	Minnesota	KPMG	100.00%	100.00%	100.00%	100.00%
High Trail Wind Farm, L.L.C.	Illionois	KPMG	100.00%	100.00%	100.00%	100.00%
Horizon Wind Chocolate Bayou, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy International	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Midwest IX, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest I, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest IV, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest VII, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest X, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest XI, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Panhandle I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest I, L.L.C.	New Mexico	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest II, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest III, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest IV, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Valley I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind MREC Iowa Partners, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IB, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IC, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures II, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures III, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IX, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VI, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VII, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VIII, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind, Freeport Windpower I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wyoming Transmission, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Jericho Rise Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Juniper Wind Power Partners, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lost Lakes Wind Farm, L.L.C.	Iowa	KPMG	100.00%	100.00%	100.00%	100.00%
Machias Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Madison Windpower, L.L.C.	New York	KPMG	100.00%	100.00%	100.00%	100.00%
Marble River, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Martinsdale Wind Farm, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm II, L.L.C.	Indiana	KPMG	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm IV, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm V, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2011 % of capital	2011 % of voting rights	2010 % of capital	2010 % of voting rights
Meadow Lake Wind Farm, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Windfarm III, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Mesquite Wind, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
New Trail Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
North Slope Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Number Nine Wind Farm, L.L.C.	Maine	n.a.	100.00%	100.00%	100.00%	100.00%
Old Trail Wind Farm, L.L.C.	Illinois	KPMG	100.00%	100.00%	100.00%	100.00%
OPQ Property, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Pacific Southwest Wind Farm, L.L.C.	Arizona	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm II, L.L.C.	Ohio	KPMG	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm III, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm IV, L.L.C	Ohio	n.a.	100.00%	100.00%	-	-
Paulding Wind Farm, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Peterson Power Partners, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Interconnection, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm I, L.L.C.	Iowa	KPMG	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm II, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Post Oak Wind, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
Quilt Block Wind Farm, L.L.C.	Wisconsin	n.a.	100.00%	100.00%	100.00%	100.00%
Rail Splitter	Illinois	KPMG	100.00%	100.00%	100.00%	100.00%
Rio Blanco Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Rising Tree Wind Farm, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Rush County Wind Farm, L.L.C	Kansas	n.a.	100.00%	100.00%	-	-
Saddleback Wind Power Project, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Sagebrush Power Partners, L.L.C.	Washington	KPMG	100.00%	100.00%	100.00%	100.00%
Sardinia Windpower, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Signal Hill Wind Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm II, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm III, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm IV, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm V, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Stinson Mills Wind Farm, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Stone Wind Power, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Telocaset Wind Power Partners, L.L.C.	Oregon	KPMG	100.00%	100.00%	100.00%	100.00%
The Nook Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Tug Hill Windpower, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Tumbleweed Wind Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Turtle Creek Wind Farm, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Waverly Wind Farm, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Western Trail Wind Project I, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Wheatfield Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2011 % of capital	2011 % of voting rights	2010 % of capital	2010 % of voting rights
Whiskey Ridge Power Partners, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Whistling Wind WI Energy Center, L.L.C.	Wisconsin	n.a.	100.00%	100.00%	100.00%	100.00%
Whitestone Wind Purchasing, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Wilson Creek Power Partners, L.L.C.	Nevada	n.a.	100.00%	100.00%	100.00%	100.00%
Wind Turbine Prometheus, L.P.	California	n.a.	100.00%	100.00%	100.00%	100.00%
WTP Management Company, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2011, are as follows:

Jointly Controlled Companies	Head Office	Share Capital / Currency		Non Current Assets 31-Dec-11 Euro'000	Current Assets 31-Dec-11 Euro'000	Non Current Liabilities 31-Dec-11 Euro'000	Current Liabilities 31-Dec-11 Euro'000	Total Equity 31-Dec-11 Euro'000	Total Incomes 31-Dec-11 Euro'000	Total Costs 31-Dec-11 Euro'000	Net Results 31-Dec-11 Euro'000	% of capital	% Voting rigths	Auditor
Electricity business														
Compañía Eólica Aragonesa, S.A.	Zaragosa	6.701.165	EUR	47.204	9.709	19.424	6.826	30.663	17.986	-10.214	7.772	50,00%	50,00%	Deloitte
Desarrollos Energeticos Canarios S.A.	Las Palmas	15.025	EUR	-	4	-5	-	9	-	-	-	49,90%	49,90%	n.a.
Evolución 2000, S.L.	Albacete	117.994	EUR	23.319	5.025	18.850	2.134	7.360	5.255	-3.578	1.677	49,15%	49,15%	KPMG
Flat Rock Windpower, L.L.C.	New York	522.818.885	USD	158.942	3.125	1.265	28	160.774	11.565	-13.815	-2.250	50,00%	50,00%	E&Y
Flat Rock Windpower II, L.L.C.	New York	207.447.187	USD	63.658	863	487	68	63.966	2.740	-4.609	-1.869	50,00%	50,00%	E&Y
Tebar Eólica, S.A.	Cuenca	4.720.400	EUR	14.607	6.095	13.063	2.220	5.419	4.108	-3.276	832	50,00%	50,00%	Abante Audit

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2010, are as follows:

Jointly Controlled Companies	Head Office	Share Capital / Currency		Non Current Assets 31-Dec-10 Euro'000	Current Assets 31-Dec-10 Euro'000	Non Current Liabilities 31-Dec-10 Euro'000	Current Liabilities 31-Dec-10 Euro'000	Total Equity 31-Dec-10 Euro'000	Total Incomes 31-Dec-10 Euro'000	Total Costs 31-Dec-10 Euro'000	Net Results 31-Dec-10 Euro'000	% of capital	% Voting rigths	Auditor
Electricity business														
Compañía Eólica Aragonesa, S.A.	Zaragosa	6.701.165	EUR	49.736	8.604	26.168	6.993	25.180	16.808	-10.103	6.705	50,00%	50,00%	Deloitte
Desarrollos Energeticos Canarios S.A.	Las Palmas	15.025	EUR	-	-	-	-	-	-	-	-	49,90%	49,90%	n.a.
Evolución 2000, S.L.	Albacete	117.994	EUR	24.435	7.102	20.293	4.073	7.172	4.988	-3.490	1.498	49,15%	49,15%	KPMG
Flat Rock Windpower, L.L.C.	New York	522.818.885	USD	162.186	3.686	1.146	43	164.682	11.813	-15.578	-3.765	50,00%	50,00%	E&Y
Flat Rock Windpower II, L.L.C.	New York	207.447.187	USD	64.868	1.026	437	55	65.402	2.908	-5.132	-2.224	50,00%	50,00%	E&Y
Tebar Eólica, S.A.	Cuenca	4.720.400	EUR	16.135	5.398	14.611	1.900	5.022	4.044	-3.433	611	50,00%	50,00%	Abante Audit

The Associated Companies included in the consolidation under the equity method as at 31 December 2011 and 2010, are as follows:

Company	Head Office	Auditor	2011 % of capital	2011 % of voting rights	2010 % of capital	2010 % of voting rights
Aprofitament D'Energies Renovables de L'Ebre, S.A.	Barcelona	n.a.	18.97%	38.96%	48.70%	60.63%
Biomasas del Pirineo, S.A.	Huesca	PWC	30.00%	30.00%	30.00%	30.00%
Cultivos Energéticos de Castilla, S.A.	Burgos	n.a.	30.00%	30.00%	30.00%	30.00%
Desarollos Eolicos de Canárias, S.A.	Gran Canaria	KPMG	44.75%	44.75%	44.75%	44.75%
ENEOP - Éolicas de Portugal, S.A.	Lisboa	Mazars	35.96%	35.96%	35.96%	35.96%
Hidroastur, S.A.	Oviedo	KPMG	25.00%	25.00%	25.00%	25.00%
Naturneo Energía, S.L.	Bilbau	Mazars	49.01%	49.01%	49.01%	49.01%
Parque Eólico Belmonte, S.A.	Asturias	Centium	29.90%	29.90%	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	Soria	n.a.	42.00%	42.00%	42.00%	42.00%
SeaEnergy Renewables Inch Cape Limited	Edimburg	Deloitte	49.00%	49.00%	-	-
Sodecoan, S.L.	Sevilla	Ernst & Young	-	-	50.00%	50.00%
Solar Siglo XXI, S.A.	Ciudad Real	KPMG	25.00%	25.00%	25.00%	25.00%

ANNEX 2

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
Revenue	**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 (loss) for the period	**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 Interest	1,527	3,405	-1,579	-31	-	3,322	-	-1,302	2,020
Profit (loss) for the period	**41,260**	**48,400**	**-28,165**	**-28,360**	**-9,086**	**24,049**	**6,422**	**60,153**	**90,624**
Assets									
Property, plant and equipment	526,275	3,152,540	1,356,113	47,049	-	5,081,977	5,162,441	210,203	10,454,621
Intangible assets and Goodwill	42,494	97,172	90,416	69	470,034	700,185	618,437	15,042	1,333,664
Investments in associates	-	9,381	14,700	-	25,423	49,504	1,877	-	51,381
Current assets	133,706	445,113	144,866	1,430,075	-1,496,724	657,036	137,865	95,651	890,552
Equity and Liabilities									
Equity and Non-Controlling Interest	97,953	936,440	223,278	121,189	-935,817	443,043	3,332,379	1,678,303	5,453,725
Current Liabilities	229,146	1,005,260	554,386	463,909	-1,371,231	881,470	396,278	-194,569	1,083,179
Other information:									
Increase of the period									
Property, plant and equipment	10,119	168,898	155,079	28,771	-	362,867	407,894	59,949	830,710
Intangible assets and Goodwill	-	-	5	-	-	5	-	4	9

* Rest of Europe includes the following countries: Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom

EDP Renováveis, S.A.
Group Activity by Operating Segment
Operating Segment Information for the year ended 31 December 2010

	WIND ENERGY OPERATIONS								
	EUROPE								
Thousands of Euros	Portugal	Spain	Rest of Europe *	Others	Adjustments	Total	U. S. A.	Other and Adjustments	Renováveis Group
Revenue	**140,251**	**331,202**	**78,458**	**19,736**	**-7,415**	**562,232**	**274,969**	**3,441**	**840,642**
Income from institutional partnerships in US wind farms							107,005		107,005
	140,251	331,202	78,458	19,736	-7,415	562,232	381,974	3,441	947,647
Other operating income / (expenses)									
Other operating income	1,657	7,185	16,376	2,655	-991	26,882	46,022	121	73,025
Supplies and services	-18,234	-60,686	-17,851	-10,732	20,094	-87,409	-93,026	-15,776	-196,211
Personnel costs	-2,702	-5,568	-3,120	-8,736	-	-20,126	-24,333	-10,387	-54,846
Other operating expenses	-5,296	-9,889	-2,492	-2,213	-23	-19,913	-22,303	-14,650	-56,866
	-24,575	-68,958	-7,087	-19,026	19,080	-100,566	-93,640	-40,692	-234,898
	115,676	262,244	71,371	710	11,665	461,666	288,334	-37,251	712,749
Provisions	8	147	-	-	-	155	-	-	155
Depreciation and amortisation expense	-34,964	-138,271	-30,708	-5,242	-	-209,185	-222,263	-2,955	-434,403
Amortisation of deferred income / Government grants	1,100	214	222	-	-	1,536	9,869	1	11,406
	81,820	124,334	40,885	-4,532	11,665	254,172	75,940	-40,205	289,907
Gains / (losses) from the sale of financial assets	-	-	-	-	-	-	-	-	-
Other financial income	290	688	17,144	46,865	-46,865	18,122	6,131	10,121	34,374
Interest income	3,160	1,949	468	170,012	-167,321	8,268	308	1,355	9,931
Other financial expenses	-306	-1,680	-21,546	-19,960	14,969	-28,523	-73,355	-8,182	-110,060
Interest expense	-32,711	-98,159	-30,190	-233,849	167,474	-227,435	3,400	115,644	-108,391
Share of profit of associates	2,128	2,908	-	-	-	5,036	-	-	5,036
Profit before tax	54,381	30,040	6,761	-41,464	-20,078	29,640	12,424	78,733	120,797
Income tax expense	-15,118	-8,306	429	10,210	-	-12,785	-	-24,974	-37,759
Profit (loss) for the period	**39,263**	**21,734**	**7,190**	**-31,254**	**-20,078**	**16,855**	**12,424**	**53,759**	**83,038**
Attributable to:									
Equity holders of EDP Renováveis	37,766	14,015	7,092	-25,875	-20,078	12,920	12,424	54,859	80,203
Minority interest	1,497	7,719	98	-5,379	-	3,935	-	-1,100	2,835
Profit (loss) for the period	**39,263**	**21,734**	**7,190**	**-31,254**	**-20,078**	**16,855**	**12,424**	**53,759**	**83,038**
Assets									
Property, plant and equipment	544,126	3,105,798	1,300,198	50,158	-	5,000,280	4,814,548	166,943	9,981,771
Intangible assets and Goodwill	43,167	106,656	93,194	72	508,886	751,975	600,317	14,441	1,366,733
Investments in associates	-	15,915	-	12	28,127	44,054	1,817	-	45,871
Current assets	161,590	410,772	148,131	1,223,267	-1,184,134	759,626	199,503	301,436	1,260,565
Equity and Liabilities									
Equity and Minority Interest	74,258	860,192	253,527	48,858	-794,532	442,303	3,146,741	1,804,467	5,393,511
Current Liabilities	151,655	930,649	409,258	393,605	-813,227	1,071,940	428,332	-208,097	1,292,175
Other information:									
Increase of the period									
Property, plant and equipment	7,859	128,435	467,018	4,370	-	607,682	783,436	79,519	1,470,637
Intangible assets and Goodwill	-	124	57,781	-	-	57,905	2,185	315	60,405

* Rest of Europe includes the following countries: Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom

edp renováveis

MANAGEMENT REPORT
DECEMBER 2011

MANAGEMENT REPORT

of

EDP Renováveis Group (EDPR)

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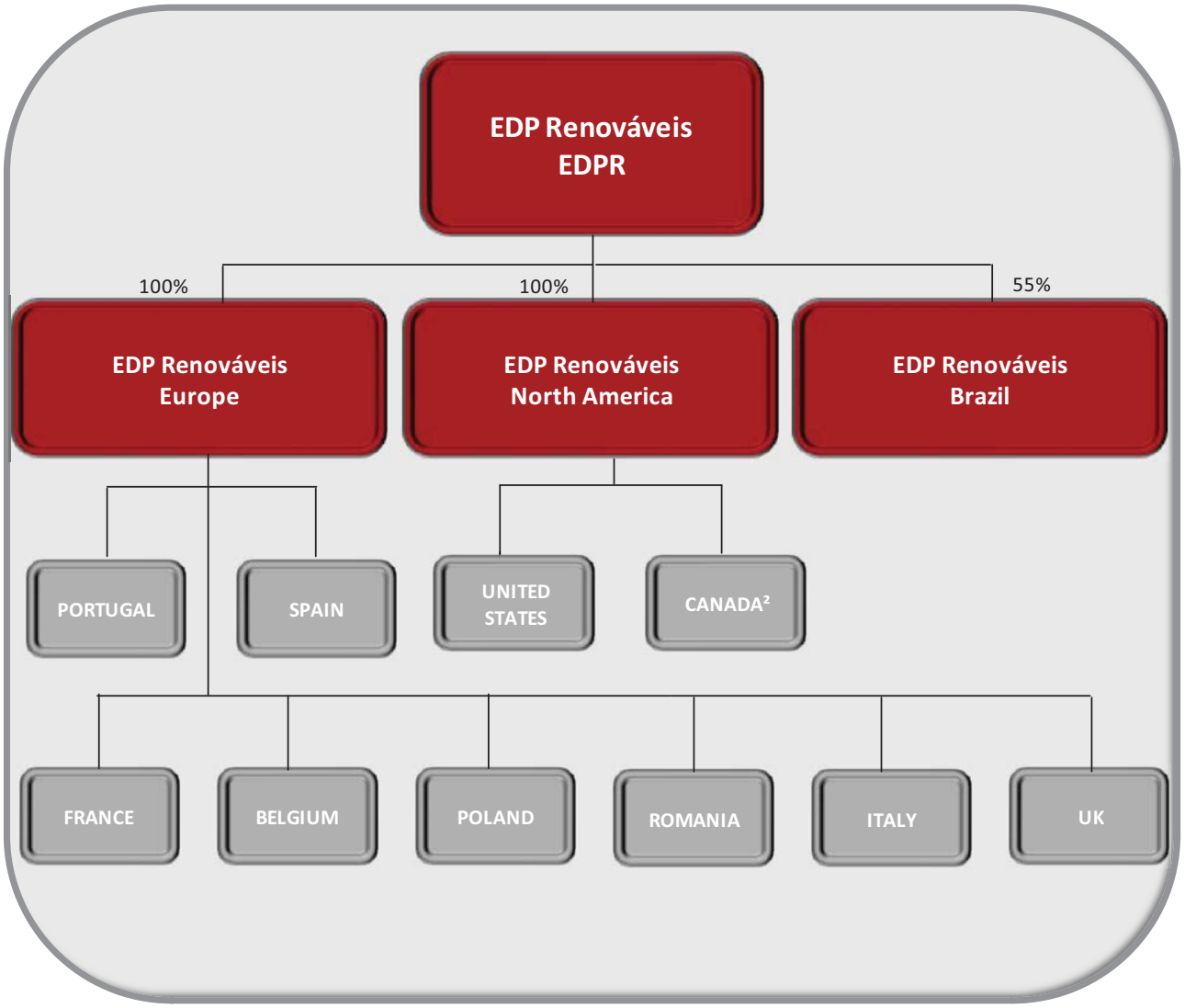
ATTACHED:

– EDP RENOVÁVEIS CONSOLIDATED ANNUAL ACCOUNTS AS OF 31/DEC/2011

0. ORGANIZATIONAL CHART

EDP Renováveis Organization[1]



[1] Non-exhaustive Organization Chart, illustrating simplified geography of presence rather than comprehensive list of legal entities.
[2] 100% owned by EDPR, operationally integrated in EDPR NA

1. MAIN EVENTS OF THE PERIOD

1ST QUARTER

FEBRUARY

02 Feb – EDP Renováveis announces YE2010 provisional operating data: EDP Renováveis installed 1,101 MW and achieved an electricity output 14,352 GWh, more 32% than in 2009. Load factor in Europe was 27% and in the US 32%.

24 Feb – EDP Renováveis announces YE2010 results: Revenues and EBITDA increased by 31% YoY, reaching €947.6 million and €712.7 million, respectively. EBITDA margin stood at 75.2% and Net Income totalled €80.2 million (-30% YoY).

MARCH

30 Mar – EDP Renováveis takes full control of Genesa: EDPR takes full control of Genesa, following the decision of Caja Madrid to exercise its put option over its 20% stake in Genesa, in accordance to the provisions under the shareholders' agreement. The strike price of the put option was set at €231 million.

2ND QUARTER

APRIL

07 Apr – EDP Renováveis sells financial stake in Spanish wind farm: EDPR closed an agreement with Enel Green Power to sell its stake in SEASA – a company with 74 operating MW in Spain. EDPR sells its 16.67% equity shareholding by €10.7 million (or 24.5 million of enterprise value, including the equivalent net debt as of Dec-10).

11 Apr – EDP Renováveis holds its Annual General Shareholders Meeting

18 Apr – EDP Renováveis announces 1Q2011 provisional operating data: capacity increased by 188 MW and electricity output reached 4,421 GWh, more 21% than in 1st quarter of 2010. Load factor in Europe was 29% and in the US 35%.

MAY

4 May – EDP Renováveis announces 1Q2011 results: Revenues amounted to €284.3 million in the quarter (+17% YoY), EBITDA totalled €220.1 million (+19% YoY), reaching an EBITDA margin of 77.4%. Net income was €49.2 million (+16% YoY).

JUNE

03 Jun – EDP Renováveis is awarded a new long-term contract in the US: EDPR was awarded a 10-year contract by the New York State Energy Research and Development Authority (NYSERDA) in conjunction with the Public Service Commission (PSC) to sell the renewable energy credits (RECs) equivalent to 45 MW from its Marble River Wind Farm project in the New York state, to be commissioned in 2012.

06 Jun – EDP Renováveis establishes a partnership for the development of 2.4 GW of wind offshore capacity in the UK: EDPR entered into a partnership with Repsol to jointly develop 2.4 GW of offshore wind projects in the UK. EDPR will lead the partnership with a 60% share in the overall capacity to be developed.

21 Jun – EDP Renováveis holds its Extraordinary Shareholders Meeting

21 Jun – EDP Renováveis executes a project finance for 138 MW in Romania: EDPR has executed a project finance structure agreement with a consortium of banks led by the European Bank for Reconstruction and Development (EBRD) and the IFC, a member of the World Bank Group, for 138 MW in Romania. The long-term contracted debt facility amounts to €115 million.

28 Jun – EDP Renováveis is awarded with 127 MW in Spain: EDPR was awarded with 127 MW in the region of Aragón, corresponding to 11% of the total 1.2 GW granted by the Spanish regional Government in its tender to award electricity production licenses through wind energy.

3RD QUARTER

JULY

11 Jul – EDP Renováveis executes a project finance for 90 MW in Romania: EDPR has executed another project finance structure agreement with a consortium of banks led by the European Bank for Reconstruction and Development (EBRD) and the IFC, a member of the World Bank Group, for the 90 MW Pestera wind farm in Romania. The long-term contracted debt facility amounts to €73 million.

13 Jul – EDP Renováveis establishes a new institutional partnership structure for 99 MW in the US: EDPR has signed an agreement to secure USD116 million of institutional equity financing from Bank of America Corporation and Paribas North America, Inc., a subsidiary of BNP Paribas, in exchange for a partial interest in its 99 MW Timber Road II wind farm.

14 Jul – EDP Renováveis announces 1H2011 provisional operating data: capacity increased 486 MW (362 MW in Europe, 70 MW in Brazil and 54 MW in the US) and electricity output totalled 8,790 GWh, meaning a 27% increase comparing with the 1st half of 2010. Load factor in Europe was 26% and in the US 36%.

25 Jul – EDP Renováveis executes a project finance for 70 MW in Brazil: EDPR has executed a project finance structure agreement with the Brazilian Development Bank (BNDES) for its 70 MW Tramandaí wind farm in Brazil, in the State of Rio Grande do Sul, fully commissioned in May 2011. The long-term contracted debt facility amounts to R$ 228 million.

27 Jul – EDP Renováveis announces 1H2011 results: Revenues were €546.6 million (+18% YoY) and EBITDA €409.2 million (+19% YoY), with an EBITDA margin of 74.9%. Net income increased 109% YoY to €89.5 million reflecting the operating performance in the period, the extension of the projects' useful life to 25 years and the capital gain from the sale of EDPR's stake in SEASA.

SEPTEMBER

14 Sep – EDP Renováveis secures a new PPA for 101 MW in the US: EDPR signed a 19-year Power Purchase Agreement (PPA) with Tennessee Valley Authority to sell the renewable energy produced by its 101 MW Lost Lakes wind farm in Iowa, US.

4TH QUARTER

OCTOBER

13 Oct – EDP Renováveis announces 9M2011 provisional operating data: capacity increased 604 MW (435 MW in Europe, 99 MW in the US and 70 MW in Brazil) and electricity output totalled 11,975 GWh, meaning a 22% increase comparing with the nine months of 2010. Load factor in Europe was 25% and in the US 31%.

26 Oct – EDP Renováveis announces 9M2011 results: Revenues were €768.8 million (+16% YoY) and EBITDA €548.3 million (+16% YoY), with an EBITDA margin of 71.3%. Net income reached €62.6 million, having increased 182% YoY reflecting the operating performance in the period and the extension of the projects' useful life but partially offset by the negative forex differences.

DECEMBER

20 Dec – EDP Renováveis is awarded long-term contracts for 120 MW at the Brazilian energy auction: EDPR has secured four 20-year Power Purchase Agreements (PPA) at the Brazilian energy A-5 auction to sell electricity in the regulated market. The four PPA are related to the equivalent renewable energy produced by four wind farms totalling 120 MW, to be installed in the State of Rio Grande do Norte, in Brazil.

21 Dec – ENEOP executes a project finance of €260 million for 376 MW in Portugal: EDPR's associated company ENEOP – Eólicas de Portugal has executed a project finance structure with the European Investment Bank (EIB) for its second group of wind farms developed in Portugal, totalling 376 MW.

22 Dec – EDPR's principal shareholder EDP and China Three Gorges establish a strategic partnerhip: EDPR's principal shareholder EDP established a strategic partnership with China Three Gorges, following the selection of the Chinese company to be the purchaser of a 21.35% stake in EDP formerly owned by the Portuguese Government, in the context of the 8th reprivatisation phase of EDP.

22 Dec – EDP Renováveis establishes a new institutional partnership structure for 99 MW in the US: EDPR has secured c.USD 124 million of institutional equity financing from JPM Capital Corporation and Wells Fargo, in exchange for a partial interest in its 99 MW Blue Canyon VI wind farm that has started operating in the State of Oklahoma.

