EDP Renováveis Group

MANAGEMENT REPORT
DECEMBER 2012

MANAGEMENT REPORT

of

EDP Renováveis Group (EDPR)

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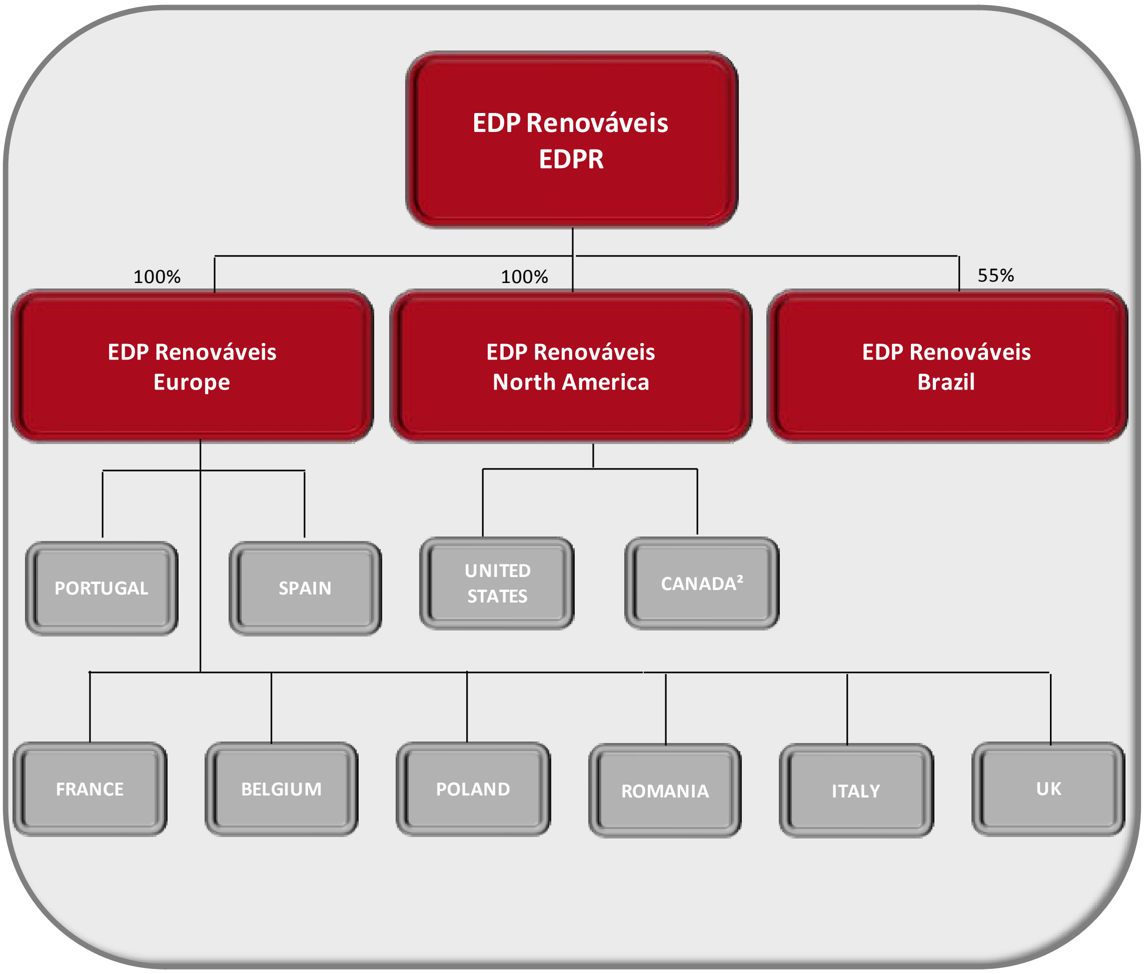
1. INTRODUCTION

By means of the current Management Report, the Board of Directors of EDPR hereby provides shareholders and all other relevant stakeholders and all other relevant stakeholders with a synopsis of the most relevant aspects of the EDP Renováveis business and performance during 2012.

2. ORGANIZATIONAL CHART

EDP Renováveis Organization[1]



[1] Non-exhaustive Organization Chart, illustrating simplified geography of presence rather than comprehensive list of legal entities. For simplification purposes, country holdings are shown

[2] 100% owned by EDPR S.A., operationally integrated under EDPR NA platform.

3. MAIN EVENTS OF THE PERIOD

JANUARY

January 6th – Proposal for EDPR's new CEO to be approved at next EDP's General Shareholders' Meeting

EDP Renováveis informed that its principal shareholder EDP - Energias de Portugal, S.A. will hold a General Shareholders' Meeting in February 20th in which, among other, will decide upon the election of new members of the Executive Board of Directors. As a consequence, shall the referred proposal for the election of new Executive Board Members be approved, EDP hereby informs, from now, that, as major shareholder of EDP Renováveis, it intends to propose the necessary steps for Mr. João Manso Neto to assume the position of EDP Renováveis' Chief Executive Officer, in substitution Mrs. Ana Maria Fernandes.

FEBRUARY

February 2nd – EDP Renováveis disclosed 2011 provisional data

In 2011 EDPR wind energy capacity grew by 806 MW (+12% YoY), adding 720 MW to its EBITDA consolidated capacity and 87 MW (attributable to EDPR) through the Eólicas de Portugal consortium. By the end of December 2011, EDPR managed a portfolio of 7.2 GW in 8 different countries, plus the 326 MW through its interest in the Eólicas de Portugal consortium.

In 2011, EDPR produced 16.8 TWh of CO2-free energy, a 17% increase vis-à-vis 2010, outpacing the capacity growth. The US represented the main source of growth (+21% YoY), while Europe's growth (+10% YoY) continues to be supported by Central and Eastern European markets (Rest of Europe, +65% YoY).

EDPR achieved a solid top-sector 29% load factor, with the capacity factor reaching 25% in Europe and 33% in the US, underlying the high quality of EDPR's assets. The annual stability on the total average load factor is result of a balanced portfolio, a selective geographical diversification and a strong knowledge in maximizing wind farm output.

February 29th – EDP Renováveis announced 2011 results

Revenues reached €1,069 million (+13% YoY) and EBITDA €801 million (+12% YoY), with an EBITDA margin of 75%. Net income increased 10% YoY to €89 million.

February 29th – Approval of Mr. João Manso Neto as the new CEO of EDP Renováveis

At the Board of Directors' Meeting of EDP Renováveis held on the February 28th, 2012, the board members have approved the election of Mr. João Manso Neto to the position of CEO and Vice-President of EDP Renováveis Board of Directors following a proposal from the Appointment and Remuneration Committee. The election pursues Mrs. Ana Maria Fernandes' resignation to such positions given her new responsibilities within EDP.

MARCH

March 5th – EDP Renováveis executed project finance for 125 MW in Spain

EDP Renováveis executed a project finance structure agreement with a consortium of five European banks for 125 MW in Spain.

The long-term contracted debt facility (17 years) amounts to €177 million and the transaction financial close is expected to occur until the end of the first quarter of 2012.

The 125 MW comprises three wind farms in the Spanish region of Cataluña with 25 MW installed in 2009 and 50 MW installed in the 2011, being the remaining 50 MW currently under construction and to be installed by the end of 2012. All the capacity has a long term remuneration scheme in place according with the Royal Decree 661/2007.

APRIL

April 12th – EDP Renováveis Annual Shareholder Meeting

EDP Renováveis' Annual General Shareholders' Meeting was held in the April 12th and approved the following resolutions:

- Review and approval of the individual and consolidated accounts for the fiscal year ended on December 31, 2011, namely the balance sheet, profit and loss account, changes to the net assets, cash flow statement and notes.

- Review and approval of the application of results for the fiscal year ended on December 31, 2011: i) Base breakdown: profit for the year 2011: €59,018,372.50; ii) Distribution: €5,901,837.25 to legal reserve and €53,116,535.25 to voluntary reserve.
- Review and approval of the Individual Management Report, Consolidated Management Report with its subsidiaries, and the Corporate Governance Report, for the fiscal year ended on December 31, 2011.
- Review and approval of the management conducted by the Board of Directors during the fiscal year ended on December 31, 2011, as well as a vote of confidence to its members.
- Approval of the remuneration policy for the managers of EDP Renováveis.
- Re-election, as Auditor of EDP Renováveis S.A., of KPMG Auditores, S.L. recorded in the Official Register of Auditors under number S0702 and with Tax Identification Number B-78510153, for the year 2012.
- Delegation of powers to the Chairperson of the Board, António L. Guerra Nunes Mexia, to the Director, João Manso Neto, and to the Company Secretary, Emilio Garcia-Conde Noriega, for the formalization and implementation of all resolutions adopted at the General Shareholders' Meeting, for the purpose of celebrating the respective public deed and to permit its interpretation, correction, addition or development in order to obtain the appropriate registrations.

