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DECLARATION ON THE REMUNERATION POLICY

The definition of the proposal of the remuneration policy for the members of the Board is incumbent on Nomination and Remunerations Committee which is appointed by the Board of Administration.

This Committee defined the remuneration to be attributed to Directors with the purpose that it reflects the performance of each of the members in each year of their term of office (variable annual remuneration), and also their performance during their term of office establishing a variable component which is consistent with the maximisation of the Company's long term performance (variable multi-annual remuneration), thereby guaranteeing the alignment of the performance of the Board of Directors with the interests of the shareholders.

The remuneration policy currently in force, defines a structure with a fixed remuneration for all members of the Board of Directors and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee.

For the period 2009-2010, it was decided to maintain the remuneration structure in terms of its components, as well as to keep the same nominal value of the fixed annual component as the one in force during 2008, and to align the variable multi-annual and annual components with the best practices and market trends.

Fixed remuneration

For the period 2009-2010, the fixed remuneration proposed is the same as the one approved for 2008.

With the exception of the CEO, the Members of the Executive Committee have not received any remuneration from EDP Renováveis. Nonetheless EDP Renováveis has entered into an Executive Management Services Agreement with EDP pursuant to which EDP Renováveis is due to pay EDP the corresponding amount for the executive management services rendered by EDP.

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.

The Retirement Savings Plan for the members of the Executive Commission works as an effective retirement complement and corresponds to 5% of the value of their respective annual remuneration.

The Directors do not get any relevant non-monetary benefit as a form of remuneration.

Variable annual remuneration

The variable annual remuneration applies to the members of the Executive Committee. Its value may vary from 0% to 100% of the gross fixed annual remuneration, and the fixing of the respective value is done based on the following indicators pertaining to each year of the period:

- The relative performance of the Total Shareholder Return of EDP Renováveis vs Eurostoxx Utilities, PSI-20 and Iberdrola Renovables;
- The real capacity to create Shareholder Value of EDP Renováveis (ROIC/WACC);
- The installed capacity in MW;
- The net profit growth;
- The EBITDA relative performance.

Variable multi-annual remuneration

The multi-annual variable remuneration is applicable to the members of the Executive Committee. Its value may vary from 0% to 100% of the gross fixed annual remuneration, according to the accumulated annual evaluation of the directors' performance in obtaining economic sustainability for the EDP Renováveis Group.

The attribution of this multi-annual remuneration, while calculated annually, is only effective if, at the end of the term of office, at least 90% of the fixed strategic objectives, which are evaluated according to performance and comparison with the strategic scopes of reference, are reached.

Specifically, the fixing of this remuneration component is done based on the following elements:

- The EDP Renováveis' EBITDA relative performance ;
- The value generating capacity of the EDP Renováveis Group (ROIC/WACC);
- The relative performance of the Stock Capitalization of EDP Renováveis vs PSI-20 and Iberdrola Renovables;
- The installed capacity in MW;
- The performance of the Sustainability Index applied to EDP Renováveis (DJSI Methodology);
- The image of the EDP Renováveis Group in national and international markets;
- The capacity to change and adapt to new market demands;
- The compliance with strategic targets on a national and international level.

The term considered for determining the value of the variable multi-annual component of the remuneration, the use of the qualitative criteria focused on a strategic and medium term perspective of the development of the Company, the existence of a maximum limit for the variable remuneration and the relative importance of this component in the total remuneration value are determining elements in maximising the management performance of the Company which not only focuses on short term objectives but incorporates the interests of the Company and of shareholders in the medium and long term.

Management Team

The performance evaluation model and the variable annual and multi-annual remuneration proposed for the Management Team is similar to the model used for members of the Executive Committee, with an variable annual component and a multi-annual component, though less aggressive, thereby guaranteeing a clear alignment between the Corporate Bodies and the management team in the execution of the strategy outlined for the Company.

Regarding the annual component, 3 types of criteria are considered:

- The annual objectives, similar to those applied to the members of the Executive Commission:
 - For the COOs of each platform, these objectives have a weight of 40% in the final calculation of their performance
 - For the CFO and CBDO, these objectives have a weight of 80% in the final calculation of their performance
- The annual objectives for each platform (USA/ Europe):
 - The weight of this criterion is 40% for the final calculation of their performance
 - This criterion is only applied to the COOs of each platform
- A qualitative evaluation of the CEO of EDP Renováveis, with a weight of 20%.

Regarding the multi-annual component, the model is the same as the one applied to the Executive Commission.