2. PERFORMANCE OF 2011

2.1 Operational and Financial Performance

2.1.1 Operating Overview

EBITDA MW	FY11	FY10	Δ 11/10
Europe	3,978	3,439	+538
US	3,422	3,224	+198
Brazil	84	14	+70
Total	**7,483**	**6,676**	**+806**

Note: Including ENEOP (attributable to EDPR)

EDPR added 806 MW to its EBITDA+ENEOP installed capacity in 2011, of which 538 MW (87 MW from ENEOP) were in Europe, 198 MW in the US and 70 MW in Brazil. As of Dec-11, EDPR had 90% of its portfolio under long-term contracts and visible regulatory frameworks, and only 10% purely exposed to US spot electricity markets.

Load Factor	FY11	FY10	Δ 11/10
Europe	25%	27%	(2 pp)
US	33%	32%	+1 pp
Brazil	35%	26%	+9 pp
Total	**29%**	**29%**	**-**

In 2011, the average load factor was stable YoY at 29%, keeping its position as one of the highest in the wind sector, as the company continues to leverage on its competitive advantages to maximize wind farm's output and on its diversified portfolio to mitigate the wind volatility risk. In Europe, the load factor decreased to 25% in 2011, given a lower wind resource in the period, particularly in the 4Q (27%, -3pp YoY). In the US, the 2011 load factor improved by 1pp YoY to 33%, having remained stable in the 4Q11 at 37%. In Brazil, load factors increased 9pp YoY to 35% following the strong wind resource in the 4Q11 and the commissioning of 70 MW with a higher load factor.

GWh	FY11	FY10	Δ 11/10
Europe	7,301	6,632	+10%
US	9,330	7,689	+21%
Brazil	170	31	+451%
Total	**16,800**	**14,352**	**+17%**

Electricity production was up 17% in 2011, reaching 16.8 TWh and outpacing the capacity growth. The US represented the main source of growth (+21%), while Europe's growth (+10%) continues to be supported by Central and Eastern European markets.
Out of the total electricity output in 2011, 84% was sold under long-term remuneration schemes while 16% was exposed to US spot electricity prices (spot exposure will decrease further once all signed PPA contracts in the US start to contribute in 2012).

All in all, Revenues increased by 13% YoY and EBITDA increased 12% YoY, as a result of operating growth and positive non-recurrent items at the net operating costs line.

2.1.2 Development of Capacity and Capex

Installed Capacity (MW)	FY11	FY10	Δ 11/10
Spain	2,201	2,050	+151
Portugal	613	599	+14
France	306	284	+22
Belgium	57	57	-
Poland	190	120	+70
Romania	285	90	+195
Europe	**3,652**	**3,200**	**+452**
US	**3,422**	**3,224**	**+198**
Brazil	**84**	**14**	**+70**
EBITDA MW	**7,157**	**6,437**	**+720**
ENEOP -Eólicas de Portugal (equity consolidated)	326	239	+87
EBITDA MW + Eólicas de Portugal	**7,483**	**6,676**	**+806**

By December 2011, EDPR managed a global portfolio of 7,483 MW in 8 different countries (including its interest in the ENEOP - Eólicas de Portugal consortium, equity consolidated). During 2011, 720 MW (EBITDA) plus 87 MW (equity consolidated) were added to the installed capacity, of which 538 MW in Europe, 198 MW in the US and 70 MW in Brazil. In the 4Q11, EDPR added 203 MW of which 104 MW in Europe and 99 MW in the US.

Under Construction (MW)	FY11
Spain	58
Portugal	2
ROE	100
Europe	**160**
US	**215**
EBITDA MW	**375**
ENEOP -Eólicas de Portugal (equity consolidated)	-
EBITDA MW + Eólicas de Portugal	**375**

By December 2011 EDPR had 375 MW under construction, of which 160 MW were in Europe and 215 MW in the US. In Europe, 80 MW were in construction in Poland, 58 MW in Spain and 2 MW in Portugal, while in Italy EDPR is building its first 20 MW. In the US, EDPR has 215 MW under construction from the Marble River wind farm in the State of New York.

Capex (€m)	FY11	FY10	Δ %	Δ €
Europe	368	539	(32%)	(171)
US	405	783	(48%)	(378)
Brazil & Others	57	79	(28%)	(10)
Total Capex	**829**	**1,401**	**(41%)**	**(572)**

Capex in 2011 was €829m, reflecting the ongoing capacity expansion plan. The 2011 capex decreased by 41% YoY explained by the lower capacity additions in the period and a lower unitary cost. Out of the €829m capex for 2011, €364m were related to the conclusion of new installed MW, while €466m were assigned to capacity under construction and under development.

EDPR has today a pipeline of projects in excess of 21 GW in 11 different countries, which enables the company to develop the best growth options through the execution of high quality projects located in the most profitable markets. During the 4Q11, EDPR performed a rationalisation of the long-term pipeline in the US, leading to a reduction in the volume of capacity under development in this country.

Pipeline (MW)	Tier 1	Tier 2	Tier 3	Sub-Total	Prospects	Total
Europe	369	917	4,458	5,745	3,377	9,121
North America	775	4,038	3,285	8,098	2,195	10,293
Brazil	120	153	641	914	700	1,614
Total	**1,264**	**5,107**	**8,384**	**14,756**	**6,272**	**21,028**

2.2 Condensed Consolidated Financial Statements

2.2.1 Statement of Financial Position

Assets (€m)	FY11	FY10
Property, plant and equipment, net	10,455	9,982
Intangible assets and goodwill, net	1,334	1,367
Financial investments, net	61	64
Deferred tax assets	56	39
Inventories	24	24
Accounts receivable - trade, net	146	144
Accounts receivable - other, net	763	680
Financial assets held for trading	0	36
Cash and cash equivalents	220	501
Total Assets	**13,058**	**12,835**
Equity (€m)		
Share capital + share premium	4,914	4,914
Reserves and retained earnings	325	274
Consolidated net profit attrib. to equity holders of the parent	89	80
Non-controlling interests	127	126
Total Equity	**5,454**	**5,394**
Liabilities (€m)		
Financial debt	3,826	3,534
Institutional partnerships	1,024	1,009
Provisions	58	54
Deferred tax liabilities	381	372
Deferred revenues from institutional partnerships	773	635
Accounts payable - net	1,542	1,839
Total Liabilities	**7,604**	**7,442**
Total Equity and Liabilities	**13,058**	**12,835**

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

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

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

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

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

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

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

Deferred Tax liabilities in the amount of 381 million euros reflect 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.

2.2.2 Statement of Income

Consolidated Income Statement (€m)	FY11	FY10	Δ 11/10
Revenues	**1,068.8**	**947.6**	**+13%**
Supplies and services	225.1	196.2	+15%
Personnel costs	60.8	54.8	+11%
Other operating costs / (income)	(17.8)	(16.2)	(10%)
Operating Costs	**268.1**	**234.9**	**+14%**
EBITDA	**800.7**	**712.7**	**+12%**
EBITDA/Revenues	74.9%	75.2%	(0.3 pp)
Provisions	(0.3)	(0.2)	(71%)
Depreciation and amortization	468.5	434.4	+8%
Compensation of subsidized assets' depreciation	(15.0)	(11.4)	(31%)
EBIT	**347.5**	**289.9**	**+20%**
Capital gains/(losses)	10.5	0.0	-
Financial income/(expense)	(244.1)	(174.1)	(40%)
Income/(losses) from group and associated companies	4.8	5.0	(5%)
Pre-Tax Profit	**118.7**	**120.8**	**(2%)**
Income taxes	(28.0)	(37.8)	+26%
Profit of the period	90.6	83.0	+9%
Equity Holders of EDPR	**88.6**	**80.2**	**+10%**
Non-controlling interests	2.0	2.8	(29%)

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

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

Depreciation and amortization charges (including comp. of subsidized asset's depreciation) increased by 7% in 2011 to 453 million euros. In the 2Q11, EDPR concluded a joint technical study with an industry independent expert on the expectable operating period turbines are expected to be economically in operation, and accordingly adjusted the useful life of its fleet to 25 years. The extension had a +55 million euros impact in the Net Income bottom line of 2011 (81M€ pre-tax), mainly as a result of lower depreciation charges.

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

All in all, some non-recurrent items impacted the company's Pre-tax profit in -16 million euros: i) +11 million euros as a result of the revaluation of some of EDPR's European Assets and Liabilities (+52 million euros in EBITDA; -41 million euros in Depreciations and Amortizations); ii) -12 million euros of write-offs and other costs related to pipeline rationalisation (impact in EBITDA); iii) -22 million euros of negative forex differences (impact in Financial Costs); and iv) +10 million euros of capital gains.

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

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

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. The expected dividend policy of EDPR, as announced in the IPO, is to propose dividends' distribution each year representing at least 20% of EDPR's distributable profit. Also as announced in the IPO, EDPR Board of Directors can adjust this dividend policy as required to reflect, among other things, changes to our business plan and our capital requirements, and there can be no assurance that in any given year a dividend will be proposed or declared.

Net Income Application Proposal (€)	
Distribution basis:	
Net Income of the Period	59,018,372.50
Total to be allocated	59,018,372.50
Allocation:	
Legal Reserves (10%)	5,901,837.25
Voluntary Reserves	53,116,535.25
Total Distributed	59,018,372.50

2.2.3 Cash-flow and change in Net Debt

Cash-Flow (€m)	FY11	FY10	Δ 11/10
EBITDA	801	713	+12%
FFO (Funds From Operations)	588	522	+13%
Operating Cash-Flow	643	567	+13%
Net Operating Cash-Flow	(444)	(764)	+42%
Decrease / (Increase) in Net Debt	**(616)**	**(737)**	**+16%**

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

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

- Funds From Operations resulting from EBITDA after net interest expenses, associates and taxes increased 13% YoY;
- Operating Cash-Flow, adjusted by net interest costs, non-cash items and net of changes in working capital, amounted to €643m (+13% YoY);
- Capital Expenditures totalled €829m: €364m related to the conclusion of new installed MW; while €466m were assigned to capacity under construction and under development. The 2011 capex decreased by 41% YoY explained by the lower capacity additions in the period and lower unitary cost;
- Other Investing activities amounted to €260m, which encompasses: i) financial investments/divestments (€237m), including the acquisition of a 20% additional stake in Genesa for €231m (2Q11) and the divestment of the financial stakes in two wind farms from which EDPR cashed-in a total €26m; and ii) other payments which total €23m;

- Monetization of tax credits (€144m) includes two Institutional Partnership agreements for 198MW in the US;
- Forex & other (€157m) include the financing of newly installed capacity in the ENEOP consortium in Portugal through shareholder loans and the forex translation (-€52m) mostly related to EDPR's debt in US Dollars.

Net Debt (€m)	FY11	FY10	Δ €
Financial Debt	3,826	3,534	+293
Cash and cash equivalents	220	501	(281)
Loans to EDP Group related companies and cash pooling	219	226	(7)
Financial assets held for trading	0	36	(36)
Net Debt	**3,387**	**2,772**	**+616**

At the end of 2011, EDPR's financial debt was 3.8 billion euros (+8% YoY), being c78% of it loans with EDP Group while the remaining is debt with financial institutions, mostly related to project finance. Net Debt achieved 3.4 billion euros in 2011, increasing from the 2.8 billion euros by the end of 2010, mainly reflecting the capital expenditures and the financial investments done in the period.

EDPR's debt has a long-term profile. Most of our 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 to match the operating cash-flow profile with its financing costs.

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

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

2.3. Competitive Landscape and Business Plan

EDPR is a global leading energy company. Our growth has been the result of an extraordinary ability to implement projects and to smoothly integrate new companies, people and cultures. Our

markets provide attractive growth potential, mainly due to their growth prospects and the fact that they possess stable regulatory structures that allows for profitable returns.

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

EDPR is a leading 'pure-play' renewable energy company, having derived its revenue stream from renewable energy activity. EDPR holds a leading position and "early mover" advantages in attractive high-growth markets, and continues to analyze new markets as well as new opportunities within the markets we currently operate in. This strategy continues to provide the company with a unique combination of size, focus and experience in the sector.

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

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

Furthermore, EDPR has proven its ability to selectively identify new markets, to enter such markets and successfully integrate new countries.

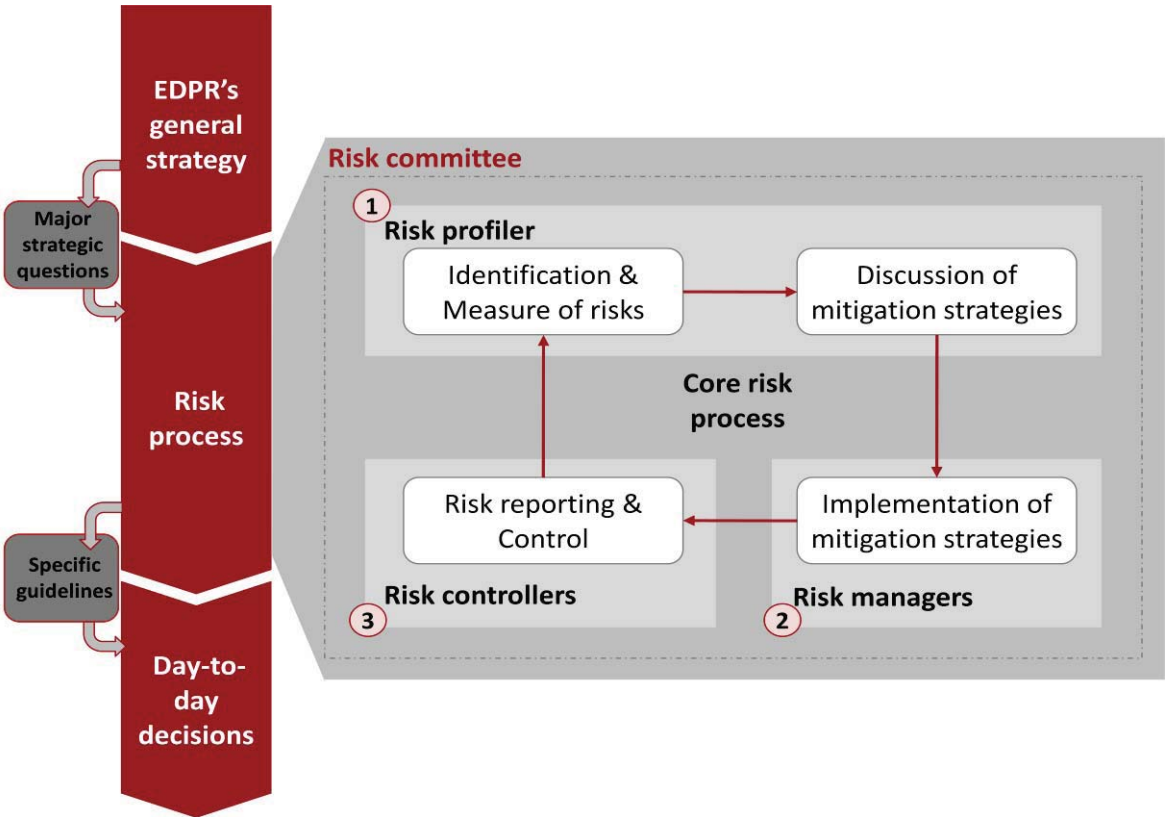
At the core of EDPR's confidence in achieving these targets, is a dynamic, highly qualified and experienced team of world-wide employees with the track record and ambition to deliver upon the superior targets.

3. RISK MANAGEMENT

RISK FRAMEWORK AND PROCESS

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

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



RISK FUNCTIONS AND RISK COMMITTEE

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

EDPR's Risk Committee integrates and coordinates all the risk functions and assures the link between risk strategy and the company's operations.

EDPR's Risk Committee intends to be the forum to discuss how EDPR can optimize its risk-return position according to its risk profile. The key responsibilities of this committee are:

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

RISK AREAS AND RISK RELATED STRATEGIC QUESTIONS

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

1. **Countries & Regulations** - Changes in regulations may impact EDPR's business in a given country
2. **Revenues** - Revenues received by EDPR's projects may diverge from what is expected
3. **Financing** - EDPR may not be able to raise enough cash to finance all its planned Capex; EDPR may not be able to 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 suffers delays and/or anticipations in its installation
6. **Operations** - Projects may deliver a volume different from expected

3.1 Countries and Regulations

3.1.1 Regulatory Risks

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

Support for renewable energy sources has been strong in previous years, and both the European Union and various US federal and state bodies have regularly reaffirmed their wish to continue and strengthen such support.

It cannot be guaranteed that the current support will be maintained or that the electricity produced by future renewable energy projects will benefit from state purchase obligations, tax incentives, or other support measures for the electricity generation from renewable energy sources.

Management of Regulatory Risks

EDPR is managing its exposure to regulatory risks trough diversification (being present in several countries) and by being an active member in several wind associations.

3.2 Revenues

3.2.1 Exposure to market electricity prices

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

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

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

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

Under EDPR's global approach to optimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the defined limits, assessing in which markets financial hedges may be more effective to correct it. In 2010, in order to manage such

exposure, EDPR financially hedged a significant part of its generation in Spain while it closed a significant portion of its exposure through several physical and financial deals for the long-term in the US.

3.2.2 Risk related to volatility of energy production

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

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

Management of Risks related to volatility of energy production

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

3.3 Financing

3.3.1 Risks related to the exposure to financial markets

EDPR is exposed to fluctuations in interest rates through financing. This risk can be mitigated using fixed rates and hedging instruments, including interest rate swaps.

Also because of its presence in several countries, currency fluctuations may have a material adverse effect on the financial condition and results of operations. EDPR may attempt to hedge against currency fluctuations risks by natural hedging strategies, as well as by using hedging instruments, including forward foreign exchange contracts and Cross Interest Rate Swaps.

EDPR hedging efforts will minimize but not eliminate the impact of interest rate and exchange rate volatility.

Management of Financial Risks

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

The Board of Directors is responsible for the definition of general risk-management principles and the establishment of exposure limits following the recommendation of the risk committee.

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

The execution of the approved strategies is also undertaken by the Financial Department, in accordance with the policies previously defined and approved.

Fixed rate, Natural hedging and Financial instruments are used to minimize potential adverse effects resulting from the interest rate and foreign exchange rate risks on its financial performance.

3.3.1.1 Interest rate risk

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

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

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

3.3.1.2 Exchange rate risk

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currently, main currency exposure is the U.S. dollar/euro currency fluctuation risk that results principally from the shareholding in EDPR NA. With the ongoing

increasing capacity in others non-euro regions, EDPR will become also exposed to other local currencies (Poland, Romania and Brazil).

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

3.3.2 Counterparty credit risk

Counterparty risk is the default risk of the other party in an agreement, either due to temporary liquidity issues or long term systemic issues.

Management of counterparty credit risk

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

3.3.3 Liquidity risk

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

Management of liquidity risk

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

3.4 Wind turbine contracts

3.4.1 Wind turbine supply risk

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

Management of wind turbine supply risk

EDPR faces limited risk to the availability and prices' increase of WTG due to its framework agreements with the major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to reduce its dependency on any one supplier being one of the worldwide wind energy developers with a more diversified and balanced portfolio.

3.5 Pipeline development

3.5.1 Permitting risks

Wind farms are subject to strict international, national, state, regional and local regulations relating to the development, construction, licensing, grid interconnection and operation of power plants. Among other things, these laws regulate: land acquisitions, leasing and use; building, transportation and distribution permits; landscape and environmental permits; and regulations on energy transmission and distribution network congestions.

Management of permitting risk

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

3.6 Operations

3.6.1 Wind turbine performance risk

Wind farms output depend upon the availability and operating performance of the equipment necessary to operate it, mainly the components of wind turbines and transformers. Therefore the risk is that the performance of the turbine does not reach its optimum implies that the energy output is not the expected.

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.

4. FINANCIAL HEDGING DERIVATIVE INSTRUMENTS

Topic 3 provides a description of the key financial risks faced by EDPR. According to EDPR risk policy, and in order to manage, control or minimize impact of some of those risks, in liaise with a discipline risk management practice, EDPR uses financial derivatives and enters hedging transactions with the sole intent to protect against risks and as a consequence mitigate fluctuations of earnings.

These derivative instruments are explained in detail as part of the note 39 to the Annual Accounts.

5. TREASURY STOCKS (OWN SHARES)

It has been approved in the Annual Shareholder's meeting of 2010, to authorize the Board of Directors for the acquisition and transmission of own shares by the Company and/or the affiliate companies through their management bodies for a term of five years from the date of the General Shareholders Meeting. Up to date of this report the Company has not executed any acquisition and consequently transmission of own shares.

Terms and requirements are detailed in the Corporate Governance (attached).

6. ENVIRONMENTAL PERFORMANCE

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

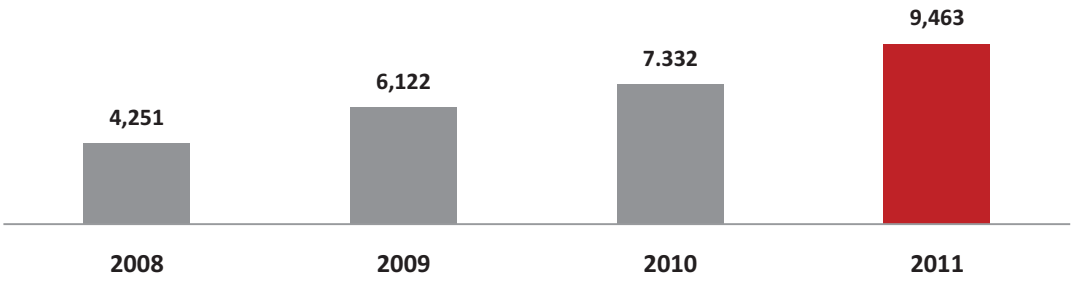
Furthermore, wind is an endogenous resource and its use helps to diminish large import costs and the transportation carbon footprint that would otherwise be produced by other sources of energy. Wind is a clean, safe and secure source of energy available close to the population.

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

In 2011, EDPR has produced 16.8 TWh that is estimated to avoid the emission of 9,463 thousand tons of CO_2.

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

CO_2 avoided (thousand tons)[1]



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

In order to protect the environment, we complement our strategy of fighting against climate change with an environmentally responsible management of our wind farms. This strategy is supported by the Environmental and Biodiversity policies based on EDP Group's Guidelines that were approved by EDPR Executive Committee in January 2011.

Our policies reflect a responsible management of the environment along the whole value chain. From the very early stages of project development - when it is critical to perform environmental

and cultural feasibility studies - to the decommissioning of our wind farms - where our environmental strategy includes a waste management plan, environmental monitoring plans and habitat restoration. All this process is supported by an extensive local knowledge that allows us to ensure environmental compliance during the project life cycle. In 2011, we invested 12 million Euros in environmental related activities.

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

Environmental Management System and ISO 14001 certification

During the operation phase, we ensure the environmental legal compliance and the proper management of the environmental aspects through the EDPR Environmental Management System (EMS).

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

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

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

By the end of 2011, 2,193 MW in Europe have been certified in compliance with the ISO 14001:2004 standard (61% of the wind farms in operation in Europe).

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

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

Monitoring impacts

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

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

Once construction is complete, the actual land taken out of permanent production is less than 1% of the total project area. The primary use of this land is for access roads to the wind turbine locations, a small area for the wind turbine and electrical transformer, and a gravelled pad area for a crane to be used in construction and maintenance activities. The total area within a wind farm boundary can vary, depending upon the wind resource characteristics and terrain.

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

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

7. HUMAN CAPITAL

OUR PEOPLE PROFILE

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

In 2011, EDPR employed 796 people, 37% of which are located on our North American platform and Brazil, while the remaining 63% work in our European platform.

Headcount at year-end	2011	2010
EDPR Corporate*	127	75
EDPR EU	393	398
EDPR NA	260	332
EDPR SA	16	17
Total	**796**	**822**

Note: Figures include four members of the Mangement Team

* In 2011, 22 EDPR Corporate employees were based in North America

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

Throughout the year, 130 new employees joined EDPR while 154 are no longer with the company, resulting in a turnover ratio of 18%, which is in line with the previous year.

Employees Turnover	2011	2010
Number of hires	130	171
Number of departures	154	70
Total turnover	18%	15%
Turnover by gender		
Male	18%	16%
Female	18%	12%
Turnover by age range		
Less than 30 years old	22%	14%
Between 30 and 39 years	16%	14%
Over 40 years old	17%	17%
Turnover by platform		
EDPR Corporate	8%	13%
EDPR EU	14%	11%
EDPR NA	27%	18%
EDPR BR	28%	41%

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

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

OUR PEOPLE's SATISFACTION

Every two years, EDPR conducts a Satisfaction Survey for its employees. In 2011, the participation rate increased to 91% from 78% (in 2009), and resulted in a global score of 79%.
An in-depth analysis of the macro indicators shows an increase in the level of satisfaction with both the company and one's department. The survey revealed strong company loyalty as the highest score achieved was related to employee's desire to stay.