April 12th – EDP Renováveis Board of Directors approved resolutions

EDP Renováveis' Board of Directors approved, pursuant to the terms provided for under the applicable Spanish law, the following resolutions:

- Resignation of António Mexia as President and member of the Executive Committee of EDPR, and Ana Maria Fernandes as member of the Executive Committee. António Mexia remains as Chairman the Board of Directors and Ana Maria Fernandes remains as member of the same board;
- Resolution by unanimity to appoint João Manso Neto as President of the Executive Committee;
- Following the approved resolutions, the Board of Directors resolved unanimously to reduce the number of members of the Executive Committee of EDPR from the current 8 members to 6 members, being composed by the following members: João Manso Neto, CEO; Nuno Alves; Rui Teixeira, CFO; Luís Adão da Fonseca, CBDO; João Paulo Costeira, COO of Europe; Gabriel Alonso, COO of EDPR North America.

April 18th – EDP Renováveis disclosed 1Q2012 provisional data

In the last 12 months, EDPR added 532 MW to its EBITDA consolidated capacity and 87 MW (attributable to EDPR) through the Eólicas de Portugal consortium. As of Mar-2012, EDPR managed a global portfolio of 7.5 GW of onshore wind energy spread over 8 different countries, of which 7.2 GW fully consolidated with an additional 326 MW through its interest in the Eólicas de Portugal consortium.

In the 1Q12, EDPR produced 5.2 TWh of clean energy, an 18% increase vs. 1Q11. The annual growth in the electricity output benefited from the capacity additions in the last 12 months and the outstanding wind resource in the US. EDPR operations in the US were the main source for the electricity production growth, having increased by +26% YoY to 3.1 TWh. The European production growth (+6% YoY to 2.1 TWh) was strongly supported by Central and Eastern European markets (Rest of Europe, +50% YoY).

EDPR achieved a solid top-sector 34% load factor, reaching 27% in Europe and 41% in the US, underlining the high quality of EDPR's assets. The stability of the total average load factor is a result of a balanced portfolio, a selective geographical diversification and a strong knowledge in maximizing wind farm output.

MAY

May 8th – Ms. Ana Maria Fernandes resigned from member of EDP Renováveis' Board of Directors

Ms. Ana Maria Fernandes resigned from member of EDP Renováveis' Board of Directors given her new responsibilities within EDP.

In order to fill the vacancy, following the proposal from the Nomination and Remuneration Committee, the EDP Renováveis' Board of Directors appointed by cooption Mr. João Marques da Cruz, shareholder of EDPR, as member of such Board until the first General Meeting is gathered.

The cooption proposal is according to the Number 2 of the Article 23º of EDPR Articles of Association.

May 9th – EDP Renováveis announced 1Q2011 results

Revenues increased 22% YoY to €346 million resulting in a 20% YoY EBITDA increase to €263 million, with an EBITDA margin of 76%. Net income reached €62 million (+26% YoY).

May 22nd – EDP Renováveis held its Investor Day in Oporto

EDP Renováveis management team present to the market the company's strategy for the next few years.

JUNE

June 5th – EDP Renováveis informed on management transactions

Mr. Rui Teixeira acquired 500 shares at an average price of €2.90 increasing its holding to 12,370 shares.

June 21st – EDP Renováveis informed on management transactions

Mr. Gabriel Alonso acquired 8,000 shares at an average price of €2.74 increasing its holding to 26,503 shares.

JULY

July 11th – EDP Renováveis disclosed 1H2012 provisional data

In the 1H12, EDPR produced 10 TWh of clean energy, a 13% growth vs. 1H11. The electricity output growth reflects EDPR's well balanced portfolio: generation in Europe increased by 15% YoY and in the US by 10% YoY.
In the period, EDPR delivered a premium 32% load factor, maintaining its leading position within the wind sector reflecting its assets intrinsic quality.
By the end of the 1H12, EDPR managed a global portfolio of 7.5 GW of wind energy onshore spread over 8 different countries, of which 7.2 GW fully consolidated plus 332 MW through its interest in the Eólicas de Portugal consortium.

July 25th – EDP Renováveis disclosed 1H2012 results

Revenues in the 1H12 increased 23% YoY, outpacing volumes growth given the sustained increase of the average selling price. EBITDA growth was in line with the Top-Line performance (+23% YoY) after a 16% Opex increase (excl. other operating income) and an €8m decline in other operating income, which resulted in a 75% EBITDA margin

Net Profit in the 1H12 increased 12% YoY to €100m or 33% on a like-for-like basis (Adj. Net Profit of €103m in the 1H12 vs. €78m in the 1H11) when adjusted by the change in the operating assets' useful life to 25 years, introduction of deferred tax accounting in the US, forex differences, capital gains, excess of provisions and write-offs/impairments.

July 30th – EDP Renováveis executes project finance for 57 MW in Belgium

EDP executed a project finance structure agreement with two European banks for 57 MW in Belgium. The long-term contracted debt facilities amount to €46 million and the transaction financial close is expected to occur until the end of the third quarter of 2012.
The 57 MW comprises three wind farms in operation in Belgium in the region of Walloon, with 47 MW installed in 2008 and 10 MW installed in 2009, and all the capacity has a long-term PPA in place.

SEPTEMBER

September 3rd – Wind sector and Portuguese Government reached agreement for the extension of the remuneration framework

The Portuguese wind sector and the Portuguese Government reached an agreement in principles that maintains the legal stability of the current contracts (Decree-Law 33-A/2005) and protects the value of the investments made by the wind energy developers in the Portuguese economy. The wind farm operators can voluntarily invest to obtain further remuneration visibility, through the acquisition of a new tariff scheme to be applied upon the initial 15 years established by law. The proceeds will be used to reduce the overall costs of the Portuguese electricity system.

The agreement is only applicable to the wind farms under the "old tariff regime", while the wind farms awarded under the competitive tenders (e.g. Eólicas de Portugal - ENEOP) after the publication of the Decree-Law 33-A/2005 will not be subject to any type of changes.

The agreement reached provides additional stability to the Portuguese electricity system, and reinforces the legal framework in place and the country's commitment with renewable energy, by:

· Keeping unchanged all the provisions included in the Decree-Law 33-A/2005;
· Making the agreement voluntary to each one of the wind developers;
· Introducing a new tariff scheme, by extending the duration of the remuneration framework from the initial 15 years since the publication of the Decree-Law 33-A/2005 or the commercial operating date if later, to a duration of 20-22 years, in exchange for an annual payment by the developers from 2013 through 2020.

In order to maximise the number of wind developers that voluntarily adheres to the extension of the remuneration framework the Government proposed 4 alternative tariff schemes to be elected by each of the wind developers, providing i) alternative cap and floor selling prices; ii) alternative durations to the new scheme beyond the initial 15 years of the current contracts; and consequently iii) alternative levels of investment (on a per MW basis) to acquire the new scheme.

Through this regime, wind energy will be remunerated between year 16th and 22nd according with:
· The Floor Price whenever the daily average wholesale market price is below the Floor Price;
· The Cap Price whenever the daily average wholesale market price is above the Cap Price, and;
· The daily average wholesale market price when it is within the Floor and the Cap.

EDPR expects to annually invest between €3.6 million to €4.0 million, during the 2013-2020 period, thus enabling additional long-term remuneration visibility for its Portuguese assets.

September 4th – EDP Renováveis informed on the resignation of members of the Board of Directors

EDPR informed that Mr. António do Pranto Nogueira Leite and Mr. Francisco José Queiroz Barros de Lacerda have presented, by letters addressed to EDPR, their resignation from members of the Board of Directors. Following their resignation as members of the Board of Directors, Mr. António do Pranto Nogueira Leira and Mr. Francisco José Queiroz Barros de Lacerda also cease their positions in the Related Party Transactions Committee and in the Nominations and Remunerations Committee, respectively.

September 24th – EDP Renováveis informed on the resignation of members of the Board of Directors

EDPR hereby informs that Mr. Luís de Abreu Castello-Branco Adão da Fonseca has presented, by letter addressed to EDPR, his resignation from member of the Board of Directors, due to personal reasons. Following his resignation Mr. Luís de Abreu Castello-Branco Adão da Fonseca also ceases his position in the Executive Committee.