OUR EVALUATION AND PERFORMANCE

EDPR continues to improve the appraisal model implemented in 2010 and that is applicable to all our employees. Currently, it is based on a 360 degrees evaluation model in which the system collects information from several data sources to evaluate employee performance: oneself, peers, subordinates and manager. In 2011, audiovisual material, publications on the Intranet and workshops were carried out to educate our employees on the process.
During the 2011 appraisal process, employees had the opportunity to create their Individual Development Plan, which was aligned with their manager. The objective of this new system is to monitor the progress of improvement actions and skills development.

RECRUITING

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

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

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

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

Welcome New Hires

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

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

Employee Handbook

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

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

Interns

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

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

DEVELOPMENT

Training

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

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

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

High Potential Program

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

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

Executive Program

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

- High Performance Leadership
- Strategy and Business

- Efficient execution
- Change management

Advanced Training

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

Leadership Guide

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

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

LABOUR RELATIONS

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

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

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

Collective Bargaining

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

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

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

COMPENSATION POLICY

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

BENEFITS

We are committed to offer a competitive benefits package to recognize the contributions and talents of our employees. The Company does not differentiate benefits between full time and part time employees.
In addition to legal requirements per country, competitive benefits are offered in the various regions (adjusted to local specificities) and include, namely, medical insurance (one of the most recognized by our employees), life insurance, pension plans or retirement plans, business travel insurance and accident insurance.
The Company offers the opportunity to participate in either a pension plan or defined contribution plan, depending on the home country. The guaranteed contributions are supplemental to and independent of those established under the Social Security System.
EDPR also has a Flexible Remuneration Package that is currently implemented in Spain and Portugal. This plan allows for employees to decide if they want to receive part of their wage paid in products or services, namely restaurant tickets, kinder garden tickets, EDPR shares, and others. This can provide tax benefits for employees.
During 2011, EDPR analyzed the possibility of extending the Flexible Remuneration Package to other geographies according to local legislations, however we were unable to find tax benefits applicable to all employees.

WORK-LIFE BALANCE

One of our main focuses continues to be the promotion and encouragement of work-life balance of our employees. This pursuit increases our employee's satisfaction and enjoyment, while boosting their productivity, commitment and accountability. Overall this creates positive bottom-line results for the organization.
EDPR implemented work-life balance programs throughout the geographies where the company is present and aims constantly improve and provide additional benefits. This course of action was ultimately recognized with the Family-Responsible Employer Certificate.

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

Take your child to work

At the North American headquarters in Houston, EDPR promoted its Take Your Child to Work Day, an educational program promoting opportunities for children to participate in career exploration at an early age. The all-day event included craft projects, games, presentations, lunch and a movie. In Europe, our employees' children between 0 and 12 years old received a Christmas gift, along with a letter from the three Wise Men in Spain and from Santa in the rest of Europe. In order to foster the support of social causes, the gifts were purchased from UNICEF.

Christmas Campaign

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

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

On the other side of the Atlantic, through the Volunteer Committee, employees donated new toys for the Marine Toys for Tots Foundation. 10 teams registered for the Donation Challenge and collected 824 toys which were enough to help nearly 300 families. On average, each participating employee donated 5 toys. Additionally, the Albany New York office collected and donated their toys to families in the Schoharie County, which was impacted by hurricane Irene.

8. RESEARCH & DEVELOPMENT

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

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

The project is the first offshore wind deployment worldwide which did not require the use of any heavy lift equipment offshore. Further, this is the first offshore wind turbine in open Atlantic waters, and the first deployment of a semi-submersible structure supporting a multi-megawatt wind turbine.

The WindFloat Project, developed in partnership by EDP, Principle Power, A Silva Matos, Inovcapital and Vestas, has secured support from the Portuguese State. It will form the basis of a future ocean energy cluster in Portugal.

The WindFloat project clearly addresses the supply side of the global solution as it implies cleaner energy generation.

9. RELEVANT SUBSEQUENT EVENTS

1ST QUARTER of 2012

JANUARY

06 Jan – EDPR's principal shareholder EDP has convened a General Shareholders' Meeting: EDP has convened a General Shareholders' Meeting in which shareholders will decide upon the election of new members of the Executive Board of Directors. As a consequence, shall this proposal be approved, EDP as major shareholder of EDP Renováveis, intends to propose the necessary steps for Mr. João Manso Neto to assume the position of EDP Renováveis Chief Executive Officer, in substitution of Mrs. Ana Maria Fernandes.

FEBRUARY

02 Fev – EDP Renováveis announces FY2011 provisional operating data: capacity increased 806 MW in 2011 to 7,483 MW (538 MW in Europe, 198 MW in the US and 70 MW in Brazil) and electricity output totalled 16,800 GWh, meaning a 17% increase comparing 2010. Load factor in Europe was 25% and in the US 33%.

10. CORPORATE GOVERNANCE

10.1 Model of Management and Supervision

EDP Renováveis, has adopted the governance structure in effect in Spain. It comprises a General Meeting of Shareholders and a Board of Directors that represents and manages the company.

The Company's Board of Directors has set up four committees. These are the Executive Committee, the Audit and Control Committee, the Nomination and Remuneration Committee, the Committee on Related-Party Transactions.

Aditionally, on 2011, the Board of Directors approved to create an Ethics Committee. The Committee has three members, which are the Presidents of the Committees of the Board of Directors.

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

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

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

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

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

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

10.2 Corporate Bodies

10.2.1 General Meeting of Shareholders

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

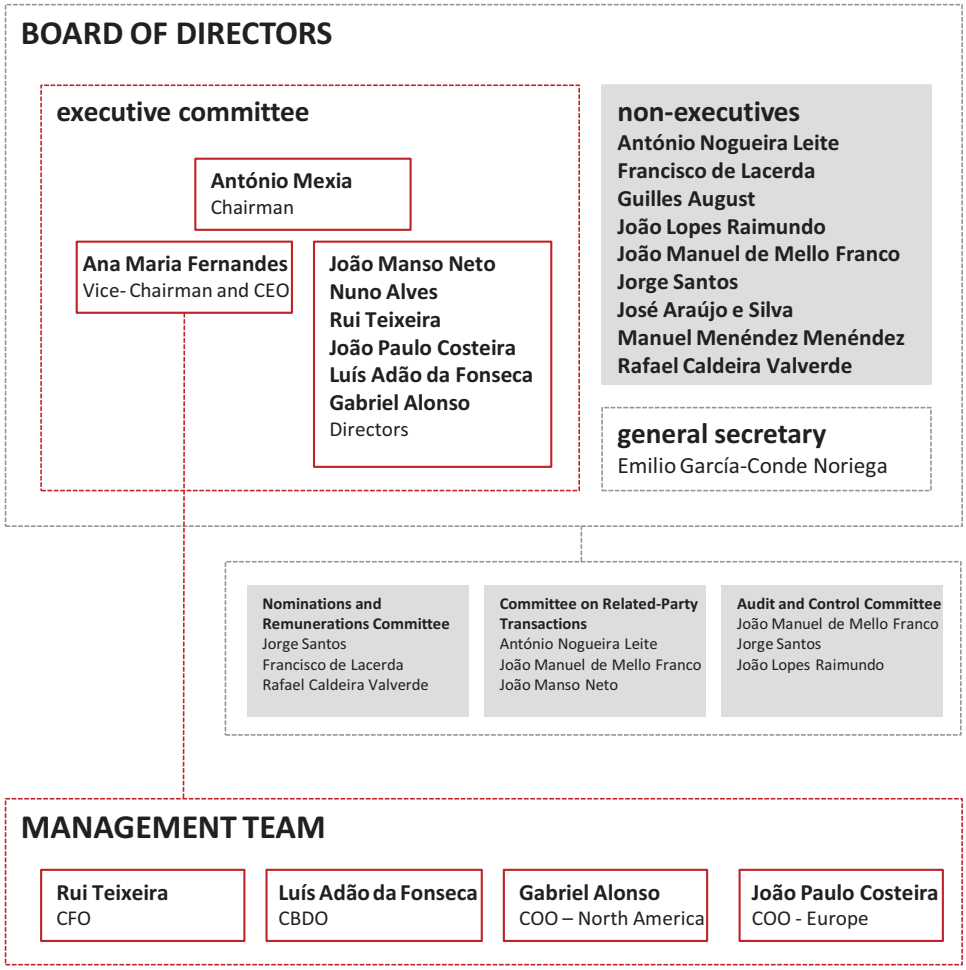
10.2.2 Board of Directors

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

On 2011, Mr. António Martins da Costa, Mr. José Silva Lopes and Mr. Daniel Kammen ended their terms as Board members. The four members of the Management Team, Mr. Rui Teixeira, Mr. João Paulo Costeira, Mr. Luis Adão da Fonseca and Mr. Gabriel Alonso were appointed as Board members. All the others members of the Board were re-elected for a new term.

Name	Position	Date of Appointment	Date of Re-election	End of Term
António Mexia	Chairman and Director	18/03/2008	21/06/2011	21/06/2014
Ana Maria Fernandes	Vice-Chairman, CEO	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Director	18/03/2008	21/06/2011	21/06/2014
Nuno Alves	Director	18/03/2008	21/06/2011	21/06/2014
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
João Paulo Costeira	Director	21/06/2011	-	21/06/2014
Luis Adão da Fonseca	Director	21/06/2011	-	21/06/2014
Gabriel Alonso Imaz	Director	21/06/2011	-	21/06/2014
Manuel Menéndez Menéndez	Director	04/06/2008	21/06/2011	21/06/2014
António Nogueira Leite	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Francisco de Lacerda	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Gilles August	Director (Indep.)	14/04/2009	21/06/2011	21/06/2014
João Lopes Raimundo	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Jorge Santos	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014

10.3 Summarized Organization Chart



11. SHAREHOLDER STRUCTURE

CAPITAL STRUCTURE

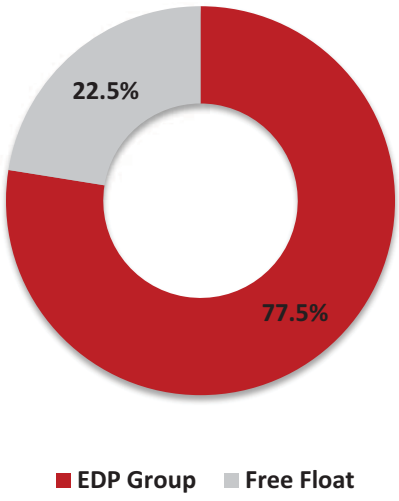
The EDPR share capital of EUR 4,361,540,810 is represented by 872,308,162 shares with a face value of EUR 5 each. All shares integrate a single class and series and are fully issued and paid. There are no holders of special rights and pursuant to the Article 8 of the Company's Articles of Association, there are no restrictions on the transfer of EDPR shares.

As far as the EDPR Board of Directors is aware there are currently no shareholders' agreements regarding the company.

SHAREHOLDER STRUCTURE

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

EDPR Shareholder Structure – 31 Dec 2011

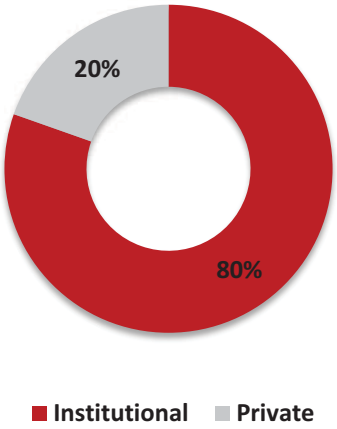


Free-Float Descripton

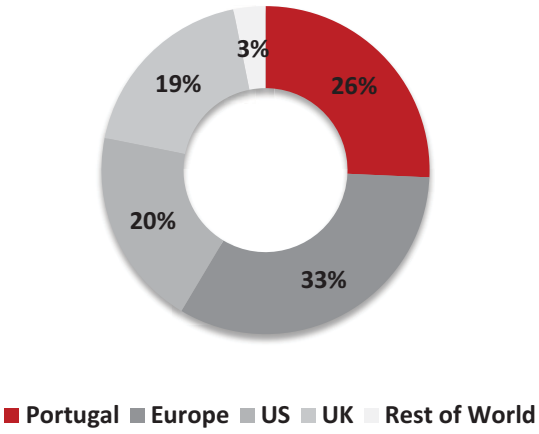
By December 31st, 2011, EDPR's free-float comprised about 110,000 institutional and private investors spread across more than 35 different countries with special focus on Portugal, United States, and United Kingdom. Rest of Europe most represented countries are Switzerland, France and Norway.

Institutional investors represented 80% of EDPR's free-float (79% in 2010) while private investors, mostly Portuguese, stand for the remaining 20%.

Free-Float by Investor Type



Free-Float by Geography



QUALIFYING HOLDING

Qualifying holdings in EDP are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholders' holdings. As of December 31st,2011, no qualifying holdings in EDPR with the exception of EDP – Energias de Portugal, S.A. were identified.

Shareholder	Number of Shares	% Capital	% Voting Rights
EDP - Energias de Portugal			
EDP - Energias de Portugal, S.A. - Sucursal en España	541,027,156	62.00%	62.00%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.50%	15.50%
Total	**676,283,856**	**77.50%**	**77.50%**

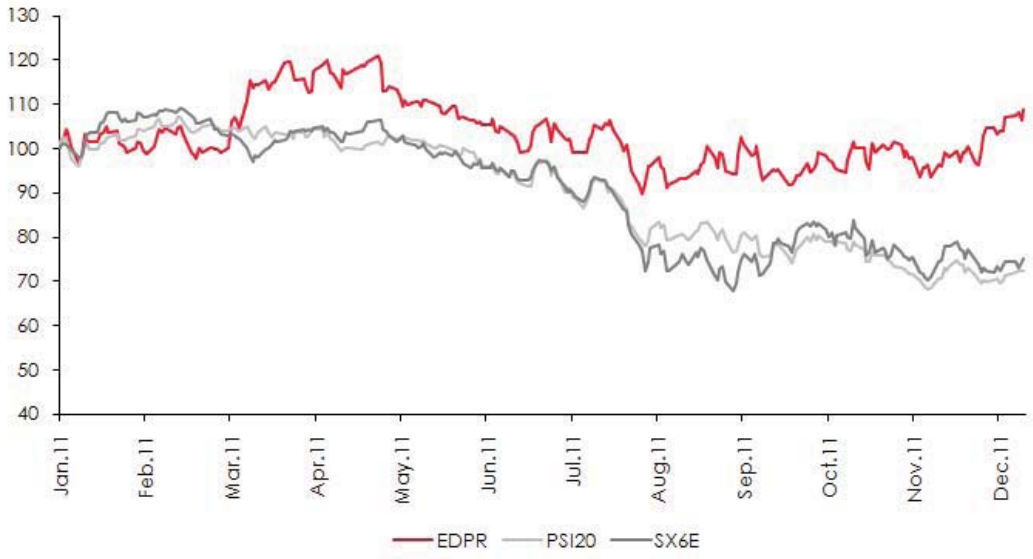
12. CAPITAL MARKETS

SHARE DESCRIPTION

The shares representing 100% of the EDPR share capital were admitted to trading in the official stock exchange NYSE Euronext Lisbon on June 4th, 2008. Since then the free float level is unchanged at 22.5%.

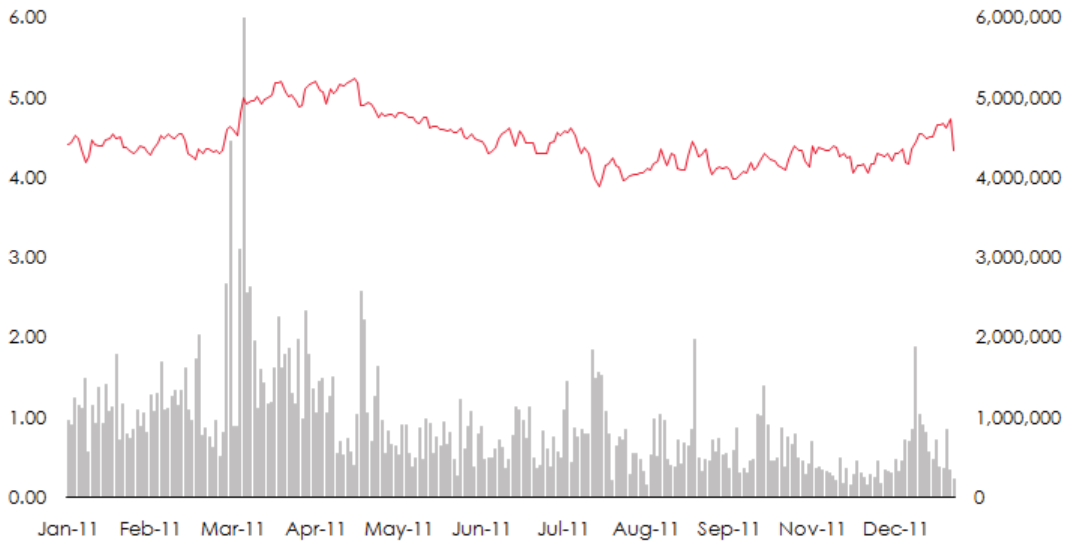
EDP Renováveis, S.A	
Share Capital	EUR 4,361,540,810
Nominal Share	EUR 5.00
Number of Shares	872,308,162
Date of IPO	June 4th, 2008
NYSE Euronext Lisbon	
ISIN	ES0127797019
Reuters RIC	EDPR.LS
Bloomberg Ticker	EDPR PL

EDPR's equity market value at December 31st 2011 was EUR 4.12 billion, the equivalent to EUR 4.73 per share. In 2011, the share price improved 9%, outperforming the PSI-20 (the NYSE Euronext Lisbon reference index), the Euronext 100 and the Dow Jones Eurostoxx Utilities ("SX6E") which suffered a general depreciation in 2011. The year's low was recorded on August 9th (EUR 3.89) and the year's high was reached on May 2nd (EUR 5.25).



In 2011 more than 232 million EDPR shares were traded, representing 25% year-on-year decrease in its liquidity, and corresponding to a turnover of approximately EUR 1.06 billion. On average, 0.9 million shares were traded per day. The total number of shares traded represented 27% of the total shares admitted to trading and to 118% of the company's free float.

EDPR SHARE PRICE AND TRANSACTIONS



DIVIDEND POLICY

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

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

The expected dividend policy of EDPR, as announced in the IPO, is to propose dividends' distribution each year representing at least 20% of EDPR's distributable profit. Also as announced in the IPO, EDPR Board of Directors can adjust this dividend policy as required to reflect, among other things, changes to our business plan and our capital requirements, and there can be no assurance that in any given year a dividend will be proposed or declared.

In light of a challenging economic and regulatory environment in the countries in which EDPR holds investments, of the net financial results obtained in the fiscal year of 2011 and of the company's capital requirements in a harsh financial environment, the Board of Directors will propose at the Shareholder's Meeting, to be held in 2012, to retain the 2011 results as voluntary reserves apart from the minimum amount required to serve legal reserves.

13. DISCLAIMER

This report has been prepared by EDP Renováveis, S.A. (the "Company") to support the presentation 2011 financial and operational performances. EDP Renováveis does not assume any responsibility for this report if it is used for different purposes.

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

Any information regarding the performance of EDP Renováveis share price cannot be used as a guide for future performance.
Neither this document nor any of its parts have a contractual nature, and it cannot be used to complement or interpret any contract or any other kind of commitment.
The present document does not constitute an offer or invitation to acquire, subscribe, sell or exchange shares or securities.

The 2011 management report contains forward-looking information and statements about the Company. Although EDP Renováveis is confident these expectations are reasonable, they are subject to several risks and uncertainties that are not predictable or quantifiable in advance. Therefore, future results and developments may differ from these forward-looking statements. Given this, forward-looking statements are not guarantees of future performance.

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

renováveis

a better energy, a better future, a better world

corporate governance

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Statement of compliance

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

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

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

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

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
I. GENERAL MEETING OF SHAREHOLDERS		
I.1 General Meeting Board		
I.1.1 The Presiding Board of the General Meeting shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.	Adopted	1.2.1
I.1.2 The remuneration of the Presiding Board of the General Meeting shall be disclosed in the Annual Report on Corporate Governance.	Adopted	5.8
I.2 Participation at the meeting		
I.2.1 The requirement for the Board to receive statements for share deposit or blocking for participation at the general meeting shall not exceed 5 working days.	Adopted	4.4
I.2.2 Should the General Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then prepare itself in advance as required for the first session.	Adopted	4.4
I.3 Voting and Exercising Voting rights		
I.3.1 Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.	Adopted	4.6
I.3.2 The statutory deadline for receiving early voting ballots by mail, may not exceed three working days.	Adopted	4.6
I.3.3 Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: I) hold shares that do not confer voting right; II) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle.	Adopted	4.5
I.4 Resolution Fixing-Quorum		
I.4.1 Companies shall not set a resolution-fixing quorum that outnumbers what is prescribed by law.	Adopted	4.7
I.5 Minutes and Information on Resolutions Passed		
I.5.1 Extracts from the minutes of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within five days period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be kept on file on the company's website for no less than 3 year period.	Adopted	4.8
I.6 Measures on Corporate Control		
I.6.1 Measures aimed at preventing successful takeover bids, shall respect both company's and the shareholders' interests. The company's articles of association that by complying with said principal provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	Adopted	4.9
I.6.2 In cases such as change of control or changes to the composition of the Board of Directors, defensive measures shall not be adopted that instigate immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary performance assessment by the shareholders of the members of the Board of Directors.	Adopted	4.9
II. BOARD OF DIRECTORS AND SUPERVISORY BOARD		
II.1 General Points		
II.1.1 Structure and Duties		
II.1.1.1 The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.	Adopted	1.1/1.1.1
II.1.1.2 Companies shall set up internal control and risk management systems in order to safeguard the company's worth and which will identify and manage the risk. Said systems shall include at least the following components: I) setting of the company's strategic objectives as regards risk assumption; II) identifying the main risks associated to the company's activity and any events that might generate risks; III) analyze and determine the extent of the impact and the likelihood that each of said potential risks will occur; IV) risk management aimed at aligning those actual incurred risks with the company's strategic options for risk assumption; V) control mechanisms for executing measures for adopted risk management and its effectiveness; VI) adoption of internal mechanisms for information and communication on several components of the system and of risk warning; VII) periodic assessment of the implemented system and the adoption of the amendments that are deemed necessary.	Adopted	3

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
II.1.1.3 The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Supervisory Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs.	Adopted	1.2.2/1.2.4/3
II.1.1.4 The companies shall: I) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; II) describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance.	Adopted	3.2
II.1.1.5 The Board of Directors and the Supervisory Board shall establish internal regulations and shall have these disclosed on the company's website.	Adopted	1.2.2/1.2.4
II.1.2 Governance Incompatibility and Independence		
II.1.2.1 The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.	Adopted	1.2.2
II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Board of Directors.	Adopted	1.3
II.1.2.3 The independency assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independency requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member.	Adopted	Statement on Compliance with Independence Criteria
II.1.3 Eligibility and Appointment Criteria		
II.1.3.1 Depending on the applicable model, the Chair of the Supervisory Board and of the Auditing and Financial Matters Committees shall be independent and adequately competent to carry out his/her duties.	Adopted	1.2.4
II.1.3.2 The selection process of candidates for non-executive members shall be conjured so as prevent interference by executive members.	Adopted	1.4
II.1.4 Policy on the Reporting of Irregularities		
II.1.4.1 The company shall adopt a policy whereby irregularities occurring within the company are reported. Such reports shall contain the following information: I) the means by which such irregularities may be reported internally, including the persons that are entitled to receive the reports; II) how the report is to be handled, including confidential treatment, should it be required by the reporter.	Adopted	3.4
II.1.4.2 The general guidelines on this policy shall be disclosed in the Annual Report of Corporate Governance.	Adopted	3.4
II.1.5 Remuneration		
II.1.5.1 The remuneration of the members of the Board of Directors shall be structured so that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on extreme risk. Thus, remunerations shall be structured as follows: I) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity. II) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components. III) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period; IV) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company; V) The Executive Directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares; VI) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years; VII) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance; VIII) The remuneration of Non-Executive Directors shall not include any component the value of which is subject to the performance or the value of the company.	Adopted	5.1/5.2/5.3
II.1.5.2 A statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of June 19th, shall contain, in addition to the content therein stated, adequate information on: I) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration; II) the payments for the dismissal or termination by agreement of the Director's duties.	Adopted	5.2/5.4
II.1.5.3 The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the Director's remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account.	Adopted	5.4
II.1.5.4 A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share process, to members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code. The proposal shall contain the regulation plan or in its absence, the plan's conditions. The main characteristics of the retirement benefit plans established for members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting.	Adopted	5.2/5.3/5.4/5.7
II.1.5.5 Doesn't exist	-	
II.1.5.6 At least one of the Remuneration Committee's representatives shall be present at the Annual General Meeting for Shareholders.	Adopted	5.6
II.1.5.7 The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance.	Adopted	5.3

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
II.2 Board of Directors		
II.2.1 Within the limits established by law for each management and supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties shall be identified in the Annual Corporate Governance Report.	Adopted	1.2.3
II.2.2 The Board of Directors must ensure that the company acts in accordance with its goals and shall not delegate its duties, namely in what concerns: I) the definition of the company's general strategy and policies; II) the definition of the group's corporate structure; III) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Not Adopted ("Under Spanish Law, the matters referred to in this recommendation can be delegated by the Board of Directors to the Executive Committee. It is common practice in Spanish listed companies for the delegation of powers to be far-reaching, with the exception of matters related to the preparation of accounts").	-
II.2.3 Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the Corporate Governance Report.	Adopted	1.2.2
II.2.4 The annual management report shall include a description of the activity carried out by the Non-Executive Directors and shall mention any restraints encountered.	Adopted	1.2.2
II.2.5 The company shall expound its policy of portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on same in the Annual Corporate Governance Report.	Not Applicable	-
II.3 CEO, Executive Committee and Executive Board of Directors		
II.3.1 When managing Directors that carry out executive duties are requested by other Directors to supply information, the former must do so in a timely manner and the information supplied must adequately suffice the request made.	Adopted	1.2.3
II.3.2 The Chair of the Executive Committee shall send the convening notice and minutes of the meetings to the Chair of the Board of Directors and, as applicable, to the Chair of the Supervisory Board or the Auditing Committee, respectively.	Adopted	1.2.3
II.3.3 The Chair of the Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and the Chair of the Financial Matters Committee.	Not applicable	-
II.4 General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board		
II.4.1 Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: I) the definition of the strategy and general policies of the company; II) the corporate structure of the group; and III) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Not applicable	-
II.4.2 The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Auditing and Supervisory Committee must be disclosed on the company's website.	Adopted	1.2.4
II.4.3 The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Supervisory Board must include a description on the supervisory activity and shall mention any restraints that they may have come up against.	Adopted	1.2.4
II.4.4 The General and Supervisory Board, the Auditing Committee and the Supervisory Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being liaison offer between the company and the first recipient of the reports.	Adopted	1.2.4/3.3
II.4.5 According to the applicable model, the General and Supervisory Board, Audit Committee and Supervisory Board shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever justifiable grounds are present.	Adopted	1.2.4/3.3
II.4.6 The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent Director or Supervisory Board, regardless of the hierarchical relationship that these services have with the executive management of the company.	Adopted	1.2.4
II.5 Special Committees		
II.5.1 Unless the company is of reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: I) ensure that a competent and independent assessment of the Executive Director's performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; II) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvements; III) in due time identify potential candidates with the high profile required for the performance of Director's duties.	Adopted	1.1/1.1.1/1.2.3/1.2.4/1.2.5/1.2.6

STATEMENT OF COMPLIANCE

Recommendation	Adoption information	Description in Report
II.5.2 Members of the Remuneration Committee or equivalent shall be independent from the members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.	Not applicable ("The members of the Nominations and Remunerations Committee are members of the Board of Directors. However, its members are considered independent members and do not therefore belong to the Executive Committee. In accordance with Articles 23 and 217 of the Spanish Companies Law, the remuneration scheme for Directors should be fixed in the articles of association. It is normal practice in Spanish companies for this remuneration to be decided upon by the General Meeting of Shareholders and for its allocation to the different members of the Board of Directors to be decided on by the Board itself.").	1.2.5
II.5.3 Any natural or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration Committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services.	Adopted	1.2.5
II.5.4 All the Committees shall draw up minutes of the meetings held.	Adopted	1.2.3/1.2.4/ 1.2.5/1.2.6
III. INFORMATION AND AUDITING		
III.1 General Disclosure Obligations		
III.1.1 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.	Adopted	6.3
III.1.2 The following information that is made available on the company's Internet website shall be disclosed in the English language: a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Portuguese Commercial Companies Code; b) Articles of Association; c) Credentials of the Members of the Board of Directors and the Market Liaison Officer; d) Investor Relations Office, its functions and contact information; e) Financial statements; f) Half-yearly calendar of company events; g) Proposals submitted for discussion and voting at general meetings; h) Invitation to general meetings.	Adopted	6.3
III.1.3. Companies shall advocate the rotation of auditors after two or three terms in accordance with four or three years respectively. Their continuance beyond this period must be based on a specific opinion for the Supervisory Board to formally consider the conditions of auditor independence and the benefits and costs of replacement.	Adopted	3.3
III.1.4. The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's Supervisory Board.	Adopted	3.3
III.1.5. The company shall not recruit the external auditor for services other than audit services, nor any entity with which same takes part or incorporates the same network. Where recruiting such services is called for, said services should not be greater than 30% of the value of services rendered to the company. The hiring of these services must be approved by the Supervisory Board and must be expounded in the Annual Corporate Governance Report.	Adopted	5.9
IV. CONFLICTS OF INTEREST		
IV.1 Shareholder Relationship		
IV.1.1 Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.	Adopted	2
IV.1.2 Where deals of significant importance are undertaken with holders of qualifying holdings, or entities, with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the Supervisory Board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the Supervisory Board.	Adopted (According to the Spanish law and the governance structure, these functions were delegated by the Board of Directors to the Related-Party Transactions Committee)	1.2.6

Statement of compliance with independence criteria

The Articles of Association of EDPR, which are available for consultation on its website, (www.edprenovaveis.com), contain the rules on independence for the fulfilment of duties in any body of the Company.

The Article 20.2 of the EDPR's Articles of Association defines as independent members of the Board of Directors those that are able to perform their duties without being limited by relations with the company, its shareholders with significant holdings or its Directors and comply with the other legal requirements.

The Board of Directors of EDPR considers that the following Directors meet the independence and incompatibility criteria's required by law and the Articles of Association.

Name	Position	Date of Appointment	End of Term
Antônio Nogueira Leite	Director (Independent) Chairperson of the Related-Party Transactions Committee	21/06/2011	21/06/2014
Francisco José Queiroz de Barros de Lacerda	Director (Independent) Member of the Nominations and Remunerations Committee	21/06/2011	21/06/2014
Gilles August	Director (Independent)	21/06/2011	21/06/2014
João Lopes Raimundo	Director (Independent) Member of the Audit and Control Committee	21/06/2011	21/06/2014
João Mello Franco	Director (Independent) Chairperson of Audit and Control Committee And Member of the Related-Party Transactions Committee	21/06/2011	21/06/2014
Jorge Santos	Director (Independent) Chairperson of the Nominations and Remunerations Committee and Member of the Audit and Control Committee	21/06/2011	21/06/2014
José Araújo e Silva	Director (Independent)	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director (Independent) Member of the Nominations and Remunerations Committee	21/06/2011	21/06/2014

1. Corporate governance structure

1.1. Corporate governance model and supervision

EDPR has adopted the governance structure in effect in Spain. It comprises a General Meeting of Shareholders, and a Board of Directors that represents and manages the company.

As required by law and the Articles of Association, the Company's Board of Directors has set up four committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Committee on Related-Party Transactions as mentioned below.

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

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

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

The choice of this model is essentially an attempt to establish compatibility between two different systems of company law, which can be considered applicable to this model.

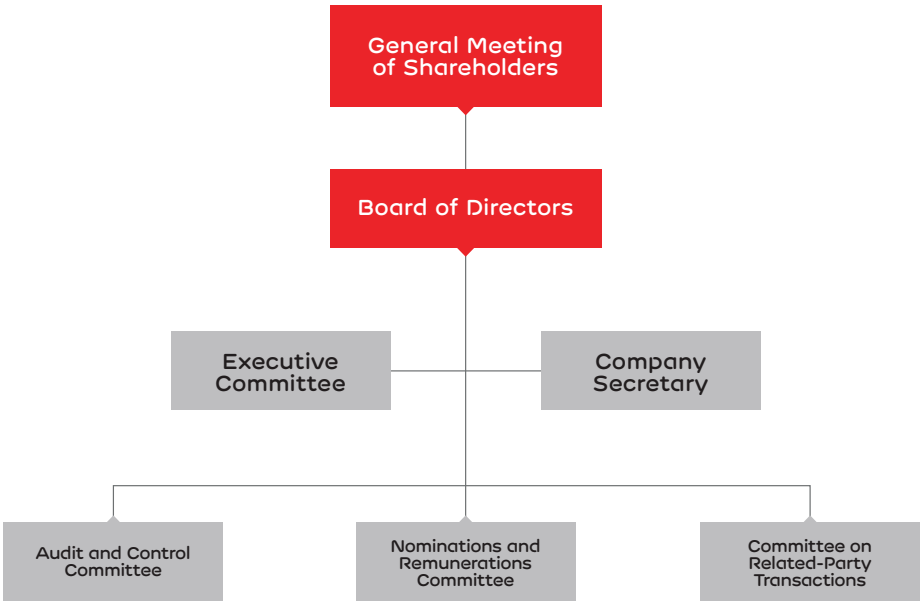
The experience of institutional operating indicates that the governance model adopted by the shareholders is appropriate to the corporate organization of EDPR activity, especially because it affords transparency and a healthy balance between the management functions of the Executive Committee, the supervisory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

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

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

1.1.1. Statement on the governance structure

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



1.2. Structure, competences and functioning of the corporate bodies

1.2.1. General Meeting of Shareholders

The General Meeting of Shareholders is the body where the shareholders participate and when properly convened, has the power to deliberate and adopt, by majority, decisions on matters that the law and Articles of Association reserve for its decision and are submitted for its approval. In particular, it is responsible for:

- Appointment of auditors;
- Increasing and reducing the share capital and delegating to the Board of Directors, if applicable, within the legal time limits, the power to set the date or dates, who may use said delegation wholly or in part, or refraining from increasing or reducing the capital in view of the conditions of the market or the Company or any particularly relevant fact or event justifying such a decision in their opinion, reporting it at the first General Meeting of Shareholders held after the end of the time limit for its execution;
- Delegating to the Board of Directors the power to increase the share capital pursuant to Article 297 of Royal Legislative Decree 1/2010 of July 2nd 2010, which approves the Revised Text of the Law on Public Limited Companies (Spanish Companies Law);
- Issuing bonds;
- Amending the Articles of Association;
- Dissolving, merging, spin off and transformation the Company;
- Deciding on any matter submitted to it for decision by the Board of Directors, which shall be obliged to call a General Meeting of Shareholders as soon as possible to deliberate and decide on concrete decisions included in this article submitted to it, in the event of relevant facts or circumstances that affect the Company, shareholders or corporate bodies;
- Decision on the matters proposed by the Board of Directors;
- All other matters provided in the law in force.

The decisions of the General Meeting are binding on all shareholders, including those voting against and those who did not participate in the meeting.

A General Meeting may be ordinary or extraordinary. In either case, it is governed by the law and Articles of Association.

An Ordinary General Meeting must be held in the first six (6) months of each year for the review of the performance of the company's management, to approve the annual report and accounts of the previous year, the proposal for appropriation of profits and to approve the consolidated accounts, if appropriate. The General Meeting also decides on any other matters falling within its powers and included in the agenda.

Board of the General Meeting

The Chairperson of the General Meeting is appointed by the shareholders and must be a person who meets the same requirements of independence as for the independent Directors. The appointment is for three years and may only be re-elected once.

The position of Chairperson of the General Meeting has been held by Rui Chancerelle de Machete, whose professional address is PLMJ, A.M. Pereira, Sáragga Leal, Oliveira Martins, Júdice e Associados, RL, Av. da Liberdade, 224, Edifício Eurolex, 1250-148 Lisboa, Portugal. The Chairperson of the General Meeting was re-elected on April 11th, 2011.

In addition to the Chairperson, the Board of the General Meeting is constituted by the Chairperson of the Board of Directors, or his substitute, the other Directors and the Secretary of the Board of Directors. The Board of the General Meeting of Shareholders', through the Chairperson of the General Meeting, is responsible for organizing its proceedings.

The position of Secretary of the General Meeting is held by the non-member Secretary of the Board of Directors, Emilio García-Conde Noriega, whose professional address is that of the Company.

The Chairperson of the General Meeting of EDPR has the appropriate human and logistical resources for his needs, considering the economic situation of EDPR, in that, in addition to the resources from the Company Secretary and the legal support provided for that purpose, the Company hires a specialized entity to collect, process and count the votes.

General Meeting of Shareholders in 2011

On April 11th 2011, took place in Oviedo the Ordinary General Meeting of Shareholders of EDPR.

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

- 270 shareholders were present, holding 35,323,880 shares making up for 4.049% of the share capital, and
- 167 shareholders were represented, holding 707,886,379 shares making up for 81.151% of the share capital.

A total of 437 shareholders attended the General Meeting, including those present and those represented, holding a total of 473,210,259 shares which constitutes a nominal amount of EUR 3,716,051,295.00 of the share capital, that is, 85.200% of the mentioned share capital.

The nine proposals submitted to approval at the General Meeting were all approved. Extracts of the 2011 General Meeting minutes and the invitation, agenda, motions submitted to the General Meeting and forms of participation are available on the company's website www.edprenovaveis.com

On June 21st, 2011, took place in Oviedo an Extraordinary General Meeting of Shareholders of EDPR.

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

- 334 shareholders were present, holding 40,342,213 shares making up for4.625% of the share capital, and
- 164 shareholders were represented, holding 710,064,406 shares making up for 81.401% of the share capital.

A total of 508 shareholders attended the General Meeting, including those present and those represented, holding a total of 750,406,619 shares which constitutes a nominal amount of EUR 3,752,033,095.00 of the share capital, that is, 86.025% of the mentioned share capital.

On the Extraordinary General Meeting of Shareholders some important amendments to the Company's By-Laws were approved:

- Amendment of Article 12.4 of the Articles of Association to adapt the formalities of the General Shareholders' Meeting Summon to the requirements of the Spanish Companies Law;
- Amendment of Article 12.6 of the Articles of Association to allow the General Shareholders' Meeting being held in any city of Spain according to the faculty included in the Spanish Companies Law;
- Amendment of Article 26 of the Articles of Association to add a new paragraph, 26.4, and the enumeration of the other paragraphs of this article, with the purpose of limiting any kind of remuneration received by the members of the Board of Directors, besides the one described on paragraphs 1 and 2 of the said Article, to a maximum annual amount to be established by the General Shareholders' Meeting;
- Amendment of Article 27.3 of the Articles of Association with to increase the number of members of the Executive Committee to a minimum of six (6) and maximum of nine (9).

The six proposals submitted to approval at the General Meeting were all approved. Extracts of the 2011 General Meeting minutes and the invitation, agenda, motions submitted to the General Meeting and forms of participation are available on the company's website www.edprenovaveis.com

1.2.2. Board of Directors

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

The Board of Directors currently consists of the following seventeen (17) members

Board Member	Position	Date of first Appointment	Date of Re-election	End of Term
António Mexia	Chairperson and Director	18/03/2008	21/06/2011	21/06/2014
Ana Maria Fernandes	Vice-Chairperson, CEO	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Director	18/03/2008	21/06/2011	21/06/2014
Nuno Alves	Director	18/03/2008	21/06/2011	21/06/2014
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
João Paulo Costeira	Director	21/06/2011	-	21/06/2014
Luis Adão da Fonseca	Director	21/06/2011	-	21/06/2014
Gabriel Alonso	Director	21/06/2011	-	21/06/2014
Manuel Menéndez Menéndez	Director	4/06/2008	21/06/2011	21/06/2014
António Nogueira Leite	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
Francisco José Queiroz de Barros de Lacerda	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
Gilles August	Director (Independent)	14/04/2009	21/06/2011	21/06/2014
João Lopes Raimundo	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
Jorge Santos	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Director (Independent)	4/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director (Independent)	4/06/2008	21/06/2011	21/06/2014

On 2011, Mr. António Martins da Costa, Mr. José Silva Lopes and Mr. Daniel Kammen ended their terms as Board members. Four members of the Management Team, Mr. Rui Teixeira, Mr. João Paulo Costeira, Mr. Luis Adão da Fonseca and Mr. Gabriel Alonso were appointed as Board members and the others members were re-elected for a new term.

The positions held by the members of the Board in the last five (5) years, those that they currently hold and positions in Group and non-Group companies are listed in Annexes I, II and III, respectively. Annex IV also gives a brief description of the Directors' professional and academic careers.

Finally, the shares of EDPR owned by each Director are described in the table in Annex V.

Competences

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

Regarding the decisions to increase the share capital, the Board of Directors, by delegation from the General Meeting, may decide to increase the share capital once or several times. This delegation, which may be the subject of replacement, can include the power to demand a pre-emptive right in the issue of shares that are the subject of delegation and with the requirements established by law.

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

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

Functioning

In addition to the Articles of Association and the law, the Board of Directors is governed by the regulations approved on May 3rd, 2008. The regulations on the functioning of the Board are available to the public at the website www.edprenovaveis.com.

The Board of Directors must meet at least four (4) times a year, preferably once a quarter. Nonetheless, the Chairperson, on his own initiative or that of three (3) Directors, shall convene a Board meeting whenever he deems it necessary for the Company's interests. The Board of Directors held eight (8) meetings during the year ended at December 31st, 2011.

Meetings are convened by the Chairperson, who may order the Secretary to send the invitations. Invitations shall be sent at least five (5) days prior to the date of the meeting. Exceptionally, when the circumstances so require, the Chairperson may call a meeting of the Board without respecting the required advance notice.

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

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

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

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

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

With the mechanisms set forth in the regulations, non-executive Directors have encountered no difficulties in performing their duties.

In 2011, the non-executive Directors were involved in the governance of EDPR not only by participating in meetings of the Board of Directors, where they gave their opinions on different company matters, made any suggestions they saw fit and took decisions on matters submitted to them, but also by working on the Nominations and Remunerations Committee, on the Related-Party Transactions Committee and the Audit and Control Committee, where all the members are non-executive, with the exception of the Related-Party Transactions Committee, which has one executive Director, Mr. João Manuel Manso Neto.

Chairperson and Vice-Chairperson of the Board of Directors

Chairperson of the Board
António Mexia

The Chairperson of the Board is the Chairperson of the Company and fully represents it, using the company name, implementing decisions of the General Meeting, Board of Directors and the Executive Committee.

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

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

The Chairperson of the Board is appointed by the members of the Board of Directors, unless this is done by the General Meeting. The current Chairperson was elected on March 18th, 2008.

Vice-Chairperson of the Board
Ana Maria Fernandes

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

The Vice-Chairperson is appointed by the Board of Directors on the proposal of the Chairperson. The Vice-Chairperson was elected on May 14th, 2008.

Chief Executive Officer

CEO
Ana Maria Fernandes

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

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

The Chief Executive Officer was re-elected on June 21st, 2011 with competences including coordination of the implementation of Board and Executive Committee decisions, monitoring, leading and coordinating the management team appointed by the Executive Committee, representing the company in dealings with third parties and other related duties.

Company Secretary

Company Secretary
Emilio García-Conde Noriega

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

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

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

1.2.3. Executive Committee

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no less than six (6) and no more than nine (9) Directors.

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

The committee currently consists of eight (8) members, plus the Secretary. Mr. António Mexia, Mrs. Ana Maria Fernandes, Mr. João Manso Neto and Mr. Nuno Alves were re-elected on June 21st, 2011, at the Board of Directors. Mr. Rui Teixeira was appointed in April 11th, 2011 and re-elected on June 21st, 2011. Mr. João Paulo Costeira, Mr. Luis Adão da Fonseca and Mr. Gabriel Alonso were appointed on June 21st, 2011.

Executive Committee	
Chairperson	António Mexia
Vice-Chairperson and CEO	Ana Maria Fernandes
	Gabriel Alonso João Manso Neto João Paulo Costeira Luis Adão da Fonseca Nuno Alves Rui Teixeira
Secretary	Emilio García-Conde Noriega

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

Competences

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

- election of the Chairperson of the Board of Directors,
- appointment of Directors by cooption,
- requests to convene or convening of General Meetings,
- preparation and drafting of the Annual Report and Accounts and submission to the General Meeting,
- change of registered office and
- drafting and approval of mergers, spin off or transformation of the company.

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

Functioning

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

The Executive Committee shall meet at least once a month and whenever is deemed appropriate by its Chairperson, who may also suspend or postpone meetings when he sees fit. The Executive Committee shall also meet when requested by at least two (2) of its members. The Executive Committee held thirty (30) meetings during the year ended on December 31st, 2011.

The Executive Committee shall draft minutes for each of the meetings held and shall inform the Board of Directors of its decisions at the first Board meeting held after each committee meeting.

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

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

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

1.2.4. Audit and Control Committee

Pursuant to Article 28 of the Articles of Association, the Audit and Control Committee consists of no fewer than three (3) and no more than five (5) Directors. The majority of the members shall be independent.

The Audit and Control Committee is a permanent body and performs supervisory tasks independently from the Board of Directors.

The committee currently consists of three (3) members, plus the Secretary. The three (3) members are independent Directors, as well as the Chairperson. The Chairperson of the Committee was re-elected on 2011 and the other two members, Mr. Jorge Santos and Mr. João Lopes Raimundo were appointed on June 21st, 2011 at the Board of Directors.

Audit and Control Committee	
Chairperson	João Manuel de Mello Franco
	João Lopes Raimundo Jorge Santos
Secretary	Emilio García-Conde Noriega

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

Competences

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

Concerning the recommendations introduced in 2010 by the Portuguese Code of Corporate Governance the referred competences were reinforced as mentioned below, with the following changes introduced on the Audit and Control Committee Regulations, to guarantee the compliance of the referred code:

- Reporting, through the Chairperson, at General Meetings on questions falling under its jurisdiction
- Proposing the appointment of the Company's auditors to the Board of Directors for subsequent approval by the General Meeting, as well as the contractual conditions, scope of the work – specially concerning audit services, "audit related" and "non audit" – annual activity evaluation and revocation or renovation of auditor appointments (to comply with Recommendation III.1.5 of the Portuguese Corporate Governance Code of 2010)
- Supervising the financing reporting and the functioning of the internal risk management and control systems, as well as, evaluate those systems and propose the adequate adjustments according to the Company necessities (to comply with Recommendation II.1.1.3 of the Portuguese Corporate Governance Code of 2010)
- Supervising internal audits and compliance (to comply with Recommendation II.4.6 of the Portuguese Corporate Governance Code of 2010)
- Establish a permanent contact with the external auditors, to assure the conditions, including the independence, adequate to the services provided by them, acting as a the Company speaker for these subjects related to the auditing process and receiving and maintaining information on any other questions regarding accounting subjects (to comply with Recommendation II.4.4 of the Portuguese Corporate Governance Code of 2010)
- Preparing an annual report on its supervisory activities, including eventual constraints, and expressing an opinion on the Management Report, the accounts and the proposals presented by the Board of Directors (to comply with Recommendation II.4.3 of the Portuguese Corporate Governance Code of 2010)
- Receiving notices of financial and accounting irregularities presented by the Company's employees, shareholders or entity that has a direct interest and judicially protected, related with the Company social activity (to comply with Recommendation II.1.4.1 of the Portuguese Corporate Governance Code of 2010)
- Engaging the services of experts to collaborate with Committee members in the performance of their functions. When engaging the services of such experts and determining their remuneration, the importance of the matters entrusted to them and the economic situation of the company must be taken into account
- Drafting reports at the request of the Board and its committees
- Reflecting on the governance system adopted by EDPR in order to identify areas for improvement
- Any other powers entrusted to it by the Board of Directors or the Articles of Association

Functioning

In addition to the Articles of Association and the law, this committee is governed by the regulations approved on June 4th, 2008 amended on May 4th, 2010 and also by the Board regulations. The committee's regulations are at the shareholders' disposal at www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairperson sees fit. In 2011, the Audit and Control Committee met six (6) times.

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

The meetings of the Audit and Control Committee shall be valid if at least half of the Directors on it plus one are present or represented. Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

2011 Activity

In 2011, the Audit and Control Committee's activities included the following: (I) to monitor the closure of quarterly accounts in the first half-year, to familiarize itself with the preparation and disclosure of financial information, internal audit, internal control and risk management activities; (II) analysis of relevant rules to which the committee is subject in Portugal and Spain, (III) assessment of the external auditor's work, especially concerning with the scope of work in 2011, and approval of all "audit related" and "non audit" services, (IV) supervision of the quality and integrity of the financial information in the financial statements and participation in the Executive Committee meeting at which these documents were analyzed and discussed, (V) drafting of an opinion in the individual and consolidated annual reports and accounts, in a quarterly and yearly basis (VI) pre-approval of the 2011 Internal Audit Action Plan, (VII) supervision of the quality,

integrity and efficiency of the internal control system, risk management and internal auditing, (VIII) reflection on the corporate governance system adopted by EDPR, (IX) analysis of the evolution of the SCIRF project, (X) information about the whistle-blowing.

The Audit and Control Committee found no constraints during its control and supervision activities.

A report on the activities of the Audit and Control Committee in the year ended on December 31st 2011 is available to shareholders at www.edprenovaveis.com.

1.2.5. Nominations and Remunerations Committee

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

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

The Nominations and Remunerations Committee currently consists of three (3) independent members, plus the Secretary. Mr. Jorge Santos and Mr. Rafael Caldeira Valverde were re-elected on 2011 and Mr. Francisco Queiroz de Barros de Lacerda was appointed on June 21st, 2011 at the Board of Directors.