September 25th - EDPR started the construction of its first Solar PV projects

EDPR started the construction of 39 MW of solar photovoltaic (solar PV) projects in Romania, executing one of the strategic growth options announced on its May 2012 Investor Day. The construction of the projects is expected to be concluded by the 1Q 2013**.**

OCTOBER

October 17th - EDP Renováveis disclosed 9M2012 provisional data

In the 9M12, EDPR produced 13.3 TWh of clean energy, a 11% growth vs. 9M11. The electricity output growth reflects EDPR's well balanced portfolio: generation in Europe increased by 14% YoY and 9% in the US.

In the period, EDPR delivered a high 29% load factor (+1pp YoY), maintaining its leading position within the wind sector and reflecting its wind farms intrinsic quality.
As of Sep-12, EDPR managed a global portfolio of 7.7 GW in onshore wind energy spread over 8 different countries, of which 7.4 GW is fully consolidated plus 350 MW through its interest in the Eólicas de Portugal consortium.

NOVEMBER

November 6th – EDP Renováveis disclosed 9M2012 results

Revenues in the 9M12 increased 22% YoY to €936m, outpacing volume growth given the sustained increase of the average selling price. EBITDA growth was in line with the Top-Line performance (+23% YoY to €675m) after a 15% Opex increase (excl. other operating income) and a €5m decline in other operating income, which resulted in a 72% EBITDA margin (+1pp YoY).

Net Profit in the 9M12 increased 48% YoY to €93m or 31% on a like-for-like basis (Adj. Net Profit of €94m in the 9M12 vs. €72m in the 9M11) when adjusted by the change in the operating assets' useful life to 25 years, recognition of deferred taxes in the US, forex differences, capital gains, use of provisions and write-offs/impairments.

November 6th – EDP Renováveis executed its first asset rotation transaction

EDPR has reached an agreement with Borealis Infrastructure ("Borealis") – which invests in and manages infrastructure investments on behalf of the Ontario Municipal Employees Retirement System ("OMERS"), one of Canada's largest pension funds – to sell a 49% equity shareholding in a portfolio of wind farm assets in the US. The portfolio is comprised of four wind farms totalling 599 MW, installed between 2007 and 2008 (4.5 years of average age), and all of which have long-term Power Purchase Agreements (PPAs) in place.

<u>DECEMBER</u>

November 9th – Update on agreement between EDPR and Vestas

EDP Renováveis S.A. ("EDPR") and Vestas Wind Systems A/S ("Vestas") have agreed to extend until 2015 the delivery period of the turbines covered by the 1,500 MW master supply agreement (in reference to reference to the announcement made in April 26th 2010).

December 11th – EDP Renováveis executed project finance for 57 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") for 57 MW in Romania.

The long-term contracted debt facility amounts to €50 million and the transaction financial close is expected to occur over the coming weeks.

This transaction, for the already in operation Vutcani (24 MW) and Sarichioi (33 MW) wind farms, represents EDPR's third project finance in Romania. With this agreement all the wind installed capacity by EDPR in Romania (285 MW) have now project financing structures fully secured (€238 million).

December 20th – EDP Renováveis agrees with CTG on the first investment in minority stakes in wind farms

EDPR") entered today into an agreement with China Three Gorges International (Hong Kong) Company Limited ("CTGI HK"), a fully owned subsidiary of China Three Gorges ("CTG"), to sell a 49% equity shareholding and 25% of the outstanding shareholders loans in EDP Renováveis Portugal, S.A. ("EDPR PT") for a total consideration of €359 million.

The transaction is subject to the customary regulatory approvals with closing expected to occur by the 1H13.

The transaction scope covers 615 MW in operation, with an average age of 6 years, as well as 29 MW ready-to-build, remunerated under a feed-in-tariff regime in accordance to Decree-Law 33-A/2005, article 4. During the last twelve months (Sep-11 through Sep-12), EDPR's EBITDA and Net Profit in Portugal amounted to €116 million and €43 million, respectively, while total net fixed assets amounted to €558 million as of Sep-12. EDPR will continue to fully consolidate the assets.

4. PERFORMANCE OF 2012

4.1 Operational Performance

4.1.1 Operating Overview

Installed Capacity (MW)	2012	2011	Δ 12/11
Spain	2,310	2,201	+110
Portugal	615	613	+2
France	314	306	+8
Belgium	57	57	-
Poland	190	190	-
Romania	350	285	+65
Italy	40	-	+40
Europe	**3,876**	**3,652**	**+225**
US	**3,637**	**3,422**	**+215**
Brazil	**84**	**84**	**-**
EBITDA MW	**7,597**	**7,157**	**+440**
ENEOP- Eólicas de Portugal (equity consolidated)	390	326	+64
EBITDA MW + Eólicas de Portugal	**7,987**	**7,483**	**+504**

By Dec-12, EDPR managed a global portfolio of 8.0 GW spread over 9 geographies, of which 7.6 GW fully consolidated and with an additional 390 MW equity consolidated through the interest in the Eólicas de Portugal consortium. In 2012, EDPR entered the solar PV technology by commissioning 39 MW in Romania and completed its first wind farms (40MW) in Italy.

From the total 7.6 GW of its EBITDA consolidated capacity, 90% are remunerated according with long-term contracts and regulated frameworks, and only 10% are exposed to US spot electricity markets (although partly with short-term hedges).

During 2012, EDPR added a total of 504 MW of new capacity to its portfolio of which 440 MW to its fully consolidated capacity and 64 MW (attributable to EDPR) through the Eólicas de Portugal consortium. In the period, EDPR added in Europe and 215 MW in the US. In Europe, 110 MW were added in Spain, 65 MW in Romania (of which 39 MW of Solar PV), 40 MW in Italy, 8 MW in France and 66 MW in Portugal (of which 64 MW correspond to the ongoing capacity growth of the Eólicas de Portugal consortium that is attributable to EDPR). From this new capacity in Europe, 179 MW were added in the 4Q12. In the US, EDPR added in 2012 the Marble River wind farm in New York State with 215 MW of installed capacity (70 MW added in 4Q12).

Load Factor	2012	2011	Δ 12/11
Europe	26%	25%	+1.1 pp
US	33%	33%	-
Brazil	31%	35%	(3.5 pp)
Total	**29%**	**29%**	**+0.4pp**

In the year, EDPR delivered a solid 29% load factor (+0.4pp YoY) – top notch figure within the wind industry – reaffirming its assets premium quality. EDPR continues to leverage on its competitive advantages to maximize wind farm output and on its diversified portfolio to mitigate wind volatility. In Europe, EDPR obtained a 26% load factor (+1.1pp YoY), driven by higher load factor in Spain and in Rest of Europe. In the US, the 2012 average load factor was stable YoY at 33%, despite the quarterly volatility experienced throughout the year. In Brazil, the average load factor was 31% vs. 35% in 2011.

GWh	2012	2011	Δ 12/11
Europe	8,277	7,301	+13%
US	9,937	9,330	+6%
Brazil	231	170	+36%
Total	**18,445**	**16,800**	**+10%**

EDPR's electricity output increased 10% YoY to 18.4 GWh, delivering growth in all geographies. The company's operations in Europe, backed by Central and Eastern European markets, drove the overall production increase (+13% YoY), with US and Brazil growing +6% and +36% YoY, respectively. The contribution of new PPAs and the investments in regulated markets, resulted in 86% of the year's production sold under PPAs or regulated framework schemes. The exposure to spot electricity prices will decrease further in 2013, following the 12-months contribution of the PPAs that started throughout 2012.

Selling prices (per MWh)	2012	2011	Δ 12/11
Europe	€94.2	€88.0	+7%
US	$47.1	$45.7	+3%
Brazil	R$286.4	R$278.4	+3%
Average Selling Price	**€63.5**	**€57.7**	**+10%**

The average selling price increased to €63.5/MWh (+€5.8/MWh or +10% YoY) as a result of: i) higher selling prices in Europe (+€2.7/MWh); ii) favourable evolution in the €/$ forex (+€1.5/MWh); iii) the production mix change following higher production in Europe (+€0.7/MWh);

iv) US average price improvement (+€0.6/MWh), and; v) higher selling price and output in Brazil (+€0.3/MWh).

The higher output (+10% YoY) and the better selling prices (+10% YoY) drove electricity sales to increase 21% YoY to €1,158m. Income from Institutional Partnership totalled €127m in 2012 (+14% YoY) given: i) the dollar appreciation (+8% YoY), and; ii) the higher electricity output in the US (+6% YoY) leading to higher PTC related income.

All in all, EDPR revenues in 2012 increased 20% from 2011 to €1.3bn. The revenues per MW ratio improved 12% YoY, delivering evidence of the quality investments pursued in the last 12-months.

4.1.2 Development of Capacity and Capex

Under construction (MW)	2012
Spain	0
Portugal	0
France	0
Belgium	0
Poland	130
Romania	28
Italy	0
Europe	**158**
US	**-**
EBITDA MW	**158**
ENEOP- Eólicas de Portugal (equity consolidated)	-
EBITDA MW + Eólicas de Portugal	**158**

As of Dec-12, EDPR had 158 MW under construction in Europe: 130 MW in Poland and 28 MW in Romania.

Capex (€m)	2012	2011	Δ %	Δ €
Europe	423	368	+15%	+56
US	179	405	(56%)	(226)
Brazil & Others	10	56	(82%)	(47)
Total	**612**	**829**	**(26%)**	**(218)**

Capex in 2012 totalled €612m reflecting the 440 MW added in 2012 and the works done in the period for the plants under construction. Out of the €612m capex in 2012, €423m were in Europe (€349m in Rest of Europe and €74m in Iberia), while €179m were in the US. This level of investment is lower than the one registered in 2011 as a consequence of a lower pace of MW growth.

4.2 Condensed Consolidated Financial Statements

4.2.1 Statement of Financial Position

Assets (€m)	2012	2011	Δ 12/11
Property, plant and equipment, net	10,537	10,455	+1%
Intangible assets and goodwill, net	1,327	1,334	(1%)
Financial investments, net	57	61	(7%)
Deferred tax assets	89	56	+61%
Inventories	16	24	(32%)
Accounts receivable - trade, net	180	146	+23%
Accounts receivable - other, net	849	750	+13%
Financial assets at fair value through profit and loss	0	0	+84%
Cash and cash equivalents	246	220	+12%
Assets held for sale	-	-	-
Total Assets	**13,302**	**13,045**	**+2%**
Equity (€m)			
Share capital + share premium	4,914	4,914	-
Reserves and retained earnings	384	325	+18%
Consolidated Net Profit (Equity holders of EDPR)	126	89	+43%
Non-controlling interests	325	127	+157%
Total Equity	**5,749**	**5,454**	**+5%**
Liabilities (€m)			
Financial debt	3,874	3,826	+1%
Institutional partnerships	942	1,011	(7%)
Provisions	64	58	+10%
Deferred tax liabilities	381	381	-
Deferred revenues from institutional partnerships	738	773	(5%)
Accounts payable - net	1,555	1,542	+1%
Total Liabilities	**7,553**	**7,591**	**(1%)**
Total Equity and Liabilities	**13,302**	**13,045**	**+2%**

Overall, 2012 was a year where EDPR has strengthen its balance sheet, by increasing total equity by +5% YoY and reducing its total liabilities by -1%.

Total assets in 2012 totaled €13.3bn, of which c. 80% (€10.5bn) are related to net Property, plant and equipment (PP&E) reflecting the cumulative net invested capital in renewable energy generation.

Total net PP&E increased +€82m, mainly following the new additions in the period (+€690m) reduced by the depreciation charges and impairment losses in the period (-€501m), the effect from Fx translation mostly due to the USD devaluation (-€89m) and the disposals and write-offs (-€19m). Total cumulative net invested capital related to renewable energy assets in operation at the end of 2012 (excluding work in progress related to assets under construction and pipeline and excluding investment grants received) amounted to €9.5bn.

Net intangible assets and goodwill of €1.3bn mostly include the goodwill assigned to acquisitions in the US (€588m) and Spain (€535m) while total net accounts receivable of €1.0bn comprise loans to related parties (€538m), trade receivables (€180m), guarantees (€64m) and tax receivables (€55m).

Total equity at year-end of €5.7bn increased by +€296m during the year essentially from the sale of non-controlling interests of +€179m and the net profit of the period of +€136m (including +€10m attributable to non-controlling interests).

Total liabilities of €7.6bn at year-end 2012, stable versus prior year-end, consist c. 51% from financial debt (€3.9bn) and c. 12% from liabilities related to institutional partnerships (€0.9bn).

Liabilities related to institutional partnerships decreased by -€69m to €942m, mainly as a result of tax benefits monetized (-€111m), payments to institutional investors (-€16m), interests accrued (€67m) and Fx translation (-€18m). Deferred revenues from institutional partnerships of €738m consist of the deferred income related to tax benefits monetized by the institutional partners yet to be recognized in the income statement throughout the remaining lifetime of the respective assets.

Deferred Tax liabilities in the amount of €381m reflect the tax effects from temporary differences between assets and liabilities on an accounting basis and on tax basis, while accounts payable of €1.6bn include payables to PP&E suppliers (€580m), deferred income related to Investment grants received (€324m), liabilities from fair value of derivative financial instruments (€245m) and tax payables (€57m).

4.2.2 Statement of Income

Consolidated Income Statement (€m)	2012	2011	Δ 12/11
Electricity sales and other	+1,158	+957	+21%
Income from Institutional Partnerships	+127	+112	+14%
Revenues	**+1,285**	**+1,069**	**+20%**
Other operating income	+63	+85	(25%)
Supplies and services	(262)	(225)	+16%
Personnel costs	(63)	(61)	+3%
Other operating costs	(86)	(67)	+29%
Operating Costs (net)	**(348)**	**(268)**	**+30%**
EBITDA	**+938**	**+801**	**+17%**
EBITDA/Revenues	+1	+1	(2.0 pp)
Provisions	-	+0	(99%)
Depreciation and amortization	(503)	(469)	+7%
Amortization of deferred income (government grants)	+15	+15	+2%
EBIT	**+450**	**+348**	**+30%**
Capital gains/(losses)	+3	+11	(74%)
Financial income/(expense)	(278)	(244)	+14%
Income/(losses) from group and associated companies	+7	+5	+42%
Pre-Tax Profit	**+182**	**+119**	**+53%**
Income taxes	(46)	(28)	+64%
Profit of the period	+136	+91	+50%
Net Profit (Equity holders of EDPR)	**+126**	**+89**	**+43%**
Non-controlling interests	+10	+2	+384%

In 2012, the company's revenues increased 20% YoY to €1,285m, on the back of higher output and stronger prices. Opex – defined as Operating Costs (net) minus Other operating income – was up 17% YoY, below the top-line growth evolution. On an unitary basis, Opex/MW and Opex/MWh increased 8% and 6% YoY, mostly impacted by a stronger US Dollar and write-offs. Excluding the forex impact and write-offs, Opex/MW and Opex/MWh only increased by 4% and 2% YoY.

In 2012, Supplies and services (which includes O&M costs) together with personnel costs increased 13% YoY, reflecting the stronger US Dollar, the higher average capacity in operation and lower capitalisations as a result of lower FTEs allocated to construction and development activities. Other operating costs (which mainly includes operating taxes, leases and rents) grew 29% YoY following the top-line growth, the stronger US Dollar, higher taxes (Spain and France) and grid access fees (Spain), and further write-offs related to pipeline rationalisation.

Unitary EBITDA per average MW in operation, a metric to measure the assets' profitability, increased 9% YoY to €131k in 2012 showing evidence of the ongoing improvement of EDPR's portfolio. As a result, EBITDA in 2012 totalled €938m, 17% higher vs. 2011.

The operating income (EBIT) increased 30% YoY to €450m in 2012, following the EBITDA performance and the 7% higher depreciation and amortisation. D&A were impacted by the new capacity brought into operation, the extension of the assets' useful life and impairments (€53m) mostly related to projects under development in Spain.

At the financial results level, net interest costs before capitalisation increased 8% YoY to €205m in 2012, below the 14% YoY average financial debt evolution. Institutional partnership costs were up 4% YoY given the stronger US Dollar, while forex differences and derivatives remained positive. Other financial expenses in the 4Q12 standalone amounted to €13m impacted by the early termination costs of financial debt (in line with 3Q12 excluding this effect).