Nominations and Remunerations Committee	
Chairperson	Jorge Santos
	Francisco Queiroz de Barros de Lacerda Rafael Caldeira Valverde
Secretary	Emilio García-Conde Noriega

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

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

Competences

The Nominations and Remunerations Committee is a permanent body with an informative and advisory nature and its recommendations and reports are not binding.

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

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

Functioning

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

This committee shall meet at least once every quarter and also whenever its Chairperson sees fit.

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

The meetings of this committee shall be valid if at least half of the Directors on it plus one are present or represented. Decisions shall be adopted by simple majority. The Chairperson shall have the deciding vote in the event of a tie.

2011 Activity

In 2011 the main proposals made by the Nominations and Remunerations Committee were:

- Propose the names of the candidates for the re-election and appointment for a new term of the members of the Board of Directors.
- Propose the candidates' names for a new term for the Committees of EDPR;
- The Annual Report on the Fixed remuneration and annual and multi-annual variable remuneration for the period 2011-2013;
- Performance evaluation of the Board of Directors and the Executive Committee.

1.2.6. Related Party Transactions Committee

Pursuant to Article 30 of the Articles of Association, the Board may set up other committees, such as the Related Party Transactions Committee. This committee shall consist of no fewer than three (3) members. The majority of the members of the Related Party Transactions Committee shall be independent, although in the case of this committee it has one non-independent Member, João Manuel Manso Neto.

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

The committee currently consists of three (3) members, who were re-elected on June 21st, 2011, by the Board of Directors plus the Secretary.

Committee on Related-Party Transactions	
Chairperson	António Nogueira Leite
	João Manso Neto João Manuel de Mello Franco
Secretary	Emilio García-Conde Noriega

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

Competences

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

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

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

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

Functioning

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

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

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

The meetings of this committee shall be valid if at least half of the Directors on it plus one are present or represented. Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

2011 Activity

In 2011, the Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

Chapter 2 of this report includes a description of the fundamental aspects of the agreements and contracts between related parties, the object of which does not pertain to the ordinary course of EDPR business.

The Related Party Transactions Committee was informed that in 2011, the average value and the maximum value regarding the transactions analyzed by the Committee was EUR 1,575,657 and EUR 3,132,771, respectively.

The total value of the operations with the EDP Group in 2011 was EUR 17 million which corresponds to a 7.6% of the total value of S&S, and EUR 225 million for total operational costs.

1.3. Incompatibility and independence

Following the recommendations of CMVM, Article 12 of the Board regulations requires at least twenty-five percent (25%) of the Directors to be independent Directors, who are considered to be those who can perform their duties without being conditioned by relations with the Company, its significant shareholders or Directors and, if applicable, meet the requirements of applicable laws.

In addition, pursuant to Article 23 of the Articles of Association, the following may not be Directors:

- People who are Directors of or are associated with any competitor of EDPR and those who are related to the above. A company shall be considered to be a competitor of EDPR if it is directly or indirectly involved in the generation, storage, transmission, distribution, sale or supply of electricity or combustible gases and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its Group, and Directors, employees,

lawyers, consultants or representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;

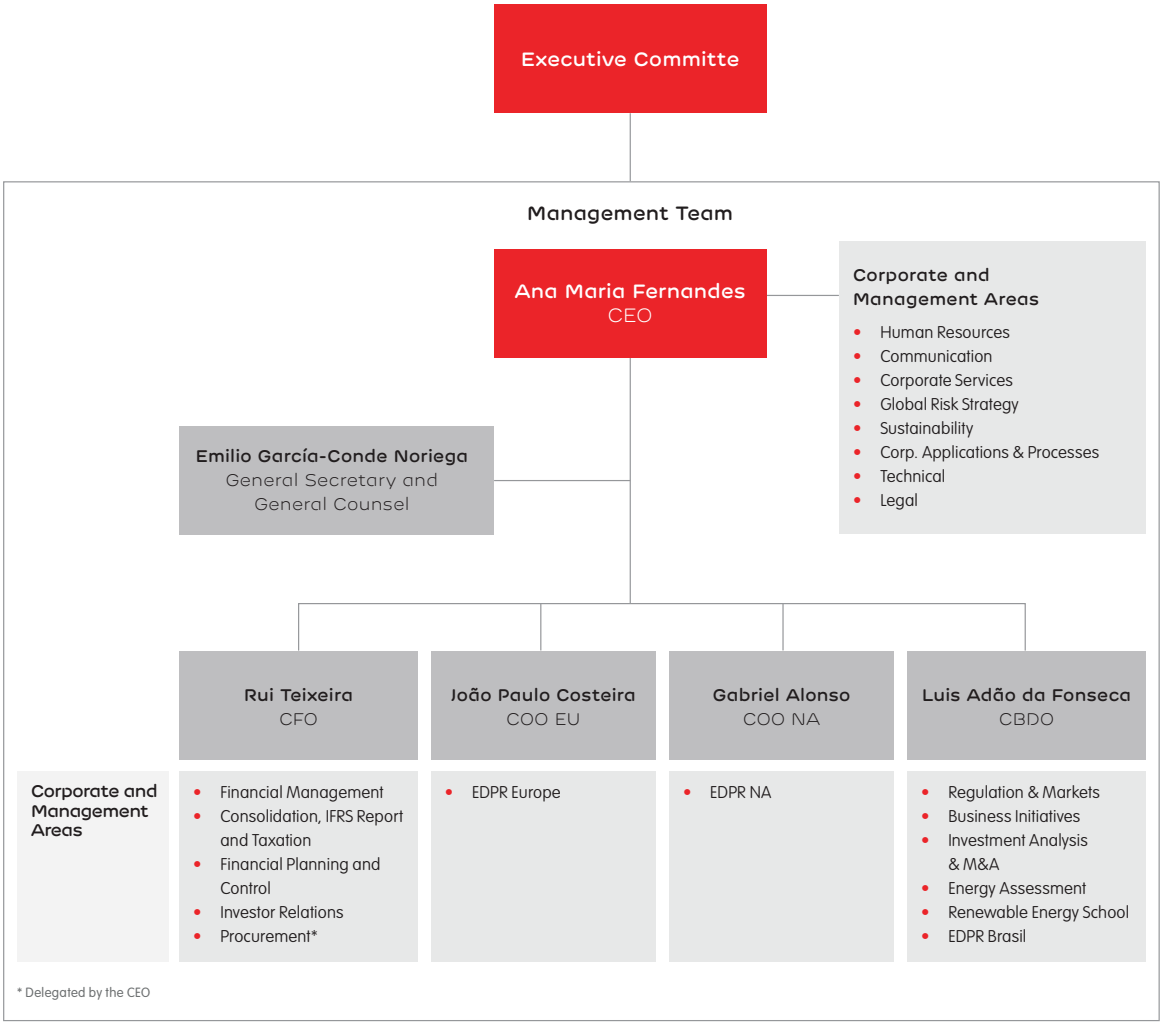
- People who are in any other situation of incompatibility or prohibition under the law or Articles of Association. Under Spanish law, people, among others, who are I) aged under eighteen (18) years, (II) disqualified, III) competitors; (IV) convicted of certain offences or (V) hold certain management positions are not allowed to be Directors.

1.4. Rules of appointment and discharge of the members of the Board of Directors

The Nominations and Remunerations Committee, according to its Regulations, presents to the Board of Directors a proposal with the names of the candidates that the Committee considers having the best qualities to fulfil the role of Board Member. The Board of Directors presents the proposal to the General Meeting of Shareholders that will approve by majority for an initial period of three (3) years and may be re-elected once or more times for further periods of three (3) years. Nonetheless, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders so wishing may group their shares until they constitute an amount of capital equal to or higher than the result of dividing it by the number of Directors and appoint those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the appointment of the other members of the Board of Directors.

If there is a vacancy, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, the Board of Directors may co-opt people from the shareholders, who will occupy the position until the next General Meeting, which shall ratify the co-opted Director. Pursuant to Article 247 of the Spanish Companies Law, the co-option of Directors, as for other Board decisions, must be approved by absolute majority of the Directors at the meeting.

1.5 Management stucture



2. Transactions between the company and members of the company's governing bodies or group companies

During 2011, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

Regarding related party transactions, EDPR and/or its subsidiaries have signed the contracts detailed below with EDP – Energias de Portugal, S.A. (hereinafter, EDP) or other members of its group not belonging to the EDPR subgroup.

The contracts signed between EDPR and its related parties are analyzed by the Related-Party Transactions Committee according to its competences, as mentioned on chapter 1.2.6. of the report.

Framework agreement

The framework agreement was signed by EDP and EDPR on May 7th, 2008 and came into effect when the latter was admitted to trading. The purpose of the framework agreement is to set out the principles and rules governing the legal and business relations existing when it came into effect and those entered into subsequently.

The framework agreement establishes that neither EDP, nor the EDP Group companies other than EDPR and its subsidiaries can engage in activities in the field of renewable energies without the consent of EDPR. EDPR shall have worldwide exclusivity, with the exception of Brazil, where it shall engage its activities through a joint venture with EDP – Energias do Brasil, S.A., for the development, construction, operation and maintenance of facilities or activities related to wind, solar, wave and/or tidal power and other renewable energy generation technologies that may be developed in the future. Nonetheless, the agreement excludes technologies being developed in hydroelectric power, biomass, cogeneration and waste in Portugal and Spain.

It lays down the obligation to provide EDP with any information that it may request from EDPR to fulfil its legal obligations and prepare the EDP Group's consolidated accounts.

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

Executive management services agreement

On November 4th, 2008 EDP and EDPR signed an Executive Management Services Agreement and was renewed on May 4th, 2011 and effective from March 18th, 2011.

Through this contract, EDP provides management services to EDPR, including matters related to the day-to-day running of the Company. Under this agreement EDP appoints three people from EDP to be part of EDPR's Executive Committee, for which EDPR pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting.

Under this contract, EDPR is due to pay an amount of EUR 380.400 corresponding to the fixed remuneration, for the management services rendered by EDP in 2011.

The term of the contract is on June 21st, 2014.

Finance agreements and guarantees

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

Loan agreements

EDPR (as the borrower) has loan agreements with EDP Finance BV (as the lender), a company 100% owned by EDP – Energias de Portugal, S.A.. Such loan agreements can be established both in EUR and USD, usually have a 10-year tenor and are remunerated at rates set on arm's length basis. As at December 31st, 2011, such loan agreements totalled EUR 1,451,042,386 and USD 1,986,641,541.

Counter-guarantee agreement

A counter-guarantee agreement was signed, under which EDP or EDP Energias de Portugal Sociedade Anónima, sucursal en España (hereinafter guarantor or EDP Sucursal) undertakes on behalf of EDPR, EDP Renewables Europe SLU (hereinafter EDPR EU) and EDPR North America LLC (hereinafter EDPR NA) to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDP executive board.

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As at December 31st, 2011, such counter-guarantee agreements totalled EUR 155,169,622 and USD 573,208,391.

Current account agreement

EDP Sucursal and EDPR signed an agreement through which EDP Sucursal manages EDPR' cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As at December 31st 2011, the current account had a balance of EUR 158,622,803 and USD 50,011,596 both in favour of EDPR.

The agreement is automatically renewable on a yearly basis.

Cross currency interest rate swaps

Due to the net investment in EDPR NA, the company and Group accounts of EDPR and the accounts of EDP Sucursal, were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDP Group settled a cross currency interest rate swap (CIRS) in USD and EUR, between EDP Sucursal and EDPR for a total amount of USD 2,632,613. Also a CIRS in PLN and EUR, between EDP Sucursal and EDPR was settled for a total amount of PLN 309,307,188 related with the net investment in polish companies.

Hedge agreements – exchange rate

EDP Sucursal and EDPR entered into several hedge agreements with the purpose of managing the transaction exposure related with the investment payments to be done in Poland, fixing the exchange rate for EUR/PLN in accordance to the prices in the forward market in each contract date. At December 31st 2011, a total amount of EUR 38,803,000 remained outstanding.

Hedge agreements – commodities

EDP and EDP EU entered into hedge agreements for a total volume of 1,599 MWh for 2011 at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

Trademark licensing agreement

On May 14th 2008, EDP and EDPR signed an agreement under which the former granted to the latter a non-exclusive license for the trademark "EDP Renováveis" for use in the renewable energy market and related activities.

In return for the granting of the trademark license, EDPR will pay to EDP fees calculated on the basis of the proportion of the costs pertaining to the former in the Group's annual budget for image and trademark services, which are subject to annual review. The fee established for 2011 was EUR 1,500,000.

The license is granted indefinitely and shall remain in effect until the expiry of EDP's legal ownership of the trademark or until EDP ceases to hold the majority of the capital or does not appoint the majority of Directors of EDPR. EDP may also terminate the agreement in case of non-payment or breach of contract.

The licensing agreement is restricted by the terms of the framework agreement.

Consultancy service agreement

On June 4th, 2008, EDP and EDPR signed a consultancy service agreement. Through this agreement, and upon request by EDPR, EDP (or through EDP Sucursal) shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing and organizational development.

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2011 the estimated cost of these services is EUR 3,132,771.00. This was the total cost of services provided for EDPR, EDPR EU and EDPR NA.

The duration of the agreement is one (1) year tacitly renewable for equal periods.

Research and development agreement

On May 13th, 2008, EDP Inovação, S.A. (hereinafter EDP Inovação), an EDP Group company, and EDPR signed an agreement regulating relations between the two companies regarding projects in the field of renewable energies (hereinafter the R&D Agreement).

The object of the R&D Agreement is to prevent conflicts of interest and foster the exchange of knowledge between companies and the establishment of legal and business relationships. The agreement forbids EDP Group companies other than EDP Inovação to undertake or invest in companies that undertake the renewable energy projects described in the agreement.

The R&D Agreement establishes an exclusive right on the part of EDP Inovação to project and develop new renewable energy technologies that are already in the pilot or economic and/or commercial feasibility study phase, whenever EDPR exercises its option to undertake them.

In June 2011 EDPR requested EDP Inovação the development of services related to certain renewables projects, which are currently under execution.

The agreement shall remain in effect for as long as EDP directly or indirectly maintains control of more than 50% of both companies or appoints the majority of the members of the Board and Executive Committee of the parties to the agreement.

Management support service agreement between EDP Renováveis Portugal S.A., and EDP Valor – Gestão Integrada de Recursos, S.A.

On January 1st, 2003, EDP Renováveis Portugal, S.A., holding company of the EDPR subgroup in Portugal, and EDP Valor – Gestão Integrada de Recursos, S.A. (hereinafter EDP Valor), an EDP Group company, signed a management support service agreement.

The object of the agreement is the provision to EDP Renováveis Portugal by EDP Valor of services in the areas of procurement, economic and financial management, fleet management, property management and maintenance, insurance, occupational health and safety and human resource management and training.

The remuneration paid to EDP Valor by EDP Renováveis Portugal and its subsidiaries for the services provided in 2011 totalled EUR 945,458.

The initial duration of the agreement was five (5) years from date of signing and it was tacitly renewed for a new period of five (5) years on January 1st 2008.

Either party may renounce the contract with one (1) year's notice.

Information techonology management services agreement between EDP Renováveis, S.A. and EDP – Energias de Portugal, S.A.

On January 1st, 2010, EDPR, and EDP, signed an IT management services agreement.

The object of the agreement is to provide to EDPR the information technology services described on the contract and its attachments by EDP.

The amount to be paid to EDP for the services provided in 2011 totalled EUR 2,483,227.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Either party may renounce the contract with one (1) month notice.

Representation agreement with Hidroeletrica del Cantábrico S.A. for the EDP Renováveis, S.A. Portfolio in Spain

On October 27th, 2011, EDPR and Hidroeletrica del Cantábrico S.A., signed an Agreement for Representation services.

The object of this agreement was to provide EDPR representation services in the market and risk management for a fix tariff based in volume (€0,12/MWh) in the electricity market.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Consultancy agreement between EDP Renováveis Brasil S.A., and EDP Energias do Brasil S.A.

The object of the agreement is to provide to EDP Renováveis Brasil S.A. (hereinafter EDPR Brasil) the consultancy services described on the contract and its attachments by EDP – Energias do Brasil S.A. (hereinafter EDP Brasil). Through this agreement, and upon request by EDPR Brasil, EDP Brasil shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing and organizational development.

The amount to be paid to EDP Brasil for the services provided in 2011 totalled BRL 1,383,840.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

3. Internal control systems and risk management

3.1. Internal control system over financial reporting

EDPR has an Internal Control System over Financial Reporting (SCIRF) updated and monitored in line with international standards of internal control, whose mechanisms are beginning to be generally applicable to listed companies.

SCIRF covers the main aspects of the COSO (Committee of Sponsoring Organizations of the Treadway Commission): maintaining a control environment for the preparation of a financial reporting of quality, assessment of the risks of financial information, existence of control activities that mitigate risks of error, transparent communication and reporting procedures and mechanisms of the SCIRF both internally and externally and continuous supervision of the design and operation of the system.

SCIRF provides a control environment in EDPR in many ways, embodied in the Entity Level Controls. These controls cover aspects such as:

- existence of government bodies with regulated activities (the Regulations of the Audit Committee specifies the supervision and evaluation of the financial reporting process and operation of internal control systems and risk management);
- adequacy of the organizational structure and delegation of authority to the needs of EDPR, and their evaluation and updating;
- existence of conditions to ensure effective supervision capacity, monitoring and evaluation of activities of the Executive Committee;
- existence and dissemination of a Code of Ethics and a channel of communication of bad practice;
- risk identification, assessment and management by conducting continuous analysis, update and monitor;
- existence of an internal control system supervised and evaluated, with structure and specific conceptual model, specific methodology and supporting documentation available and suitable.

One aspect covered by SCIRF is the risk assessment of financial information. The way in which this point is dealt with by SCIRF is evidenced by the existence of processes that establish the responsibility for developing and supervising the accounts and the frequency with which financial information is reported, with the corresponding controls that allow the minimization of the occurrence of errors and irregularities. These controls satisfy the following control objectives: (I) completeness (the product of event and transaction processing presents no omissions or duplications), (II) accuracy (no data is missing or wrong), (III) validity (events and transactions are subject to formal approval) and (IV) restricted access (existence of adequate protection of resources).

In the processes set down, information capture mechanisms are specified, as well as the steps that are performed for the preparation of financial information which forms part of EDPR's financial statements. Likewise, there is a process for the communication to markets of all kinds of information required, whether financial, operational or on any relevant matter contemplated by the regulatory bodies.

Besides the elements already mentioned, SCIRF has a wide variety of control activities (embodied in Process controls and General Computer Controls) covering the various phases of activity of EDPR, from the initial promotion stage to the beginning of exploitation and sale of energy produced by the facilities, including the reflection

of these activities in the accounting as well as the work necessary for the individual and consolidated accounts disclosures or for the obtaining of financing for the management of the business.

EDPR's SCIRF Control activities also cover the systems and information technologies (General Computer Controls), following an international reference model such as COBIT (Control Objectives for Information and related Technologies). The importance of this aspect is that information systems are the tools with which financial information is prepared, thus being relevant for transactions conducted with them. It includes activities such as access control to applications and systems, management of corrective and evolutive maintenance, new projects implementation, systems, facilities and operations (back-ups, security, incidents) management and administration, and their monitoring and proper planning. These activities are developed taking into account the requirements of control and supervision.

For contracted entities that provide relevant services that support processes of financial reporting preparation, specifically in the field of information technologies, the entities are required to meet the same minimum requirements for internal control in line with those of EDPR.

As noted above, SCIRF undergoes a process of supervision and evaluation.

- In compliance with SCIRF's supervision and through various meetings throughout the year, the Audit Committee approved the planning work to be done in the exercise and reviewed the evolution of the various aspects of the internal control cycle (update of the scope, consolidation and incorporation of new territories in the scope, SCIRF's maintenance, adaptation and management through monitoring the implementation of resolution plans for improvement opportunities identified by the external auditor in previous cycles) and assessments by Internal Audit.

- As in the previous year, in 2011 the assessment of EDPR's SCIRF has been conducted by auditor KPMG in line with the strategic objectives of the group. KPMG issued a favourable opinion.

The SCIRF activities and their progress have been quarterly reported to the Audit and Control Committee, complying with its supervision and follow-up missions regarding the company's internal control systems and risk management.

At the year-end in accordance with CMVM Recommendation III.1.4 the external auditors, within the scope of their powers, verified the efficiency and functioning of the Internal Control Systems and reported their conclusions to the Audit and Control Committee. Additionally, KPMG reported the result of their review of SCIRF to the Audit and Control Committee.

With this report and the teamwork of the Internal Auditors the Audit and Control Committee in accordance with CMVM Recommendation II.1.1.3 made its final assessment report and presented to the Board.

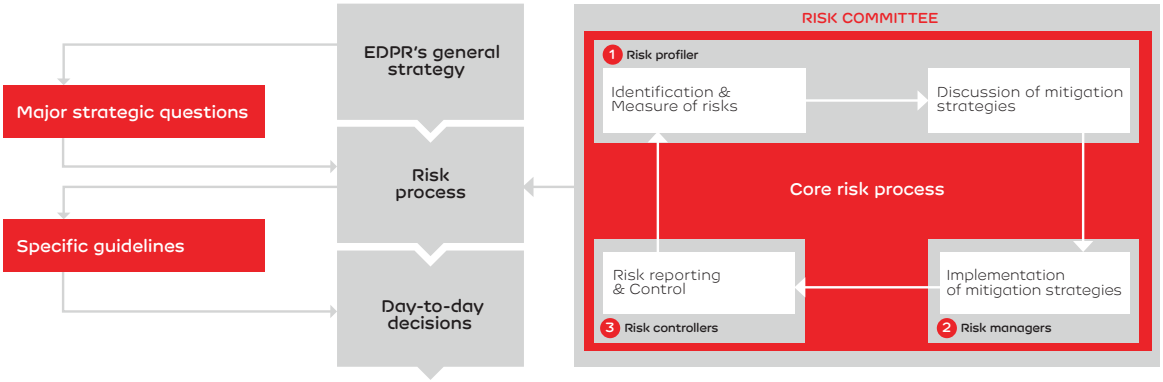
3.2. Risk management

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

3.2.1. Risk framework and process

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

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



3.2.2.Risk functions and risk committee

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

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

EDPR's Risk Committee integrates and coordinates all the risk functions and assures the link between risk strategy and the company's operations.

EDPR's Risk Committee intends to be the forum to discuss how EDPR can optimize its risk-return position according to its risk profile. The key responsibilities of this committee are:

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

3.2.3.Risk areas and risk related strategic questions

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

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

3.2.4.Countries and regulations

Regulatory risks

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

Support for renewable energy sources has been strong in previous years, and both the European Union and various US federal and state bodies have regularly reaffirmed their wish to continue and strengthen such support.

It cannot be guaranteed that the current support will be maintained or that the electricity produced by future renewable energy projects will benefit from state purchase obligations, tax incentives, or other support measures for the electricity generation from renewable energy sources.

Management of regulatory risks

EDPR is managing its exposure to regulatory risks trough diversification (being present in several countries) and by being an active member in several wind associations.

3.2.5.Revenues

Exposure to market electricity prices

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

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

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

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

Under EDPR's global approach to optimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the defined limits, assessing in which markets financial hedges may be more effective to correct it. In 2011, in order to manage such exposure, EDPR financially hedged a significant part of its generation in Spain while it closed a significant portion of its exposure through several physical and financial deals for the long-term in the US.

Risk related to volatility of energy production

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

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

Management of risks related to volatility of energy production

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

3.2.6 Financing

Risks related to the exposure to financial markets

EDPR is exposed to fluctuations in interest rates through financing. This risk can be mitigated using fixed rates and hedging instruments, including interest rate swaps.

Also because of its presence in several countries, currency fluctuations may have a material adverse effect on the financial condition and results of operations. EDPR may attempt to hedge against currency fluctuations risks by natural hedging strategies, as well as by using hedging instruments, including forward foreign exchange contracts and Cross Interest Rate Swaps.

EDPR hedging efforts will minimize but not eliminate the impact of interest rate and exchange rate volatility.

Management of financial risks

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

The Board of Directors is responsible for the definition of general risk-management principles and the establishment of exposure limits following the recommendation of the risk committee.

Taking into account the risk management policy and exposure limits previously approved, the Financial Department identifies, evaluates and submits for the Board's approval the financial strategy appropriate to each project/location

The execution of the approved strategies is also undertaken by the Financial Department, in accordance with the policies previously defined and approved.

Fixed rate, Natural hedging and Financial instruments are used to minimize potential adverse effects resulting from the interest rate and foreign exchange rate risks on its financial performance.

Interest rate risk

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

Management of Interest rate risk

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

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

Exchange rate risk

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currently, main currency exposure is the U.S. USD/EUR currency fluctuation risk that results principally from the shareholding in EDPR NA. With the ongoing increasing capacity in others non-euro regions, EDPR will become also exposed to other local currencies (Poland, Romania and Brazil).