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

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

4.2.3 Cash-flow and change in Net Debt

Cash-Flow (€m)	2012	2011	Δ 12/11
EBITDA	**938**	**801**	**+17%**
Current income tax	(85)	(29)	+193%
Net interest costs	(205)	(189)	+8%
Income from group and associated companies	7	5	+36%
FFO (Funds From Operations)	**655**	**588**	**+11%**
Net interest costs	205	189	**+8%**
Income from group and associated companies	(7)	(5)	**+36%**
Non-cash items adjustments	(121)	(158)	**(23%)**
Changes in working capital	-66	29	**-**
Operating Cash-Flow	**666**	**643**	**+4%**
Capex	(612)	(829)	(26%)
Financial (investments)/divestments	(22)	(237)	(91%)
Changes in working capital related to PP&E suppliers	-	(23)	-
Cash grant	5	3	+105%
Net Operating Cash-Flow	**37**	**(444)**	-
Sale of non-controlling interests	177	6	-
Proceeds (payments) related to institutional partnerships	(15)	141	-
Net interest costs (post capitalization)	(189)	(156)	+22%
Forex & other	24	(3)	-
Decrease / (Increase) in Net Debt	**+33**	**(457)**	-

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

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

- Funds From Operations, resulting from EBITDA after net interest expenses, income from associates and current taxes increased 11% YoY to €655m;
- Operating Cash-Flow, before net interest costs, adjusted by non-cash items (namely income from US institutional partnerships) and net of changes in working capital, amounted to €666m (+4% YoY). The changes in working capital YoY comparison is influenced by non-recurrent receivables in 2011 (mostly related to VAT collection) and the

increased stock of green certificates in Romania, which were mostly sold only at the beginning of 2013;

- Capital expenditures with the ongoing construction and development works totalled €612m, while other investments activities amounted to €22m.
- In the period, EDPR completed two minority stake transactions executing its asset rotation strategy of selling non-controlling interests in operationally optimized assets. Through the first sale of a 49% equity stake in a 599 MW portfolio of wind farms to Borealis, EDPR received $230m (€177m) in Dec-12. The instalment of the minority stake transaction announced in Dec-12 with CTG will occur in the 1H13.
- All in all, Net Debt decreased €33m to €3,355m. In 2012, EDPR was for the first time free-cash flow positive and going forward as the Operating Cash-Flow continues to grow and the asset rotation strategy is executed, EDPR is expected to enter into a solid free-cash flow generation cycle.

Net Debt (€m)	**2012**	**2011**	**Δ €**
Bank loans and other	917	837	+80
Loans with EDP Group related companies	2,957	2,989	(32)
Financial Debt	**3,874**	**3,826**	**+48**
Cash and cash equivalents	246	220	+26
Loans to EDP Group related companies and cash pooling	274	219	+55
Financial assets held for trading	0	0	+0.2
Cash & Equivalents	**520**	**439**	**+81**
Net Debt	**3,355**	**3,387**	**(33)**

By Dec-12, EDPR net debt decreased €33m vs. Dec-11 to €3.4bn given that the Operating Cash-Flow and the first instalment of the asset rotation strategy more than covered the investment activities and the debt service of the period. The average financial debt increased 14% in the last 12 months (€4.0bn in 2012 vs €3.5bn in 2011), while the average net debt increased 8% YoY.

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

Liabilities referred to as Institutional Partnerships decreased €68m YoY (€50m excluding the forex translation effect) to €942m, due to the tax benefits captured by the tax equity partners.
As of Dec-12, 57% of EDPR's financial debt was Euro denominated, while 39% was funded in US Dollar given the company's investments in the US. The remaining debt is mainly related to funding in Polish Zloty an in Brazilian Real.

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

As of Dec-12, the average interest rate was 5.2%, a 20bps decrease vs. Dec-11, reflecting the long-term maturity of the current debt and the attractive rates closed in the latest funding.

4.3 Competitive Landscape and Business Plan

EDPR is a global leading energy company. Our growth has been the result of an extraordinary ability to execute 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 at 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 our markets.

EDPR has a solid history 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 resource 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.

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 our targets.

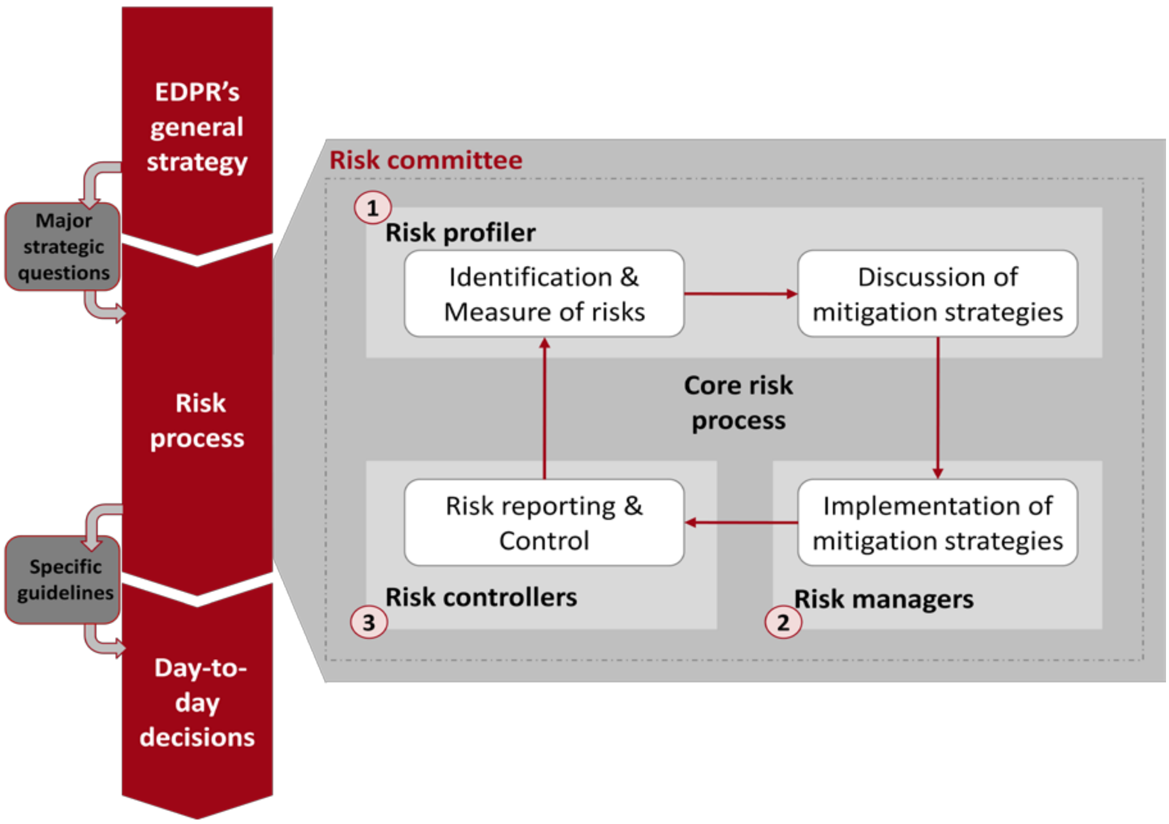
5. RISK MANAGEMENT

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

RISK FRAMEWORK AND PROCESS

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

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



RISK FUNCTIONS AND RISK COMMITTEE

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

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

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

RISK AREAS AND RISK RELATED STRATEGIC QUESTIONS

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.

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

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

Management of regulatory risks

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

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. In the markets where there is expected short term volatility in market prices, EDPR uses various financial and commodity hedging instruments in order to optimize the exposure to fluctuating electricity prices. However, it may not be possible to successfully hedge the exposures or there may be other difficulties in executing the hedging strategy.

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

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

Management of risks related to exposure to market electricity prices

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

3.2.2 Risk related to volatility of energy production

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

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

Management of risks related to volatility of energy production

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

3.3. Financing

3.3.1 Risks related to financial market exposure

EDPR is exposed to fluctuations in interest rates through financing. This risk can be mitigated by contracting fixed rates and financial instruments such as hedges and interest rate swaps.

Additionally, because of its presence in several countries, currency fluctuations may have a material adverse effect on the financial results. EDPR hedges against currency fluctuations by employing natural hedging strategies, and using hedging instruments such as forward foreign exchange contracts and Cross Interest Rate Swaps.

EDPR´s hedging efforts minimize but don´t eliminate the impact of interest rate and exchange rate volatility.

Management of financial risks

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

The Board of Directors is responsible for the definition of general risk-management principles and the establishment of exposure limits based on the recommendation of the Risk Committee.

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

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 contracting long term debt with a fixed rate, but also through the settlement of derivative financial instruments to swap from floating rate to fixed rate when long term debt is issued with floating rates.

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

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

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, the main currency exposure is the U.S. dollar/euro currency fluctuation risk that results principally from our operations in the US. With the ongoing increasing capacity in others non-euro regions, EDPR is also exposed to different currencies in Poland, Romania, Brazil, United Kingdom and Canada.