Management of exchange rate risk

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

Counterparty credit risk

Counterparty risk is the default risk of the other party in an agreement, either due to temporary liquidity issues or long term systemic issues.

Management of counterparty credit risk

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

Liquidity risk

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

Management of liquidity risk

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

3.2.7 Wind turbine contracts

Wind turbine supply risk

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

Management of wind turbine supply risk

EDPR faces limited risk to the availability and prices' increase of WTG due to its framework agreements with the major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to reduce its dependency on any one supplier being one of the worldwide wind energy developers with a more diversified and balanced portfolio.

3.2.8 Pipeline development

Permitting risks

Wind farms are subject to strict international, national, state, regional and local regulations relating to the development, construction, licensing, grid interconnection and operation of power plants. Among other things, these laws regulate: land acquisitions, leasing and use; building, transportation and distribution permits; landscape and environmental permits; and regulations on energy transmission and distribution network congestions.

Management of permitting risk

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

3.2.9 Operations

Wind turbine performance risk

Wind farms output depend upon the availability and operating performance of the equipment necessary to operate it, mainly the components of wind turbines and transformers. Therefore the risk is that the performance of the turbine does not reach its optimum implies that the energy output is not the expected.

Management of wind turbine performance risk

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

Most recently, and following the general trend in the wind sector, EDPR is externalizing some pure technical O&M activities of its wind farms.

3.3. External auditor

The Audit and Control Committee is responsible for proposing to the Board of Directors for submission to the General Meeting the appointment of the Company auditors, the terms of their contracts, scope of their duties and revocation and renewal of their contracts.

In order to protect the External Auditor independence, the following competences of the Audit and Control Committee were exercised during 2011:

- Direct and exclusive supervision from the Audit and Control Committee;
- Evaluation of the qualifications, independence and performance of the External Auditor and the annual report from the External Auditor regarding the information of all existing relations between the Company and the Auditors or people related to them, including all the services rendered and all the services in course. The Audit and Control Committee, in order to evaluate its independence, obtained from the External Auditor information regarding their independence according to Portuguese Decree-Law n.º 224/2008, November 20th, that changes the Articles of Association of the External Auditors Association;
- Revision of the transparency report signed by the External Auditor and published on their website. This report is about a group of subjects regulated on article 62º-A from the Portuguese Decree-Law n.º 224/2008, mainly related to the Internal Control System and to the process of quality control realized by the competent entities;
- Analysis with the External Auditor of the scope, planning and resources to use on the services provided.

EDPR's External Auditor is, since the year 2007, KPMG Auditores S.L., therefore there is still no need to rotate the auditor according to Recommendation III.1.3 of the Portuguese Corporate Governance Code.

In 2011, according to the Audit and Control Committee's competences and in line with Recommendations II.4.4 and II.4.5, it was the first recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time.

The Audit and Control Committee assessed the performance of the external auditor in providing the services hired by the Company and made a positive evaluation of their quality, considering that they meet applicable standards and that it is advisable to maintain the same auditor.

The work of the external auditor, including reports and audits of its accounts, was supervised and evaluated in accordance with applicable rules and standards, in particular international auditing standards. The external auditor in coordination with the Audit and Control Committee verifies the implementation of remuneration policies and the efficiency and functioning of internal control mechanisms. The external auditor reports to the Audit and Control Committee all the shortcomings.

3.4 Whistle-blowing policy

EDPR has always carried out its activity by consistently implementing measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance.

EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their company, in compliance with the provisions of CMVM Regulation no. 1/2010.

With this channel for reporting irregular accounting and financial practices, EDPR aims:

- Guaranteeing conditions that allow workers to freely report any concerns they may have in these areas to the Audit and Control Committee;
- Facilitating the early detection of irregular situations which, if practised, might cause serious damage to the EDPR Group, its workers, customers and shareholders.

Contact with the Company's Audit and Control Committee is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. S/he will be assured that the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information or assist in an investigation.

The Secretary of the Audit and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2011 there were no communications regarding any irregularity at EDPR.

3.5 Ethics

EDPR is governed by a strong sense of ethics, whose principles are embodied in the day-to-day activities of its employees, according to ethical practices generally considered to be consensual but which, for reasons of appropriate disclosure, transparency and impartiality, the company decided to provide details on.

For that purpose, EDPR developed and approved a global Code of Ethics, to be adopted by all company's employees, without prejudice to other legal or regulating provisions. EDPR Employees' must comply with the Code of Ethics and with the approved corporate policies, which provide those practices and should follow main principles such as:

- Transparency, honesty and integrity
- Working environment
- Development of human capital
- Human rights
- Non-discrimination and equal opportunities
- Integrity
- Environment and sustainability
- Disciplinary action

The Code of Ethics has been disseminated to all employees.

On 2011, the Board of Directors approved the creation of an Ethics Committee.

The Ethics Committee is a standing committee which objective is to ensure the Code of Ethics compliance within the company, processing all information received to this extent and establishing, if appropriate, corrective actions.

The main functions of the Ethics Committee are the receipt, registration, processing and reporting to the Board of Directors of information and reports received by the employees regarding violations of the Code in matters of legislation and ethics, conduct in the work environment, human rights and equal opportunities, integrity, relations with customers and suppliers, the environment and sustainability. These functions include the following:

- Proposing corporate ethics instruments, policies, goals and targets.
- Monitoring application of the Code of Ethics, laying down guidelines for its regulation and overseeing its proper application by the Company and its subsidiaries.
- Analyzing reported violations of the Code of Ethics, deciding on their relevance and admissibility.
- Deciding if there is any need for a more in-depth investigation to ascertain the implications and persons involved. The Ethics Committee may, for this purpose, use internal auditors or hire external auditors or other resources to assist in the investigation.
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

On September 15th, 2011, the Ethics Committee was formed. The members of the Ethics Committee are the Chairpersons of the Board of Director's Committees:

Ethics Committee	
Chairperson	João Manuel de Mello Franco
	António Nogueira Leite Jorge Santos
Secretary	Emilio García-Conde Noriega

On that meeting it was also nominated an Ethics Ombudsmen, Carlos Alberto Silva Almeida Loureiro. According to the Ethics Code regulation, the Ethics Ombudsmen is responsible for:

- receiving reports and preparing and documenting cases and submitting them to the Ethic Committee;
- monitoring each violation case that they have prepared until its conclusion and liaising with the complainant whenever necessary and appropriate.
- drafting quarterly reports on the organization's performance in terms of compliance with the Code of Ethics;

A "Code of Ethics" e-mail channel is available for the communication of any breach to the Code articles. In 2011 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR.

4. Shareholder structure and exercise of shareholders' rights

4.1. Capital structure

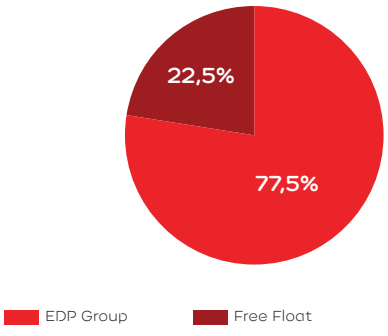
The EDPR share capital of EUR 4,361,540,810 is represented by 872,308,162 shares with a face value of EUR 5 each. All shares integrate a single class and series and are fully issued and paid. There are no holders of special rights and pursuant to the Article 8 of the Company's Articles of Association, there are no restrictions on the transfer of EDPR shares.

As far as the EDPR Board of Directors is aware there are currently no shareholders' agreements regarding the company.

4.2. Shareholder structure

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

EDPR SHAREHOLDER STRUCTURE

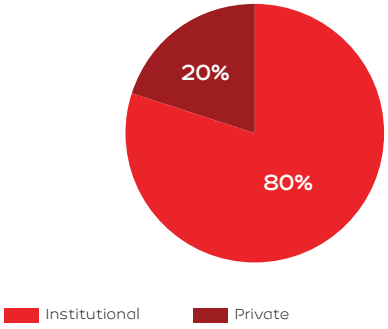


Free-float descripton

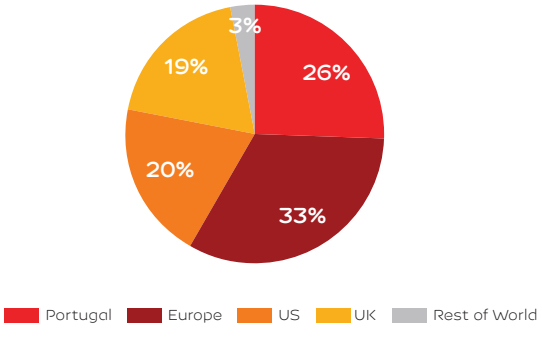
By Dec. 31st, 2011, EDPR's free-float comprised about 110,000 institutional and private investors spread across more than 35 different countries with special focus on Portugal, United States, and United Kingdom. Rest of Europe most represented countries are Switzerland, France and Norway.

Institutional investors represented 80% of EDPR's free-float (79% in 2010) while private investors, mostly Portuguese, stand for the remaining 20%.

FREE-FLOAT BY INVESTOR TYPE



FREE-FLOAT BY GEOGRAPHY



4.3. Qualifying holding

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

4.4. Right to attend

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

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

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

Any shareholder with the right to attend may send a representative to a General Meeting, even if this person is not a shareholder. Power of

attorney is revocable. The Board of Directors may require shareholders' power of attorney to be in the Company's possession at least two (2) days in advance, indicating the name of the representative.

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

4.5. Voting and voting rights

Each share entitles its holder to one vote.

Shares issued without this right do not have voting rights, with the exception of cases set forth by current legislation.

There is no employee share-owning system at EDPR and so no relevant control mechanisms on the exercise of voting rights by employees or their representatives have been set up.

4.6. Mail and electronic communication votes

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

Votes by mail shall be sent in writing to the place indicated on the invitation to the meeting accompanied by the documentation indicated in the Shareholder's Guide.

In order to vote by electronic communication, shareholders must express this intention to the Chairperson of the General Meeting of the in the form indicated in the invitation to the meeting, sufficient time in advance to permit the vote within the established time limit. They will then receive a letter containing a password for voting by electronic communication within the time limit and in the form established in the call of the General Meeting.

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

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

4.7. Quorum for constituting and adapting decisions of the general meeting

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

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

4.8. Minutes and information on decisions

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

Given the personal nature of the information involved, the history does not include attendance lists at general meetings, although, in accordance with CMVM Circular nr. 156/EMIT/DMEI/2009/515, when General Meetings are held, EDPR plans to replace them by statistical information indicating the number of shareholders present and distinguishing between the number of physical presences by mail.

EDPR therefore publishes on its website an extract of the minutes of General Meetings with all information on the constitution of the General Meeting and decisions made by it, including motions submitted and any explanations of votes.

The website also provides EDPR shareholders with information on: I) requirements for participating in the General Meeting, II) mail and electronic communication votes III) information available at the registered office.

4.9. Measures regarding control and changes of control of the company

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

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

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

On the other hand, EDPR has not entered into any agreements (current or future) subject to the condition of a change in control of the Company, other than in accordance with normal practice in case of financing of certain wind farm projects by some of its group companies.

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

5. Remuneration

5.1. Remuneration of the members of the Board of Directors and its Audit and Control Committee

Pursuant to Article 26 of the Company's Articles of Association, the remuneration of the members of the Board of Directors shall consist of a fixed amount to be determined by the General Meeting for the whole Directors and expenses for attending Board meetings.

The above article also establishes the possibility of the Directors being remunerated with Company shares, share options or other securities granting the right to obtain shares, or by means of share-indexed remuneration systems. In any case, the system chosen must be approved by the General Meeting and comply with current legal provisions.

The maximum remuneration approved for each fiscal year by the General Meeting of Shareholders, for all the members of the Board of Directors was EUR 2,500,000.

Pursuant to Article 26.4 of the Company's Articles of Association the rights and duties of any kind derived from the condition of Board Member shall be compatible with any other rights and obligations either fixed or variable that could correspond to the Board Members as a consequence of other employment or professional engagements, if any, carried out in the Company. Variable remuneration resulting from said contracts or from any other relationship, including being a Board Member, will be limited to a maximum annual amount to be established by the General Shareholders' Meeting.

The maximum remuneration approved by the General Meeting of Shareholders for this Variable remuneration in 2011 for all the members of the Board of Directors is EUR 600,000.

The Nominations and Remunerations Committee is responsible for proposing to the Board of Directors, although not bindingly, the system, distribution and amount of remuneration of the Directors on the basis of the overall amount of remuneration authorized by the General Meeting. It can also propose to the Board the terms of contracts with the Directors. The distribution and exact amount paid to each Director and the frequency and other details of the remuneration shall be determined by the Board on the basis of a proposal from the Nominations and Remunerations Committee.

5.2. Performance-based components, variable component and fixed amount

The remuneration of the Executive Committee and the Management Team is built in three blocks: fixed remuneration, annual and multi-annual bonus.

The annual bonus is defined as a maximum of 68% of the annual salary and is calculated based on the following indicators in each year of their term:

- The relative performance of the Total Shareholder Return of EDP Renováveis vs Benchmark, (PSI-20 and peers);
- EDP Renováveis growth (MW and pipeline)
- The risk – result of EDP Renováveis (ROIC Cash; market exposure, EBITDA and net result)
- Efficiency (technical availability, OPEX/MW, CAPEX/MW).

The multi-annual bonus is defined as a maximum of 102% of the annual salary and is calculated based on the same drivers as for annual bonus but measured on a multi-year timeframe to be paid at the end of the period and with additional environmental and social perspectives including, (I) the performance of the Sustainability Index applied to EDPR (DJSI method), (II) Employee satisfaction survey, (III) Appreciation of the Nominations and Remunerations Committee.

According to the Remuneration Policy approved at the General Meeting of Shareholders', the maximum variable remuneration (annual and multi-annual) is applicable if all the above mentioned KPI's were achieved and the performance evaluation is equal or above 110%.

The remuneration to the CEO and the Executive Committee Directors that are also members of the Management Team was paid directly by EDPR while for the other members of the Executive Committee there was no direct payment to its members.

Although the remuneration for all the members of the Board of Directors is provided for the members of the Executive Committee with the exception of the CEO and those members that could likewise be part of the Management Team (who devote most of their work to the activity of EDPR) are not remunerated by EDPR.

This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Nonetheless, in line with the above corporate governance practice, EDPR has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for the render of those services corresponding to the remuneration defined for the executive members of the Board of Directors.

The non-executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or cumulatively with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee and the Audit and Control Committee.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors. No Director has entered into any contract with the company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.

In EDPR there aren't any payments for the dismissal or termination of Director's duties.

5.3. Annual remuneration of the Board of Directors including the Audit and Control Committee

The remuneration of the members of the Board of Directors for the year ended on December 31st 2011 was as follows:

Remuneration (€)	Fixed	Variable		Total
		Annual	Multi-annual	
EXECUTIVE DIRECTORS				
António Mexia *	–	–	–	–
Ana Maria Fernandes (CEO)	384,000	167,362	–	551,362
João Manso Neto *				
Nuno Alves *	–	–		–
António Martins da Costa *	–	–	–	–
Rui Teixeira	–	–	–	–
João Paulo Costeira	–	–	–	–
Luis Adão da Fonseca	–	–	–	–
Gabriel Alonso	–	–	–	–
NON-EXECUTIVE DIRECTORS				
António Nogueira Leite	35,000	–	–	35,000
Daniel M. Kammen	22,500	–	–	22,500
Francisco José Queiroz de Barros de Lacerda	55,000	–	–	55,000
Gilles August	45,000		–	45,000
João Lopes Raimundo	58,333	–	–	58,333
João Manuel de Mello Franco	80,000	–	–	80,000
Jorge Santos	60,000	–	–	60,000
José Araújo e Silva	26,250	–	–	26,250
José Silva Lopes	30,000	–	–	30,000
Manuel Menéndez Menéndez	45,000	–	–	45,000
Rafael Caldeira Valverde	55,000	–	–	55,000
Total	**896,083**	**167,362**		**1,063,445**

* With exception of the CEO and Executive Committee Directors that are also members of the Management Team the members of the Executive Committee have not received any remuneration from EDPR. EDPR has entered in an Executive Management Services Agreement with EDP pursuant to which EDPR is due to pay to EDP EUR 380,400, corresponding to the fixed remuneration, for the management services rendered by EDP in 2011.

In 2011, Mr. António Martins da Costa, Mr. José Silva Lopes and Mr. Daniel Kammen ended their terms as Board members. The remuneration mentioned above refers only to the months when these Board members were still on duty.

The retirement savings plan for the members of the Executive Committee, excluding the Management Team members, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The non-executive directors may opt between a fixed remuneration or attendance fees per meeting, in a value equivalent to the fixed remuneration proposed for a director, taking into consideration the duties carried out as members of one or more committees.

In 2011, the remuneration of the members of the Management Team, as EDPR employees, excluding the Chief Executive Officer, was the following:

Remuneration (€)	Fixed	Variable*		Total
		Annual	Multi-annual	
Rui Teixeira	242,575	75,000	138,279	455,854
João Paulo Costeira	250,000	75,000	154,320	479,320
Luis Adão da Fonseca	242,575	75,000	138,279	455,854
Gabriel Alonso	250,000	75,000	141,357	466,357
Total	**985,151**	**300,000**	**572,235**	**1,857,386**

* Corresponds to the 2010 annual variable remuneration and 2009-2010 multi-annual variable remuneration accrued before their incorporation to the Board of Directors.

The retirement savings plan for the members of the Executive Committee that are also members of the Management Team, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary.

The Directors do not receive any relevant non-monetary benefits as remuneration.

5.4. Statement on remuneration policy

The definition of the proposal of the remuneration policy for the members of the Board is of the responsibility of the Nominations and Remunerations Committee and is approved by the General Shareholders Meeting.

This Committee defined the remuneration to be attributed to Directors and members of the Management Team, with the purpose that it reflects the performance of each of the members in each year of their term of office (variable annual remuneration), and also their performance during their term of office establishing a variable component which is consistent with the maximisation of the Company's long term performance (variable multi-annual remuneration for a three-year period), thereby guaranteeing the alignment of the performance of the governing bodies with the interests of the shareholders.

The remuneration policy proposed by the Nominations and Remunerations Committee for the period 2011-2013, defines a structure with a fixed remuneration for all members of the Board of Directors and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee and the Management Team.

For the period 2011-2013, it was decided to maintain the remuneration structure in terms of its components, as well as to keep the same nominal value of fixed annual component as the one in force during the 2009-2010 period, revise the KPIs (Key Performance Indicators) for variable multi-annual and annual components, and unify for Executive Committee and Management Team the implementation of the Correlation Matrix of Goals Achievements to determine the variable remuneration.

5.5. General Meeting's assessment of company remuneration policy and performance evaluation of its governing bodies

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

One of the General Meeting's duties includes appraising the above mentioned statement.

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

5.6. Attendance at the ordinary General Meeting of Shareholders of a representative of the Nominations and Remunerations Committee

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

5.7. Proposal on the approval of plans on share remuneration and/or share purchase options or on the basis of share price fluctuations

The Company has not approved any plans for share remuneration or share purchase options or plans based on share price fluctuations.

5.8. Remuneration of the President of the General Meeting

In 2011, the remuneration of the Chairperson of the General Meeting of EDPR was EUR 15,000.

5.9. Auditor's remuneration

For the year ended on December 31st, 2011, the fees paid to KPMG Auditores, S.L. for the audit and statutory audit of accounts and financial statements, other assurance and reliability services, tax consultancy services and other services unrelated to statutory auditing are as follows:

Remuneration (€)	Portugal	Spain	Brazil	USA	Other	Total	%
Audit and statutory audit of accounts and financial statements	166,000	638,829	83,102	688,241	307,749	1,883,921	85.2%
Other assurance and reliability services (*)	180,000	60,895		31,173	12,750	284,818	12.9%
Sub-total audit related services	346,000	699,724	83,102	719,414	320,499	2,168,739	98.1%
Tax consultancy services	-	-		24,067	9,000	33,067	1.5%
Other services unrelated to statutory auditing	9,500	-				9,500	0.4%
Sub-total non-audit related services	9,500	-		24,067	9,000	42,567	1.9%
Total	**355,500**	**699,724**	**83,102**	**743,481**	**329,499**	**2,211,306**	**100%**

(*) The fees of Portugal regarding the inspection of the internal control system (SCIRF) include the Spanish subsidiaries (EUR 80,000) and EDPR NA (EUR100,000) as their invoices were issued in this country.

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation III.1.5 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2011.

6. Capital markets

6.1. Share performance and dividend policy

Share description

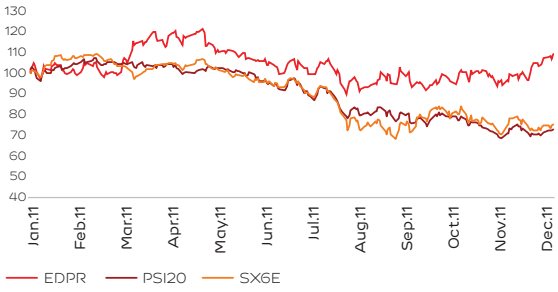
The shares representing 100% of the EDPR share capital were admitted to trading in the official stock exchange NYSE Euronext Lisbon on June 4th, 2008. Since then the free float level is unchanged at 22.5%.

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

Share price performance

EDPR's equity market value at December 31st 2011 was EUR 4.12 billion, the equivalent to EUR 4.73 per share. In 2011, the share price improved 9%, outperforming the PSI-20 (the NYSE Euronext Lisbon reference index), the Euronext 100 and the Dow Jones Eurostoxx Utilities ("SX6E") which suffered a general depreciation in 2011. The year's low was recorded on August 9th (EUR 3.89) and the year's high was reached on May 2nd (EUR 5.25).

SHARE PRICE PERFORMANCE

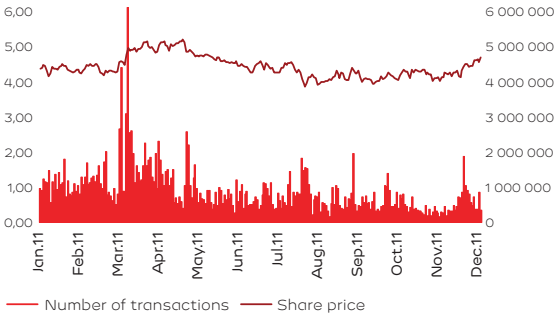


PSI-20 Best & Worst Performers in 2011			
Jerónimo M.	+12.19%	BCP	-74.82%
EDPR	+9.02%	Sonae Indús.	-66.75%
Cimpor	+4.87%	BPI	-61.80%
EDP	-4.01%	Banif	-60.92%
Sonaecom	-10.00%	BES	-53.13%

SX6E Best & Worst Performers in 2011			
Gas Natural	+15.45%	Veolia Env.	-61.28%
Enel Green P.	+2.09%	Areva	-47.70%
EDP	-4.01%	RWE	-45.40%
Enagas	-4.19%	Suez Env.	-42.39%
Red Electrica	-6.07%	EDF	-38.75%

In 2011 were traded more than 232 million EDPR shares, representing 25% year-on-year decrease in its liquidity, and corresponding to a turnover of approximately EUR 1.04 billion. On average, 0.9 million shares were traded per day. The total number of shares traded represented 27% of the total shares admitted to trading and to 118% of the company's free float.

EDPR SHARE PRICE AND TRANSACTIONS



Capital market Indicators

	2011	2010	2009	2008
EDPR SHARES IN NYSE EURONEXT LISBON (€)				
Opening price	4.34	6.63	5.00	8.00
Closing price	4.73	4.34	6.63	5.00
Peak price	5.25	7.01	7.75	8.00
Minimum price	3.89	3.72	5.00	3.45
VARIATION IN SHARE PRICE AND REFERENCE INDICES				
EDP Renováveis	9%	-35%	33%	-37%
PSI20	-28%	-10%	33%	-51%
Dow Jones Eurostoxx Utilities	-25%	-15%	-1%	-38%
Euronext 100	-14%	1%	25%	-45%
LIQUIDITY OF EDPR SHARES IN THE MARKET				
Volume in NYSE Euronext (€m)	1,060.3	1,539.2	1,676.0	1,646.0
Daily average volume (€m)	4.1	6.0	6.4	11.0
Number of shares traded (million)	232.3	311.2	257.0	216.0
Daily Average traded shares (million)	0.9	1.2	1.0	1.5
Total shares issued (million)	872.3	872.3	872.3	872.3
Number of own shares (million)	-	-	-	-
Free-float (million)	196.3	196.3	196.3	196.3
Annual rotation of capital (% of total shares)	27%	36%	29%	25%
Annual rotation of capital (% of free-float)	118%	159%	131%	110%
EDPR MARKET VALUE (€m)				
Market capitalisation at end of period	4,124	3,783	5,783	4,364

The graph below shows the evolution in EDPR prices over the year and all announcements and relevant events that may had impact on them.