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

3.3.2 Counterparty credit risk

Counterparty risk is the default risk of third-parties in an agreement with EDPR either due to temporary liquidity issues or long term systemic issues.

Management of counterparty credit risk

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

3.3.3 Liquidity risk

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

Management of liquidity risk

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

EDPR has a diversified financial structure composed of corporate debt and project finance, which. considers among other factors, financing cost, project ownership and project currency liquidity. Finally, EDPR uses a financial model to forecast liquidity risk in the medium and long term to meet strategic targets previously set (EBITDA, debt ratio and others).

3.4 Wind turbine contracts

3.4.1 Wind turbine supply risk

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

Management of wind turbine supply risk

EDPR faces limited risk to the availability and price increase of WTG´s due to the framework agreements with the major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to diversify the wind turbine supply risk.

3.5 Pipeline development

3.5.1 Permitting risks

Wind farms are subject to strict regulations at different authority levels (international, national, state, regional and local) relating to the development, construction, grid interconnection and operation of power plants. Among other things, these laws regulate landscape and environmental aspects, building licenses, land use and land securing and access to the grid issues.

While level of exigency might be different depending on the geographies, we acknowledge a trend for legislations to align towards the most restrictive rules and development risks concentrating on the consenting (namely environmental and urbanistic aspects) and connection side.

In this context, the experience EDPR is able to gather in a certain country will be useful to anticipate and deal with future similar changes in other countries.

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables under our control, such as choice of locations, optimal lay-out, we intend to make our projects more resilient to an adverse external environment

Management of permitting risk

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

3.6 Operations

3.6.1 Wind turbine performance risk

Wind farm output depends upon the availability and operating performance of the equipment necessary to operate it, mainly the components of wind turbines and transformers. Therefore, the risk is that the performance of the turbine does not reach its optimum thus leading to lower than expected value.

Management of wind turbine performance risk

EDPR mitigates this risk by using a mix of turbine suppliers which minimizes technological risk, by signing a medium-term full-scope maintenance agreement with the turbine supplier and by an adequate preventive and scheduled maintenance program.

Most recently, EDPR is externalizing non core technical O&M activities of its wind farms, while primary and value added activities continue controlled by EDPR.

6. FINANCIAL DERIVATIVE INSTRUMENTS

In line with EDPR's general risk policy and strategy EDPR uses financial derivative instruments and enters in hedging positions and transactions with the sole intent to protect against those risks and, as a consequence, mitigate fluctuations of its earnings and/or changes in its equity.

The type of derivative instruments contracted and their respective fair values are described in detail as part of the note 36 to the attached Condensed Financial Statements.

7. TREASURY STOCKS (OWN SHARES)

At the Annual Shareholders' meeting of 2010, the Board of Directors was authorized, during a term of five years from the date of the General Shareholders Meeting, for the derivative acquisition and sale of own shares by the Company and/or other affiliate companies, to the maximum limit established by the Law and in accordance with its terms.

EDPR has not executed any acquisition and consequently any trade of its own shares.

8. RESEARCH & DEVELOPMENT (R&D)

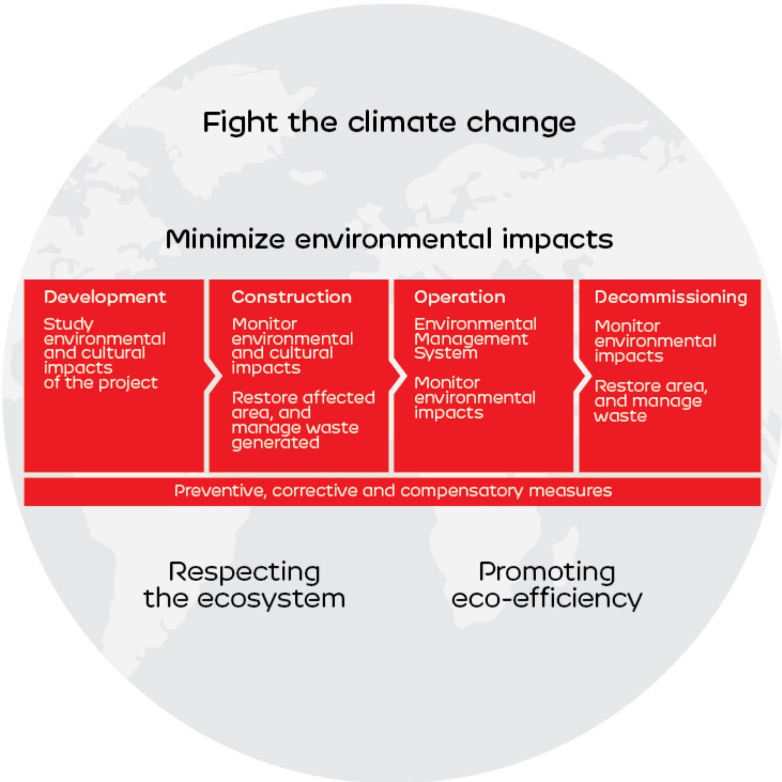
Beyond the commercial activities, EDP Renováveis supports EDP Inovação (EDPI) in developing different projects with the objective of improving competitiveness.

These projects are mainly focused on solar, offshore wind and other technologies.

This agreement with EDPI reinforces the long term commitment of EDPR to support R&D activities in areas related with its business.

9. ENVIRONMENTAL MANAGEMENT

EDPR is a leading company in renewable energy. We produce clean and green energy, energy without emissions. Our strategy towards the environment is based in four pillars: the generation of CO_2-free energy, a strategy to minimize impacts during the life-cycle of our wind farms, a culture of respect for the biodiversity and a culture of responsibility and recycling in our offices.

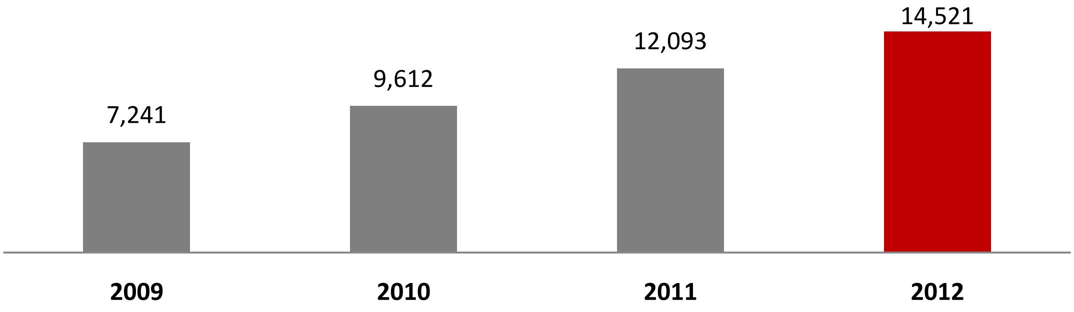


Climate Change Strategy

Our portfolio of 8 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.

During 2012, EDPR has produced 18.4 TWh that is estimated to avoid the emission of 14,521 thousand tons of CO2.

CO_2 avoided (thousand tons)[1]



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

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.

Environmental Strategy

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.

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.

Moreover, EDPR pursues to minimize impacts on the eco-system. When impacts cannot be prevented, we implement compensation measures, including partnerships with environmental associations aimed at achieving a globally positive biodiversity balance.

Nevertheless, wind farms are typically constructed in rural areas where wind resource is abundant and the operation of wind farms is compatible with current land use. Once construction is complete, less than 1% of the total project area is taken out of permanent production, and its change of use is approved by the competent authorities.

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.

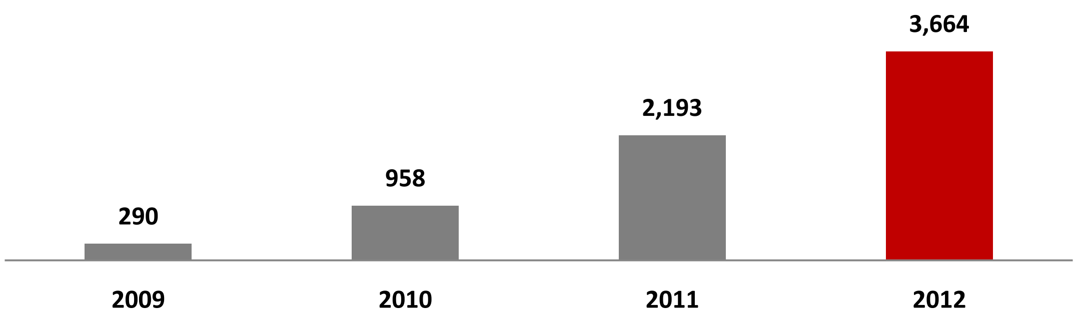
Environmental Management System and ISO 14001 certification

To guarantee the proper management of the environmental aspects and compliance with applicable environmental legislation, EDPR initiated in 2008 the implementation of an 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.

In Europe, the EMS has been ISO 14001:2004 certified. By the end of 2012, all EDPR European wind farms that have been in service before June 2012 and operated by EDPR have been certified, accounting for 3.664 MW, about 50% of EDPR installed capacity.

MW Certified ISO 14001:2004



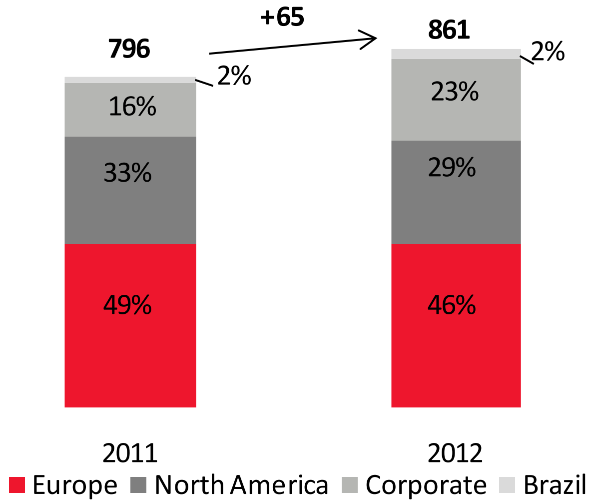
10. HUMAN CAPITAL

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

HUMAN CAPITAL SNAPSHOT

In 2012, EDPR employed 861 people, 32% of which are located in North America and Brazil, while 68% work in Europe. Of our employees, 99% have an undetermined contract.

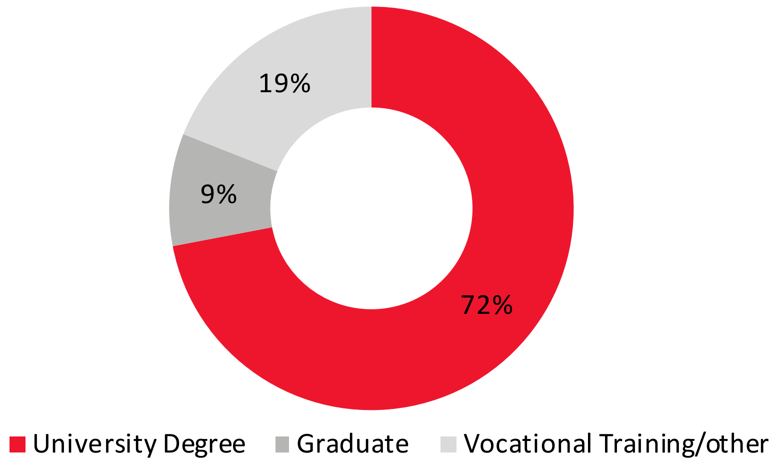
HEADCOUNT AT YEAR-END



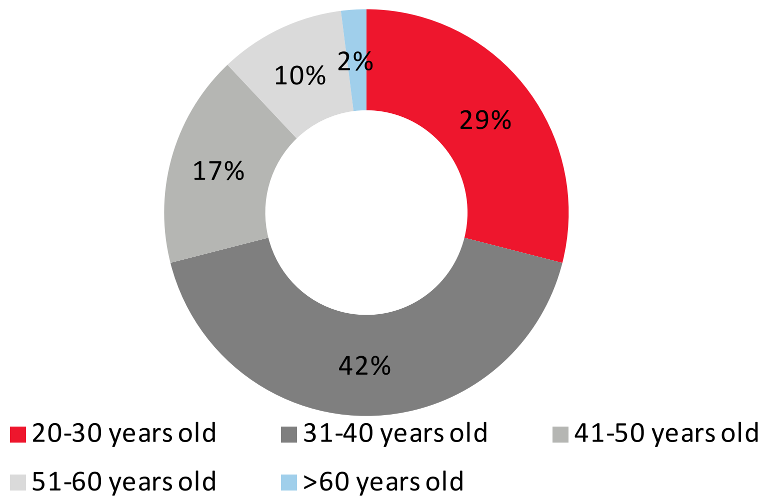
Note: Figures do not include the members of the Board of Directors, except three members of the Executive Committee

We have a qualified and diverse team aligned with our business strategy, 72% of which hold university degrees and 71% are less than 40 years old. This deep pool of highly qualified talent has supported EDPR's exponential growth and provides the optimal base to face future opportunities and challenges. Additionally, our people strongly reflect EDPR's energy and enthusiasm.

Breakdown of workforce by qualification



Breakdown of workforce by age



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

EMPLOYEE SATISFACTION

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

Great Place to Work

In 2012, EDPR was included in the Great Place to Work (GPTW) ranking in Spain. This was achieved following a survey sent to the company's employees, by an independent body, asking for their opinion on many factors of company life.
Despite being the first time we applied to be included in this ranking, EDPR ranked among the top six best companies to work in Spain, in the 250 to 500 employees category.

Top Workplace in the US

EDPR in 2012 was voted a top workplace in the US for the third year in a row. More than 72,500 Houston-area employees weighed in with opinions for this year's Houston Chronicle's Top Workplaces section – rating their companies in such areas as opportunities for advancement, the value of their pay and benefits, and their bosses' communication and management skills.

COMPENSATION POLICY AND OTHER BENEFITS

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

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

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

WORK LIFE BALANCE

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

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

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

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

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

Ensuring that employees have time for family and friends is one of the pillars to achieve a healthy work-life balance. During 2012, we hosted activities for employees' children. We wanted them to visit our offices and see where their parents work. These activities took place in Europe and in the US along the year.

VOLUNTEERING

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

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

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

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

MOBILITY

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

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

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

TRAINING

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

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

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

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

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

Renewable Energy School - EDP University

In the coming years, the Renewable Energy School will gain relevance as a tool aimed at facilitating know-how sharing and providing employees with an overview of the strategic challenges that the company faces.
The Renewable Energy School was created in 2011, in the context of the EDP University, and since its creation, it has proven to be a success, delivering 23 training sessions (representing 229 hours) to 389 attendants.

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

High Potential Program

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

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

Leadership Guide

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

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

RECRUITING

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

- **Team Oriented Environment:** EDPR promotes an environment based on team building.

- **Career Development:** EDPR recognizes the importance of career development and helps employees acquire knowledge and master the business. The Company recognizes and rewards employees for their innovation, hard work and performance.

- **Diversity:** EDPR has a diverse team, with employees from a wide range of backgrounds and cultures.

- **Sustainability:** EDPR aims to encourage environmental, economic and social stewardship by its employees.

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

Detail New Hires 2012

New hires	2012	2011
Spain	43	30
Portugal	3	7
France	8	6
Poland	6	22
Romania	14	8
Italy	4	1
UK	6	9
US	52	43
Brazil	9	4
Total	**145**	**130**

In addition, in a process to attract the brightest people to the company, we hire interns from top universities and business schools. During 2012, 117 interns worked at EDPR and 13 of them were offered a full-time contract.

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

11. CORPORATE GOVERNANCE

11.1 Model of Management and Supervision

EDP Renováveis, has adopted the governance structure in effect in Spain. It comprises a General Shareholders' Meeting 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 Nominations and Remunerations Committee, Related-Party Transactions Committee.

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, 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 complies with 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.

11.2 Governing Bodies

11.2.1 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.

11.2.2 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 Shareholders' Meeting by law or the Articles of Association.