MAIN EDPR EVENTS IN 2011

#	Date	Descripton	Share Price (€)
1	2/Feb	EDP Renováveis discloses 2010 provisional data	4.38
2	24/Feb	EDP Renováveis announces 2010 results	4.35
3	30/Mar	EDPR takes full control of Genesa	5.20
4	7/Apr	EDP Renováveis sells its financial stake in a Spanish wind farm	4.90
5	11/Apr	EDP Renováveis Annual Shareholder Meeting	5.17
6	18/Apr	EDP Renováveis discloses 1Q2011 provisional data	4.93
7	4/May	EDP Renováveis discloses 1Q2011 financial results	4.90
8	3/Jun	EDP Renováveis is awarded new long-term contract in the US	4.65
9	6/Jun	EDP Renováveis establishes a partnership for the development of 2.4 GW of wind offshore capacity in the UK	4.61
10	21/Jun	EDP Renováveis Extraordinary Shareholder Meeting	4.48
11	21/Jun	EDP Renováveis executes project finance for 138 MW in Romania	4.48
12	28/Jun	EDPR is granted 127 MW by the Aragón Government – Spain	4.37
13	11/Jul	EDP Renováveis executes project finance for 90 MW in Romania	4.44
14	13/Jul	EDP Renováveis establishes a new institutional partnership structure and secures USD 116 million	4.44
15	14/Jul	EDP Renováveis discloses its 1H2011 provisional data	4.30
16	25/Jul	EDP Renováveis executes project finance for 70 MW in Brazil	4.53
17	27/Jul	EDP Renováveis discloses its 1H2011 financial results	4.58
18	14/Sep	EDP Renováveis secures a new PPA for 101 MW in the US	4.27
19	13/Oct	EDP Renováveis discloses its 9M2011 provisional data	4.20
20	26/Oct	EDP Renováveis discloses its 9M2011 financial results	4.32
21	20/Dec	EDP Renováveis is awarded long term contracts for 120 MW at the Brazilian energy auction	4.48
22	21/Dec	EDP Renováveis executes through its associated company ENEOP – Eólicas de Portugal, S.A. project finance for 376 MW in Portugal	4.51
23	22/Dec	EDP Renováveis: EDP and China Three Gorges establish a strategic partnership	4.51
24	22/Dec	EDP Renováveis establishes a new institutional partnership structure for 99 MW in the US	4.51

6.2. Dividend policy

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

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

The expected dividend policy of EDPR, as announced in the IPO, is to propose dividends' distribution each year representing at least 20% of EDPR's distributable profit. Also as announced in the IPO, EDPR Board of Directors can adjust this dividend policy as required to reflect, among other things, changes to our business plan and our capital requirements, and there can be no assurance that in any given year a dividend will be proposed or declared.

In light of a challenging economic and regulatory environment in the countries in which EDPR holds investments, of the net financial results obtained in the fiscal year of 2011 and of the company's capital requirements in a harsh financial environment, the Board of Directors will propose at the Shareholder's Meeting, to be held in 2012, to retain the 2011 results as voluntary reserves.

6.3. Communication with capital markets

Communication policy

The Communication Policy of EDPR seeks to provide to shareholders, potential investors and stakeholders all the relevant information about the Company and its business environment. The promotion of transparent, consistent, rigorous, easily accessible and high-quality information is of fundamental importance to an accurate perception of the company's strategy, financial situation, accounts, assets, prospects, risks and significant events.

EDPR therefore look for to provide investors with information that can support them make informed, clear, concrete investment decisions.

An Investor Relations Office was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee the equality between shareholders and to prevent imbalances in the information access.

EDPR make use of its corporate website as a major channel to publish all the material information and ensures that all the relevant information on its activities and results is always up-to-date and available.

Investor relations department

The EDPR Investor Relations Department is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow the Company's activity, all investors and the financial market agents in general. The main purpose of the department is to guarantee the principle of equality among shareholders, prevent asymmetries in access to information and reduce the market perception gap of the company's strategy and intrinsic value. The department responsibility encompass developing and implementing

EDPR's communication strategy and preserve an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CMNV – Comisíon Nacional del Mercado de Valores – in Spain).

The company representative for relations with the market is the Executive Board of Directors member, Mr. Rui Teixeira. The Investor Relation Department is coordinated by Mr. Rui Antunes and is located at the company's head offices in Madrid, Spain. The department contacts are as follows:

IR Contacts

Calle Serrano Galvache 56
Centro Empresarial Parque Norte
Edificio Olmo – 7th Floor
Phone: +34 902 830 700
Fax: +34 914 238 429
E-mail: ir@edpr.com

Activity in 2011

Last year was particularly challenge for the stock markets, requiring the biggest effort from the EDPR management and the IR team to best deliver a clear and realistic message to all entities in the financial markets to attempt to ease concerns and to avoid investment decisions supported by speculative news flow. In 2011, we were able to discuss the investors' main topics of concerns, namely related to the perceived sector regulatory uncertainty in some European markets, the difficult market in the US, the impact from the sovereign debt crisis in Europe, the Portuguese financial assistance program from the IMF/ECB/EU and the outcome for EDPR from the 8th privatization phase of EDP – Energias de Portugal, our principal shareholder. The merger between Iberdrola and Iberdrola Renovables, the tender offer launched by EDF over EDF Energies Nouvelles and the EDPR's strategic plan pos-2012 were also relevant topics of discussion.

During 2011 EDPR was present in several events reinforcing its value creation proposition to its shareholders while prospecting new ones. In the year, the EDPR management and the IR team held more than 300 meetings in the Company's Offices and in 15 of the major financial cities of Europe and of the US, in a strong evidence of investor's interest in the company.

EDPR is clearly aware of the importance of delivering clear and detailed information to the market on time. Consequently, EDPR publishes the company's price sensitive information before the opening of the NYSE Euronext Lisbon stock exchange through CMVM's information system, and simultaneously we make that same information also available on the website investors' section and through the IR department's mailing list.

On each earnings announcement, EDPR promotes a conference call and webcast, at which the Company's management updated the market on EDPR's activities. On each of these events, shareholders, investors and analysts had the opportunity to directly submit their questions and to discuss EDPR's results as well as the company's outlook.

At the IR Department of EDPR, we remained in permanent contact with the financial analysts who evaluated the Company and with all shareholders and investors by e-mail, phone or face-to-face meetings. In 2011, as far we are aware of the sell-side analysts issued more than 200 reports evaluating EDPR's performance.

Analysts

As a world leader in renewable energy, one of the biggest listed companies in the sector and one of the biggest companies of PSI20, EDPR is permanently under analysis and valuation.

At the end of the 2011, as far as the company is aware of, there were 28 institutions elaborating research reports and following actively the Company's activity. As of December 31st 2011, the average price target of those analysts was of €5.39 per share with most of them reporting "Buy" recommendations on EDPR's share: 17 Buys, 7 Neutrals, 3 Sell and only 1 Suspended.

Company	Analyst	Recommen-dation	Price Target (€)	Last Report Issued
Banesto	Antônio Cruz-Guzmán	Overweight	6.86	22/07/2011
Banif	Sofia Cordeiro	Buy	5.46	05/05/2011
Barclays Capital	Rupesh Madlani	Equalweight	4.75	01/11/2011
BBVA	Daniel Ortea	Outperform	5.30	05/05/2011
BCP	Vanda Mesquita	Buy	6.00	14/10/2011
Berenberg	Benita Barretto	Buy	6.50	21/10/2011
BES	Fernando Garcia	Buy	4.90	26/09/2011
BNP Paribas	José Fernandez	Underperform	4.20	20/10/2011
BoAML	Matthew Yates	Buy	5.25	27/10/2011
BPI	Flora Trindade	Buy	6.00	19/09/2011
Caixa BI	Helena Barbosa	Suspended	–	16/12/2011
Cheuvreux	José Porta	Underperform	5.19	27/07/2011
Citigroup	Manuel Palomo	Buy	5.00	30/09/2011
Deutsche Bank	Virginia Sanz de Madrid	Hold	5.00	26/10/2011
Fidentiis	Daniel Rodríguez	Buy	5.59	04/08/2011
Goldman Sachs	Matija Gergolet	Neutral	5.90	29/12/2011
HSBC	James Magness	Overweight	7.25	14/10/2011
ING	Maurice Rosenthal	Sell	3.30	14/12/2011
Jefferies	Gerard Reid	Buy	5.85	26/10/2011
JP Morgan	Sarah Laitung	Overweight	5.10	13/10/2011
Macquarie	Shai Hill	Outperform	5.25	06/07/2011
Morgan Stanley	Allen Wells	Overweight	5.40	12/10/2011
Natixis	Céline Chérubin	Neutral	4.70	27/10/2011
Redburn Partners	Archie Fraser	Buy	6.11	07/02/2011
Sabadell	Jorge Gonzalez	Buy	5.06	26/10/2011
Santander	Joaquín Ferrer	Hold	6.20	23/05/2011
Société Générale	Jorge Alonso	Hold	4.50	27/10/2011
UBS	Alberto Gandolfi	Neutral	5.00	08/09/2011

Online information: website and e-mail

EDPR considers online information a powerful tool in the dissemination of material information updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, the Company website also carries financial and operational updates of EDPR's activities ensuring all an easy access to information.

	Portuguese	English	Spanish
Identification of the company	√	√	√
Financial statements	√	√	√
Regulations of the management and supervisory bodies	√	√	√
Audit Committee Annual report	√	√	√
Investor Relations Department - functions and contact details	√	√	√
Articles of association	√	√	√
Calendar of company events	√	√	√
Invitation to General Meeting	√	√	√
Proposal submitted for discussion and voting at General Meetings	√	√	√
Minutes of the General Shareholders' Meeting	√	√	√
Market Liaison Officer	√	√	√
Credentials of the Members of the Board of Directors	√	√	√

annex I

MAIN POSITIONS HELD BY MEMBERS OF BOARD OF DIRECTORS IN THE LAST FIVE YEARS

Name	Position
Antônio Mexia	
	CEO of EDP - Energias de Portugal, S.A. Member of the General Supervisory Board of Banco Comercial Português S.A.
Ana Maria Fernandes	
	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A.
João Manso Neto	
	Chairperson of the Executive Committee of EDP Produção CEO and Vice-Chairperson of Hidroeléctrica del Cantábrico, S.A. Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A.
Nuno Alves	
	Executive Director of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. (CFO)
Rui Teixeira	
	Chief Financial Officer of EDP Renováveis, S.A. Member of the Management Team of EDP Renováveis, S.A.
João Paulo Costeira	
	Chief Operating Officer for Europe of EDP Renováveis, S.A. Member of the Management Team of EDP Renováveis, S.A.
Luis Adão da Fonseca	
	Chief Business Development Officer of EDP Renováveis, S.A. Member of the Management Team of EDP Renováveis, S.A.
Gabriel Alonso Imaz	
	Chief Operating Officer for North America of EDP Renováveis, S.A. Member of the Management Team of EDP Renováveis, S.A.
Antônio Nogueira Leite	
	Director of the Instituto Português de Relações Internacionais, UNL Director of Reditus, SGPS, S.A. Managing Director José de Mello, SGPS, S.A. Director of Companhia União Fabril CUF, SGPS, S.A. Director of Quimigal, S.A. Director of CUF - Químicos Industriais, S.A. Director of ADP, S.A.-CUF Adubos Director of Sociedades de Explosivos Civic, SEC, S.A. Director of Brisa, S.A. Director of Efacec Capital, SGPS, S.A. Director of Comitur, SGPS, S.A. Director of Comitur Imobiliária, S.A. Director of Expocomitur - Promoções e Gestão Imobiliária, S.A. Director of Herdade do Vale da Fonte - Sociedade Agrícola, Turística e Imobiliária, S.A. Director of Sociedade Imobiliária e Turística do Cojo, S.A. Director of Sociedade Imobiliária da Rua das Flores, nº 59, S.A. Director of José de Mello Saúde, SGPS, S.A. Vice-Chairperson of the Advisory Board of Banif Banco de Investimentos Chairperson of the General Supervisory Board of Opex, S.A. Member of the Advisory Board of IGCP Vice-Chairperson of Fórum para a Competitividade Director of José de Mello Investimentos, SGPS, S.A. Director of Fundação de Aljubarrota Chairperson of Associação Oceano XXI (cluster do Mar)
Francisco José Queiroz de Barros de Lacerda	
	Member of the Executive Board of Directors of Banco Comercial Português, S.A. and several subsidiaries Director of Mague - SPGS, S.A. CEO of CIMPOR – Cimentos de Portugal, SGPS, S.A.
Gilles August	
	Co-founder of August & Debouzy. He now manages the firm's corporate department.
João Lopes Raimundo	
	Chairperson of the Board of Banque BCP Luxembourg Chairperson of the Board of Directors of Banque BCP France Director of Banque Orive BCP Switzerland Managing Director of Banco Comercial Português Vice-Chairperson of the Board of Millenniun Angola Director of Banco Millennium BCP de Investimento Vice-Chairperson of the Board of Millennium Bank, NA (USA) Director of CIMPOR - Cimentos de Portugal SGPS, S.A. Chairperson of the Board of BCP Holdings USA, Inc Managing Director of Banco Comercial Português
João Manuel De Mello Franco	
	Director of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Portugal Telecom SGPS, S.A. Member of the Remunerations Committee of Portugal Telecom SGPS, S.A. Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Sporting Clube de Portugal S.A.D.

Name	Position
Jorge Santos	
	Full Professor of Economics at Instituto Superior de Economia e Gestão, da Universidade Técnica de Lisboa Member of the Assembly of Representatives of Instituto Superior de Economia e Gestão da Universidade Técnica de Lisboa Coordinator of the PhD course in Economics at ISEG
José Araújo e Silva	
	Director of Corticeira Amorim, SGPS, S.A. Member of the Executive Committee of Corticeira, SGPS, S.A. Director of Caixa Geral de Depósitos
Manuel Menéndez Menéndez	
	Chairperson and CEO of Liberbank S.A. Chairperson of Banco de Castilla-La Mancha Chairperson of Cajastur Chairperson of Hidroeléctrica del Cantábrico, S.A. Chairperson of Naturgas Energía, S.A. Director of EDP Renewables Europe, SL Member of the Board of Directors of EDP Renováveis, S.A. Representative of Peña Rueda, SL in the Board of Directors of Enagas, S.A. Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of UNESA
Rafael Caldeira Valverde	
	Vice-Chairperson of the Board of Directors Banco Espirito Santo de Investimento, S.A. Member of the Executive Committee of Banco Espirito Santo de Investimento, S.A.

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 Português, S.A.
Ana Maria Fernandes	
	N/A
João Manso Neto	
	N/A
Nuno Alves	
	N/A
Rui Teixeira	
	N/A
João Paulo Costeira	
	N/A
Luis Adão da Fonseca	
	N/A
Gabriel Alonso Imaz	
	N/A
António Nogueira Leite	
	Director of the Instituto Português de Relações Internacionais, UNL Director of Reditus, SGPS, S.A. Managing Director José de Mello, SGPS, S.A. Director of Companhia União Fabril CUF, SGPS, S.A. Director of Quimigal, S.A. Director of CUF – Químicos Industriais, S.A. Director of ADP, S.A.-CUF Adubos Director of Sociedades de Explosivos Civic, SEC, S.A. Director of Brisa, S.A. Director of Efacec Capital, SGPS, S.A. Director of Comitur, SGPS, S.A. Director of Comitur Imobiliária, S.A. Director of Expocomitur – Promoções e Gestão Imobiliária, S.A. Director of Herdade do Vale da Fonte – Sociedade Agrícola, Turística e Imobiliária, S.A. Director of Sociedade Imobiliária e Turística do Cojo, S.A. Director of Sociedade Imobiliária da Rua das Flores, nº 59, S.A. Director of José de Mello Saúde, SGPS, S.A. Vice-Chairperson of the Advisory Board of Banif-Banco de Investimentos Chairperson of the General Supervisory Board of Opex, S.A. Member of the Advisory Board of IGCP Vice-Chairperson of Fórum para a Competitividade Director of José de Mello Investimentos, SGPS, S.A. Director of Fundação de Aljubarrota Chairperson of Associação Oceano XXI (cluster do Mar)
Francisco José Queiroz de Barros de Lacerda	
	CEO of Cimpor – Cimentos de Portugal, SGPS, S.A. Chairperson of Cimpor Inversiones, S.A. Chairperson of Sociedade de Investimento Cimpor Macau, S.A. Manager of Deal Winds – Sociedade Unipessoal, Lda
Gilles August	
	Co-founder of August & Debouzy. He now manages the firm's corporate department.
João Lopes Raimundo	
	Director of CIMPOR – Cimentos de Portugal SGPS, S.A. Chairperson of the Board of BCP Holdings USA, Inc Managing Director of Banco Comercial Português
João Manuel de Mello Franco	
	Director of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Portugal Telecom SGPS, S.A. Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Sporting Clube de Portugal S.A.D.
Jorge Santos	
	Full Professor of Economics at Instituto Superior de Economia e Gestão, da Universidade Técnica de Lisboa Member of the Assembly of Representatives of Instituto Superior de Economia e Gestão da Universidade Técnica de Lisboa Coordinator of the PhD course in Economics at ISEG
José Araújo e Silva	
	Director of Corticeira Amorim, SGPS, S.A. Member of the Executive Committee of Corticeira, SGPS, S.A. Director of Caixa Geral de Depósitos Director of Artlant, S.A. Director of Caetano Auto SGPS Director of Cartolinas do Prado
Manuel Menéndez Menéndez	
	Chairperson and CEO of Liberbank, S.A. Chairperson of Banco de Castilla-La Mancha Chairperson of Cajastur Representative of Peña Rueda, SL in the Board of Directors of Enagas, S.A. Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of UNESA
Rafael Caldeira Valverde	
	Vice-Chairperson of the Board of Directors Banco Espirito Santo de Investimento, S.A. Member of the Executive Committee of Banco Espirito Santo de Investimento, S.A.

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	Nuno Alves	Ana Maria Fernandes	João Manso Neto	Manuel Ménendez Menéndez	Rui Teixeira	João Paulo Costeira	Luis Adão da Fonseca	Gabriel Alonso
EDP – Energias de Portugal, S.A.	CEBD	D	D	D	–	–	–	–	-
EDP – Gestão da Produção de Energia, S.A.	–	–	–	CBD	–	–	–	-	-
EDP – Energias do Brasil, S.A.	CBD	D	D	–	–	–	–	–	–
EDP – Estudos e Consultoria, S.A.	–	CBD	–	–	–	–	–	–	–
EDP – Imobiliária e Participações, S.A.	–	CBD	–	–	–	–	–	–	–
EDP Valor – Gestão Integrada de Serviços, S.A.	–	CBD	–	–	–	–	–	–	–
Sãvida – Medicina Apoiada, S.A.	–	CBD	–	–	–	–	–	–	–
SCS – Serviços Complementares de Saúde, S.A.	–	CBD	–	–	–	–	–	–	–
Energia RE S.A.	–	CBD	–	–	–	–	–	–	–
Hidroeléctrica del Cantábrico, S.A.	–	D	D	VCBD/CEO	CBD	–	–	–	–
Hidrocantábrico Energia, SAU				CBD					
Eléctrica de la Ribera de Ebro, SL				CBD					
Naturgás Energia Grupo, S.A.	–	–	–	VCBD	CBD	–	–	–	–
EDP Gás – SGPS, S.A.	–	–	–	CBD	–	–	–	–	–
Balwerk – Consultadoria Económica e Participações, Sociedade Unipessoal, Lda.	–	M	–	–	–	–	–	–	–
EDP – Energias de Portugal Sociedade Anónima, Sucursal en España	PR	PR	PR	PR	–	–	–	–	–
EDP Gás.com – Comércio de Gás Natural, S.A.				D	–	–	–	–	–
EDP Finance BV	R	R	R	R	–	–	–	–	–
Electricidade de Portugal Finance Company Ireland Lt.	–	D		–	–	–	–	–	–
Empresa Hidroeléctrica do Guadiana, S.A.	–	–	–	CBD	–	–	–	–	–
EDP Projectos SGPS, S.A.	–	–	–	D	–	–	–	–	–
EDP Energia Ibérica S.A.				D	–	–	–	–	–
EDP Inovacão, S.A.	–	–	–	–	–	–	–	D	–
Operacão e Manutencão Industrial, S.A.	–	–	–	–	–	–	D	–	–

CEBD – Chairperson Executive Board of Directors
CBD – Chairperson of the Board of Directors/ CEO – Chief Executive Officer
D - Director
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	Nuno Alves	Ana Maria Fernandes	João Manso Neto	Manuel Ménendez Menéndez	Rui Teixeira	João Paulo Costeira	Luis Adão da Fonseca	Gabriel Alonso
EDP Renewables North America LLC	–	–	–	–	–	–	–	–	CEO
EDP Renewables Europe, S.L.	–	–	CBD	–	D	D	D	D	–
ENEOP – Eólicas de Portugal, S.A.	–	–	CBD	–	–	–	–	–	–
EDP Renováveis Brasil, S.A.	–	–	CBD	–	–	D	–	D	
EDP Renováveis Portugal, S.A.	–	–	–	–	–	D	CBD	D	–
EDP Renewables Romania SRL	–	–	–	–	–	–	CBD	D	–
EDP Renewables UK Ltd	–	–	–	–	–	–	D	D	–
EDP Renewables France SA	–	–	–	–	–	–	CBD	–	–
EDP Renewables Polska, SP, z.o.o.	–	–	–	–	–	D	D	D	–
EDP Renewables Italia, SRL	–	–	–	–	–	–	D	D	–
ENEOP 2 S.A	–	–	–	–	–	–	CBD	–	–
Generaciones Especiales I SL	–	–	–	–	–	D	D	D	–
EDP Renewables Canada, Ltd	–	–	–	–	–	D		D	–
Greenwind, S.A.	–	–	–	–	–	–	CBD	–	–

CBD – Chairperson of the Board of Directors
CEO – Chief Executive Officer
D – Director
MSB – Member of the Supervisory Board
PGMS – President of the General Meeting of Shareholders
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 41.

Board of Directors

António Luís Guerra Nunes Mexia
(Chairperson)

Born on July 12th, 1957. He received a degree in Economics from Université de Genève (Switzerland) in 1980, where he was also Assistant Lecturer in the Department of Economics. He was a postgraduate lecturer in European Studies at Universidade Católica. He was also a member of the governing boards of Universidade Nova de Lisboa and of Universidade Católica, where he was Director from 1982 to 1995. Served as Assistant to the Secretary of State for Foreign Trade from 1986 until 1988. From 1988 to 1990 served as Vice-Chairperson of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade). From 1990 to 1998 was Director of Banco Espírito Santo de Investimentos and, in 1998, was appointed Chairperson of the Board of Directors of Gás de Portugal and Transgás. In 2000 joined Galp Energia as Vice-Chairperson of the Board of Directors. From 2001 to 2004, was the Executive Chairperson of Galp Energia and Chairperson of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico. In 2004, was appointed Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government. He also served as Chairperson of the Portuguese Energy Association (APE) from 1999 to 2002, member of the Trilateral Commission from 1992 to 1998, Vice-Chairperson of the Portuguese Industrial Association (AIP) and Chairperson of the General Supervisory Board of Ambelis. He was also a Government representative to the EU working group for the trans-European network development. In January 2008, was appointed member of the General Supervisory Board of Banco Comercial Portugues, S.A. having before integrated the Superior Board of this Bank. On 30th March 2006, was appointed Chairperson of EDP's Executive Board of Directors to start the term of office on 30th June 2006. He was reappointed on 15th April 2009.

Ana Maria Machado Fernandes
(Vice-Chairperson and Chief Executive Officer)

Born on 1st November, 1962. She graduated in Economics from the Faculty of Economics at Oporto (1986). She received a postgraduate degree in Finance from the Faculty of Economics of Universidade do Porto and an MBA from the Escola de Gestão do Porto (1989). She lectured at the Faculty of Economics of Universidade do Porto from 1989 until 1991. Began her professional career in 1986 at Conselho – Gestão e Investimentos, a company of the Banco Português do Atlântico Group, in the capital markets, investments and business restructuring field. In 1989 began working at Efisa, Sociedade de Investimentos, in the area of corporate finance, and was later made a director of Banco Efisa. In 1992 joined the Grupo Banco de Fomento e Exterior as director in the area of investment banking and was Head "Corporate Finance" at BPI between 1996 and 1998. In 1998 joined Gás de Portugal as Director of Strategic Planning and M&A and, in 2000, became Director of Strategy and Portfolio Management of Galp Business. She later became President of Galp Power and Director of Transgás. From 2004 until 2006 was director of the Board of Galp Energia. On 30th March 2006, was appointed member of EDP's Executive Board of Directors to start the term of office on 30th June 2006. She was reappointed on 15th April 2009.

João Manuel Manso Neto

Born on April 2nd, 1958. He graduated in Economics from Instituto Superior de Economia (1981) and received a post-graduate degree in European Economics from Universidade Católica Portuguesa (1982). He also completed a professional education course through the American Bankers Association (1982), the academic component of the master's degree programme in Economics at the Faculty of Economics, Universidade Nova de Lisboa and, in 1985, the "Advanced Management Program for Overseas Bankers" at the Wharton School in Philadelphia. From 1988 to 1995 worked at Banco Português do Atlântico, occupying the positions of Supervisor for the International Credit Division, Head of the International Credit Division, Department Director, Deputy Central Director for International Management and Central Director of Financial Management and Retail Commerce South. From 1995 to 2002 worked at the Banco Comercial Português, where he held the posts of General Director of Financial Management, General Manager of Large Institutional Businesses, General Manager of the Treasury, member of the Board of Directors of BCP Banco de Investimento and Vice-Chairperson of BIG Bank Gdansk. From 2002 to 2003, in Banco Português de Negócios, was the Chairperson of BPN Serviços ACE, Director of BPN SGPS, Director of Sociedade Lusa de Negócios and a member of the Board of Banco Efisa. He is still a voting Member of the OMEL Board of Directors. From 2003 to 2005 worked at EDP as Director-General and Administrator of EDP Produção. In 2005 was appointed Adviser at HC Energía, Chairperson of Genesa and Director of Naturgas Energia and OMEL. On 30th March 2006, was appointed member of EDPS' Executive Board of Directors to start the term of office on 30th June 2006. He was reappointed on 15th April 2009.

Nuno Maria Pestana de Almeida Alves

Born on April 1st, 1958. He received an undergraduate degree in Engineering and Naval Construction in 1980 and an MBA in 1985 from the University of Michigan. He began his professional career in 1988 as Supervisor in the Studies and Planning Directorate at Banco Comercial Português, where he took on the role of Sub-Director of Financial Investment in 1990. In 1991, became Director of Investor Relations. In 1994, became the Director of Private Retail Coordination. In 1996, served as Director of Capital Markets for Banco CISF, the investment bank of Banco Comercial Português, and was promoted to Director of Investment Banking in 1997. In 1999, became Chairperson of the Board of Directors of CISF Dealer, where he remained until 2000, when became Director of Milleniumbcp Investimento (formerly Banco CISF), responsible for Capital Markets and Treasury of the BCP Group. Has served as Director-General of BCP from 2000 to 2006. On 30th March 2006, was appointed member of EDP's Executive Board of Directors to start the term of office on 30th June 2006. He was reappointed on 15th April 2009.

annex IV

Rui Teixeira

Born in 1972. Mr. Teixeira is a member of the Board of Directors of EDP Renováveis, S.A., member of the Executive Committee, member of the Management Team and is the Chief Financial Officer of the Company. From 1996 to 1997, Mr. Teixeira was assistant director of the commercial naval department of Gellweiler – Sociedade Equipamentos Maritimos e Industriaies, Lda. From 1997 to 2001, Mr. Teixeira worked as a project manager and ship surveyor for Det Norske Veritas, with responsibilities for offshore structures, shipbuilding and ship repair. Between 2001 and 2004, Mr. Teixeira was a consultant at McKinsey & Company, focussing on energy, shipping and retail banking. From 2004 to 2007, he headed the corporate planning and control division within the EDP Group. In 2007 Mr. Teixeira has also served as Chief Financial Officer of EDP Renewables Europe SL (former NEO). He was appointed Chief Financial Officer of the Company in 2008. Mr. Teixeira is also a Director on the board of directors of a number of subsidiaries of the Company's Group.
Mr. Teixeira holds a master of science degree in naval architecture from the Institute Superior Técnico de Lisboa and a master of business administration degree from the Universidade Nova de Lisboa.

João Paulo Costeira

Born in 1965. He was the Commercial Director of Portgás from 1992 to 1998. In 1998 he entered Galpenergia Group (Portugal's National Oil & Gas Company), where he held several positions, as General manager of Lisboagás (Lisbon's Natural gás LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), or Managing Director of Lusitaniagás (Natural gas LDC). He also was a member of the Management Team of GalpEmpresas and Galpgás. In 2006 he became Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain). In 2007 he joined EDP Renováveis S.A., where he serves currently as Chief Operating Officer for Europe of EDP Renováveis S.A., member of the Management Team, member of the Executive Committee and Executive Board Member of EDP Renováveis S.A.. He is also Vice-President of the European Wind Association and the Spanish Wind Association (Asociación Empresarial Eólica).
He holds a degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto, and a Master in Business Administration by IEP/ESADE (Oporto and Barcelona). He also studied the Executive Development Program at École des HEC (Université de Lausanne, 1997), the Strategic Leadership Development Program at INSEAD (Fontainebleau, 2002) and the Advanced Management Program of IESE (Barcelona, 2004).

Luis Adão da Fonseca

Born in 1975. In 1998 Mr. Adão da Fonseca held the position of assistant lecturer in the Economics and Business Sciences School and in the Human Sciences School of Universidade Católica Portuguesa, until leaving later the same year to become a consultant for McKinsey & Company. Mr. Adão da Fonseca left McKinsey & Company in July 2000 to enter into a Master in Business Administration degree program at INSEAD, which he concluded with distinction in 2001. He then assumed the role of management for renewable energy development projects with the EDP Group M&A and Business Development Division. Mr. Adão da Fonseca was appointed as Chief Financial Officer of NEO (now EDP Renewables Europe SL) in January 2005, a position he held until becoming Chief Development Officer of EDP Renewables Europe SL (former NEO) in 2007. Currently he is member of the Board of Directors of EDP Renováveis S.A. and EDP Inovação.
Mr. Adão da Fonseca holds a master's degree in economics from the Universidade Católica Portuguesa, a Master of Business Administration degree from INSEAD, as well as a postgraduate degree in leading change and organizational renewal from the Stanford Graduate School of Business. In 2011 Mr. Adão da Fonseca has also received a Master Degree for Risk Management from the Stern School of Management – NYU.

Gabriel Alonso

Born in 1973. He has been working in the wind energy industry for over 14 years in several countries in Europe, North America and North Africa.
Gabriel joined EDP in early 2007 as Managing Director for North America, where he led EDP's entrance into the United States renewables arena through EDP's acquisition of Horizon Wind Energy from Goldman Sachs, the largest renewable energy transaction to date. He was a key member of the initial public offering (IPO) of EDPR in June 2008. He served in EDPR NA as Chief Development Officer (CDO) and Chief Operating Officer (COO), responsible for overseeing development, engineering, construction, energy management, procurement and operations and maintenance.
Gabriel Alonso is currently Chief Executive Officer for EDP Renewables North America LLC (EDPR NA), member of the Executive Committee and Board of Directors of EDP Renewables S.A. (EDPR), and member of the Executive Committee and the Board of Directors of the American Wind Energy Association (AWEA).
He holds a law degree and a Master of Science degree in economics, each from the University of Deusto in Spain, and has completed the Advanced Management Program at The University of Chicago Booth School of Business.

António Nogueira Leite

Born in 1962. Between 1988 and 1996, held the position of consultant to several national and international institutions, including the Bank of Portugal, the OECD and the EC. Between 1995 and 1998, was general secretary of APRITEL, and between 2000 and 2002 was a Director of APRITEL. From 1997 to 1999, was a Director of Soporcel, S.A., between 1998 and 1999, was a Director of Papercel, S.A., and in 1999, was a Director of MC Corretagem, S.A. Also in 1999, was appointed chairperson of the board of directors of Bolsa de Valores de Lisboa and became a member of the executive committee of Associação de Bolsas Ibero Americanas. Since 2000, Mr. Nogueira Leite has been a member of the consultative council of Associação Portuguesa para o Desenvolvimento das Comunicações. Between 2000 and 2002, was a consultant for Vodafone – Telecomunicações Pessoais,S.A., between 2001 and 2002, was a consultant of GE Capital, and in 2002 was a member of the consultative council of IGCP. Since 2002, he has held various positions within the José de Mello group and has held Directorships with numerous other entities including Reditus, SGPS, S.A., Quimigal, S.A, Brisa, S.A., ADP, S.A., Comitur, SGPS, S.A., Comitur Imobiliária, S.A., Expocomitur – Promoções e Gestão Imobiliária, S.A., Herdade do Vale da Fonte – Sociedade Agrícola, Turística e Imobiliária, S.A., e SGPS, S.A., Efacec Capital, SGPS, S.A., and Cuf – Químicos Industriais, S.A. He held a further Directorship with Sociedade de Explosivos Civis, SEC, S.A. from 2007 to March 2008. Between October 1999 and August 2000, was Secretary of State for Treasury and Finance and Governor Substitute of the European Bank of Investments. Additionally held positions with the European Bank for Reconstruction and Development, the International Monetary Fund and was a member of the Financial and Economic Council of the European Union. He was vice-chairperson of the consultative council of Banif Banco de Investimento, S.A., and chairperson of the general and supervision council of OPEX, S.A. He is Chairperson of Associação Oceano XXI (cluster do Mar). Since 2008 is Non-Executive Director of EDPR'S Board of Directors and member of the Related-Party Transactions Committee.

Has an undergraduate degree in economics from the Universidade Católica Portuguesa, a master of science degree in economics, and a Ph.D. in economics from the University of Illinois.

Francisco José Queiroz de Barros de Lacerda

Born in 1960, he graduated with the highest grade on Business Administration in 1982 from Universidade Católica Portuguesa, where he returned as assistant professor in 1984 and 1985. Between 1982 and 1990 he held positions of analyst, manager and director of Locapor (Leasing), CISF and Hispano Americano Sociedade de Investimentos. Between 1990 and 2000 he developed his main activity at Banco Mello, as Executive Member of the Board of Directors since 1990 and as CEO between 1993 and 2000, being after 1997 also Vice-Chairperson, and, over that period, Chairperson or Director of several banks and financial companies' part of the Banco Mello group. He was simultaneously member of the top management team of the José de Mello group and a non-executive director of Insurance Company Império. Between 2000 and 2008, he was a member of the Executive Board of Directors of Banco Comercial Português, S.A., and in this capacity was responsible for the activities of the banking group in Central, Eastern & South-eastern Europe and in investment banking. Since 2010 he is CEO of Cimpor, a large multinational cement group. He is also Member of the Remuneration Committee of Portugal Telecom SA since 2009 and Member of the Advisory Boards of the Católica Lisbon's Master in Finance since 2006 and of Nova Business & Economics since 2009. Since 2008 is a Non-Executive Director of EDPR's Board of Directors, was member of the Audit and Control Committee from 2008 till 2011 and in 2011 was appointed member of the Nominations and Remunerations Committee.

Gilles August

Born in 1957, between 1984 and 1986, was a Lawyer at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC. Between 1986 and 1991he was an Associate and later became Partner at Baudel, Salès, Vincent & Georges Law Firm in Paris. In 1991 he became a Partner at Salès Vincent Georges, where he stayed until 1994. In 1995 he co-founded August & Debouzy Law firm where he is presently working as the manager of the firm's corporate department. Has been a Lecturer at École Supérieure des Sciences Economiques et Commerciales and at Collège de Polytechnique and is currently giving lecturres at CNAM (Conservatoire National des Arts et Mêtiers). He is Knight of the Lègion d'Honneur. Since 2009 is a Non-Executive Director of EDPR's Board of Directors.

He has a Master in Laws from Georgetown University Law Center in Washington DC (1986); a Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984) and a Master in Private Law from the same University (1981). He graduated from the Ècole Supérieure des Sciences Economiques et Commerciales (ESSEC).

annex IV

João José Belard da Fonseca Lopes Raimundo

Born in 1960. Between 1982 and 1985, he was senior auditor of BDO – Binder Dijker Otte Co. Between 1987 and 1990, he was director of Banco Manufactures Hanover (Portugal), S.A. and between 1990 and 1993 was a member of the board of TOTTAFactor, S.A. (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS, S.A. In 1993, he held Directorships with Nacional Factoring, da CISF – Imóveis and CISF Equipamentos. Between 1995 and 1997 he was a Director of CISF – Banco de Investimento and a Director of Nacional Factoring. In 1998, he was appointed to the board of several companies, including Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing and Nacional Factoring. From 1999 to 2000, he was a Director of BCP Leasing, BCP Factoring and Leasefactor SGPS. From 2000 to 2003, He was appointed Chairperson of the Board of Directors of Banque BCP (Luxemburg) and Chairperson of the Executive Committee of Banque BCP (France). Between 2003 and 2006 he was a member of management of Banque Prive BCP (Switzerland) and was general director of private banking of BCP. Since 2006, he has been a Director of Banco Millennium BCP de Investimento, and general Director of Banco Comercial Português and Vice-Chairperson and CEO of Millenniumbcp bank, NA. Mr. Lopes Raimundo is presently Director of CIMPOR - Cimentos de Portugal SGPS, S.A., and Chairperson of the Board of BCP Holdings USA, Inc. Since 2008 is a Non-Executive Director of EDPR's Board of Directors, was member of the Nominations and Remunerations Committee from 2008 till 2011 and in 2011 was appointed member of the Audit and Control Committee.

Has an undergraduate degree in company management and administration from Universidade Católica Portuguesa de Lisboa, and a master of business administration degree from INSEAD.

João Manuel de Mello Franco

Born in 1946. Between 1986 and 1989, he was a member of the management council of Tecnologia das Comunicações, Lda. Between 1989 to 1994, he was chairperson of the board of directors of Telefones de Lisboa e Porto, S.A., and between 1993 to 1995 he was chairperson of Associação Portuguesa para o Desenvolvimento das Comunicações. From 1994 to 1995, he was chairperson of the board of directors of Companhia Portuguesa Rádio Marconi and additionally was chairperson of the board of directors of Companhia Santomense de Telecomunicações e da Guiné Telecom. From 1995 to 1997, he was vice-chairperson of the board of directors and chairperson of the executive committee of Lisnave (Estaleiros Navais) S.A. Between 1997 and 2001, he was CEO and in the last year chairperson of the board of directors of Soponata and was a director and member of the audit committee of International Shipowners Reinsurance, Co S.A. Between 2001 and 2004, he was vice-chairperson of José de Mello Imobiliária SGPS, S.A. Since 1998, he has been a director of Portugal Telecom SGPS, S.A., chairperson of the audit committee since 2007, member of the corporate governance committee since 2006 and member of the evaluation committee since 2008. Since 2008 is a Non-Executive Director of EDPR's Board of Directors, Chairperson of the Audit and Control Committee and member of the Related-Party Transactions Committee.

He was member of the remuneration committee of Portugal telecom, SGPS, S.A. between 2003 and 2008.

Since 2011 he is also chairperson of the audit committee of Sporting Clube de Portugal S.A.D.

He has an undergraduate degree in mechanical engineering from Instituto Superior Técnico. He additionally holds a certificate in strategic management and company boards and is the holder of a grant of Junta de Energia Nuclear.

Jorge Santos

Born in 1951. From 1997 to 1998, coordinated the committee for evaluation of the EC Support Framework II and was a member of the committee for the elaboration of the ex-ante EC Support Framework III. From 1998 to 2000, he was Chairperson of the Unidade de Estudos sobre a Complexidade na Economia and from 1998 to 2002 was Chairperson of the scientific council of Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa. From 2001 to 2002, he coordinated the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal. Since 2007, he has been co-ordinator of the masters program in economics. Since 2009, he has been President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa (ISEG). In December 2011 was elected president of the general assembly of IDEFE. Since 2008 is a Non- Executive Directors of EDPR's Board of Directors, Chairperson of the Nominations and Remunerations Committee and in 2011 was appointed member of the Audit and Control Committee

He has an undergraduate degree in economics from Instituto Superior de Economia e Gestão, a master degree in economics from the University of Bristol and a Ph.D. in economics from the University of Kent. He additionally has a doctorate degree in economics from the Instituto Superior de Economia e Gestão of Universidade Técnica de Lisboa, and has consequently held the positions of Professor Auxiliar and Professor Associado with Universidade Técnica de Lisboa. He has been appointed as university professor (catedrático) of Universidade Técnica de Lisboa and is the President of the Department of Economics at ISEG.

José Fernando Maia de Araújo e Silva

Born in 1951. Began his professional career as an assistant lecturer at Faculdade de Economia do Porto and in 1987 and 1988 he was responsible for the "Gestão Financeira Internacional" degree at the same University. From 1980 to 1983 he held a part-time position as technician for Comissão de Coordenação da Região Norte., and from 1991 he was invited to be a lecturer at Universidade Católica do Porto.He has since held the position of director of several companies, including of Banco Espírito Santo e Comercial de Lisboa and Soserfin – Sociedade Internacional de Serviços Financeiros – Oporto group. He has been involved in the finance and management coordination of Sonae Investimentos SGPS, was executive director of Sonae Participações Financeiras, SGPS, S.A. and was vice-Chairperson of Sonae Indústria, SGPS, S.A. He has additionally held directorships with Tafisa, S.A., Spread SGPS, S.A. and Corticeira Amorim, SGPS. He presently serves on the board of directors of Caixa Geral de Depósitos, S.A, and is President of Caixa Seguros e Saúde, Caixa Leasing and Factoring, and Locarent, as well as Non Executive Director in several other companies. Since 2008 is a Non-Executive Director of EDPR's Board of Directors.

Has an undergraduate degree in economics from the Faculdade de Economia do Porto and has obtained certificates from Universidade de Paris IX, Dauphine and the Midland Bank International banker's course in London.

Manuel Menéndez Menéndez

Born in 1960. He is Chairperson and CEO of Liberbank S.A., a financial institution formed by the integration of the financial businesses of Caja de Ahorros de Asturias, Caja de Extremadura and Caja Cantabria, as well as Chairperson of Cajastur and Chairperson of Banco de Castilla-La Mancha. He is a member of the board of directors of CECA and of ENAGAS, on behalf of Liberbank Group. He is also Chairperson of HC Energia and Naturgás Energía and member of the Board of Directors of EDP Renováveis S.A. and EDP Renewables Europe SLU, and of UNESA (the Spanish association of the electricity industry). Since 2008 is a Non-Executive Director of EDPR's Board of Directors.

He is a university professor in the Department of Business Administration and Accounting at the University of Oviedo; has a PhD in Economic Sciences and a degree in Economics and in Business Administration, both from the University of Oviedo. He has supervised several doctoral thesis', developing research work and has participated as a speaker in many courses and seminars. His main research areas are the efficiency in credit institutions, management control in decentralized companies and those in sectors with regulated economies. He is also author of many books and technical articles about the aforementioned matters.

Rafael Caldeira Valverde

Born in 1953. In 1987, he joined Banco Espírito Santo de Investimento, S.A. and was the Director responsible for financial services management, client management, structured financing management, capital markets management, and for the department for origination and information; between 1991 and 2005 he was also Director and Member of the Executive Committee. In March 2005, he was appointed as vice-chairperson of the board of Directors of Banco Espírito Santo de Investimento, S.A. and formed part of the executive committee of the company. He is Vice-Chairperson of the Board of Directors and Member of the Executive Committee of Banco Espírito Santo de Investimento, S.A. Director of BES Investimento do Brasil, S.A.; ESSI, SGPS, S.A.; ESSI COMUNICAÇÕES, SGPS, S.A.; ESSI INVESTIMENTOS, S.A. and Espírito Santo Investment Holdings Limited. Since 2008 is a Non-Executive Director of EDPR's Board of Directors and member of the Nominations and Remunerations Committee.

Has an undergraduate degree in economics from the Instituto de Economia da Faculdade Técnica de Lisboa.

Secretary of the Board

Emilio García-Conde Noriega

Born in 1955. In 1981, he joined Soto de Ribera Power Plant, which was owned by a consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico, as legal counsel. In 1995, he was appointed general counsel of Soto de Ribera Power Plant, and also chief of administration and human resources of the consortium. In 1999, he was appointed as legal counsel at Hidrocantábrico, and in 2003 was appointed general counsel of Hidrocantábrico and also a member of its management committee. Presently serves as general counsel of the Company, as secretary of the Board, and is also Director and/or secretary on Boards of Directors of a number the Company's subsidiaries in Europe.

Holds a master's degree in law from the University of Oviedo.

annex V

SHARES OF EDP RENOVÁVEIS OWNED BY MEMBERS OF THE BOARD OF DIRECTORS AS AT 31.12.2011

Board Member	Direct	Indirect	TOTAL
António Luis Guerra Nunes Mexia	3,880	320	4,200
Ana Maria Machado Fernandes	1,510	0	1,510
João Manuel Manso Neto	0	0	0
Nuno Maria Pestana de Almeida Alves	5,000	0	5,000
Rui Manuel Rodrigues Lopes Teixeira	10,135	370	10,505
João Paulo Nogueira de Sousa Costeira	3,000	0	3,000
Luis de Abreu Castelo-Branco Adão da Fonseca	1,200	0	1,200
Gabriel Alonso Imaz	18,503	0	18,503
Francisco José Queiroz de Barros de Lacerda	310	310	620
João Manuel de Mello Franco	380	0	380
Jorge Manuel Azevedo Henriques dos Santos	200	0	200
José Fernando Maia de Araújo e Silva	80	0	80
Rafael Caldeira de Castel-Branco Valverde	0	0	0
António do Pranto Nogueira Leite	0	0	0
João José Belard da Fonseca Lopes Raimundo	170	670	840
Manuel Menéndez Menéndez	0	0	0
Gilles August	0	0	0

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

Audit report on the system of internal control over financial reporting

To the Board of Directors
EDP Renováveis, S.A.

Further to your request and to our engagement letter dated 15 February 2011, we have audited the system of internal control over financial reporting of EDP Renováveis, S.A. (the Company) and subsidiaries (the Group) at 31 December 2011, based on the criteria established in the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures, and with the COBIT Framework for IT Governance and Control. The Board of Directors of the Company and senior Group management are responsible for adopting the measures required to reasonably guarantee the implementation, maintenance and supervision of an adequate system of internal control over financial reporting, assess its efficiency and make improvements to the system, as set forth in the report drawn up by Group management on the internal control over financial reporting system enclosed. Our responsibility is to express an opinion on the effectiveness of the Group's internal control over financial reporting system based on our audit.

An organisation's system of internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that are aimed at: (i) verifying the existence and maintenance of records that present fairly and in reasonable detail the Group's transactions and assets; (ii) providing reasonable assurance that transactions are adequately recorded so as to allow the Group to draw up consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) providing reasonable assurance regarding the timely prevention or detection of asset additions or disposals or unauthorised use of Group assets that might have a material effect on the consolidated annual accounts. Due to the limitations inherent in any form of internal control system, irrespective of the quality of the design and operation of the internal control system adopted for annual financial reporting, this system can only provide reasonable but not absolute assurance as to the objectives sought.

We have performed our audit in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000). This standard requires that we plan and perform our audit to obtain reasonable assurance about whether the Group system of internal control over financial reporting is effective in all material aspects. Our audit included our gaining an understanding of the Group's internal control over the financial reporting system, verifying and evaluating, on a selective test basis, the design and operating efficiency of the system, and performing other procedures that we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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N.I.F. B-78510153

Due to the limitations inherent in any form of internal control system, there is always the possibility that internal control over financial reporting may not prevent or detect the errors or irregularities that might arise, whether due to errors in judgement, human error, fraud or malpractice. Extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the levels of compliance with policies and procedures.

In our opinion, the Group's system of internal control for financial reporting at 31 December 2011 is effective in all material aspects, according to the criteria established in the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures and the COBIT Framework for IT Governance and Control.

On 29 February 2012, in accordance with prevailing accounting legislation in Spain, we issued our audit report on the consolidated annual accounts of the Group for 2011, expressing an unqualified opinion thereon.

This report has been issued in accordance with your request. We accept no liability to any third parties other than the intended recipients of this report.

KPMG Auditores, S.L.

Ana Fernández Poderós

29 February 2012

edp renováveis

Report from Management concerning responsibility for

the System of Internal Control over Financial Reporting

The board of directors and management are responsible for establishing and maintaining an adequate System of Internal Control over Financial Reporting (SCIRF).

The SCIRF of EDP Renováveis Group is a set of processes designed to provide reasonable assurance as to the reliability of the financial information and the preparation of the consolidated annual accounts for external purposes, in accordance with the applicable financial information reporting framework.

Due to the limitations inherent to all internal control systems, it is possible that the system of internal control over financial reporting does not prevent or detect all errors that could occur and may only provide reasonable assurance with respect to the presentation and preparation of the consolidated annual accounts. Furthermore, extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the level of compliance with policies and procedures.

Management has assessed the effectiveness of the SCIRF at 31 December 2011 based on the criteria established in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a result of this assessment, and based on the aforementioned criteria, management concludes that at 31 December 2011 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2011 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.

Chief Executive Officer

Chief Financial Officer

29 February 2012

Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31 and other documents relating to the submission of accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the companies included in its scope of consolidation and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A. and the companies included in its scope of consolidation, containing a description of the principal risks and uncertainties that they face.

Lisbon, February 28, 2012.

António Luís Guerra Nunes Mexia	João Manuel Manso Neto
Ana Maria Fernandes Machado	Nuno Maria Pestana de Almeida Alves
Rui Manuel Rodrigues Lopes Teixeira	João Paulo Nogueira da Sousa Costeira
Luis de Abreu Castelo-Branco Adão da Fonseca	Gabriel Alonso Imaz
José Fernando Maia de Araújo e Silva	Manuel Menéndez Menéndez
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