Name	Position	Date of Nomination	Date of Re-election	End of Term
António Mexia	Chairman and Director	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
João Marques da Cruz	Director	16/05/2012	-	*
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
João Paulo Costeira	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
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

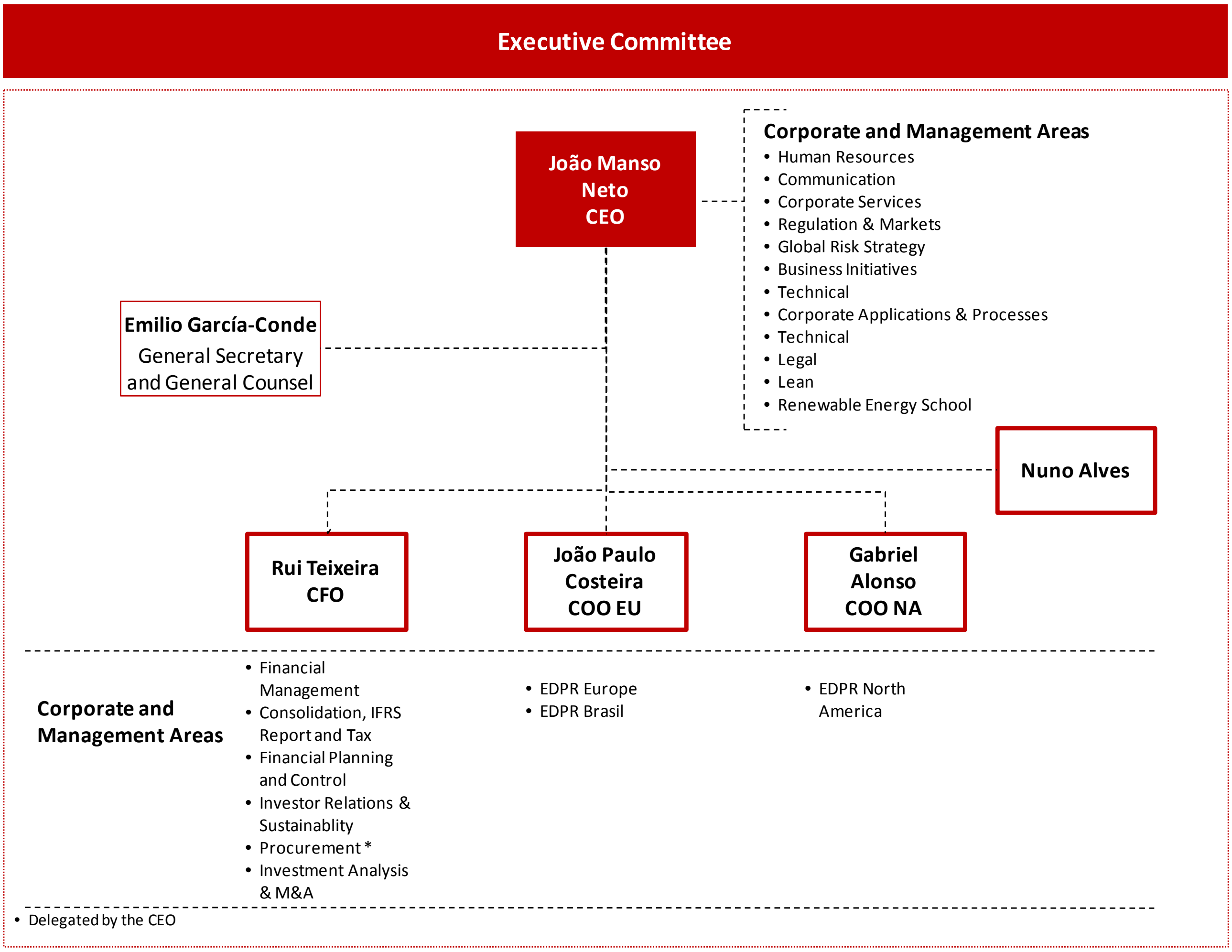
* Until the next Shareholder's meeting

On 2012, Mrs. Ana Maria Fernandes, Mr. António Nogueira Leite, Mr. Francisco Queiroz de Barros de Lacerda and Mr. Luis Adão da Fonseca resigned as Board members.

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

With the mechanisms set forth in the regulations of the Board of Directors and its Committees, the, non-executive Directors have encountered no difficulties in performing their duties. In 2012, the non-executive Directors were involved in the governance of EDPR not only by participating in meetings of the Board of Directors, where they gave their opinions on different company matters, made any suggestions they saw fit and took decisions on matters submitted to them, but also by working on the Nominations and Remunerations Committee, on the Related-Party Transactions Committee and the Audit and Control Committee, where all the members are non-executive, with the exception of the Related-Party Transactions Committee, which has one executive Director, Mr. Nuno Maria Pestana de Almeida Alves.

11.3 Summarized Organization Chart



12. SHAREHOLDERS STRUCTURE

CAPITAL STRUCTURE

The share capital of EDPR is, as from the initial public offering (IPO) in June 2008, EUR 4,361,540,810, represented by 872,308,162 shares with a face value of EUR 5 each. All shares integrate a single class and series and are fully issued and paid

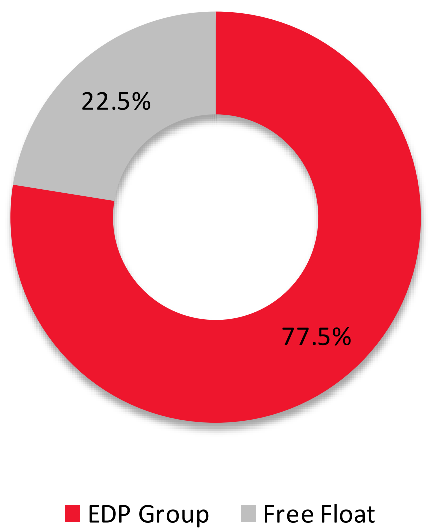
Pursuant to the Article 8 of the Company's Articles of Association there are no restrictions on the transfer of EDPR shares.

As far as the EDPR Board of Directors is aware there are currently no shareholders' agreements that might lead to restrictions in the transfer of securities or voting rights.

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.

Shareholder Structure – 31 December 2012

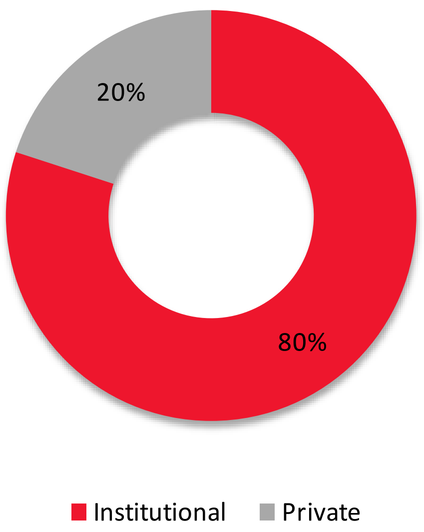


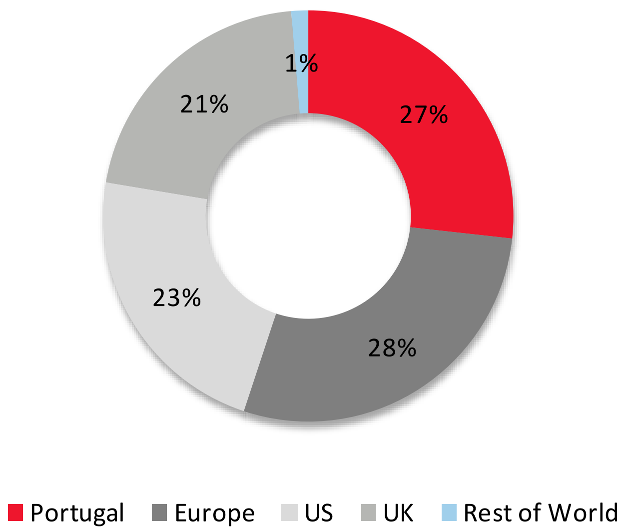
Free-float Description

The free-float level is unchanged since the IPO at 22.5%. By Dec. 31st, 2012, EDPR's free float comprised about 100,000 institutional and private investors spread across more than 45 different countries with special focus on Portugal, United States and United Kingdom. Rest of Europe more representative countries are Norway, France and Switzerland.

Institutional Investors represented 80% of the EDPR's free-float, while private investors, mostly Portuguese, stand for the remaining 20%.

Free-float by Investor Type & Free-float by Gepgraphy





QUALIFYING HOLDING

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholders' holdings.

As of Dec. 31st , 2012, no qualifying holdings in EDPR were identified with the exception of EDP – Energias de Portugal, S.A.

Qualifying Shareholder	Number of Shares %	% Capital	% Voting Rights
EDP - Energias de Portugal, S.A.			
EDP - Energias de Portugal, S.A. - Sucursal en España	541,027,156	62.0%	62.0%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.5%	15.5%
Total	**676,283,856**	**77.5%**	**77.5%**

13. CAPITAL MARKETS

The shares representing 100% of the EDPR share capital were admitted to trading in the official stock exchange NYSE Euronext Lisbon on June 4th, 2008.

EDP Renováveis, S.A	
Share Capital	EUR 4,361,540,810
Nominal Share	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

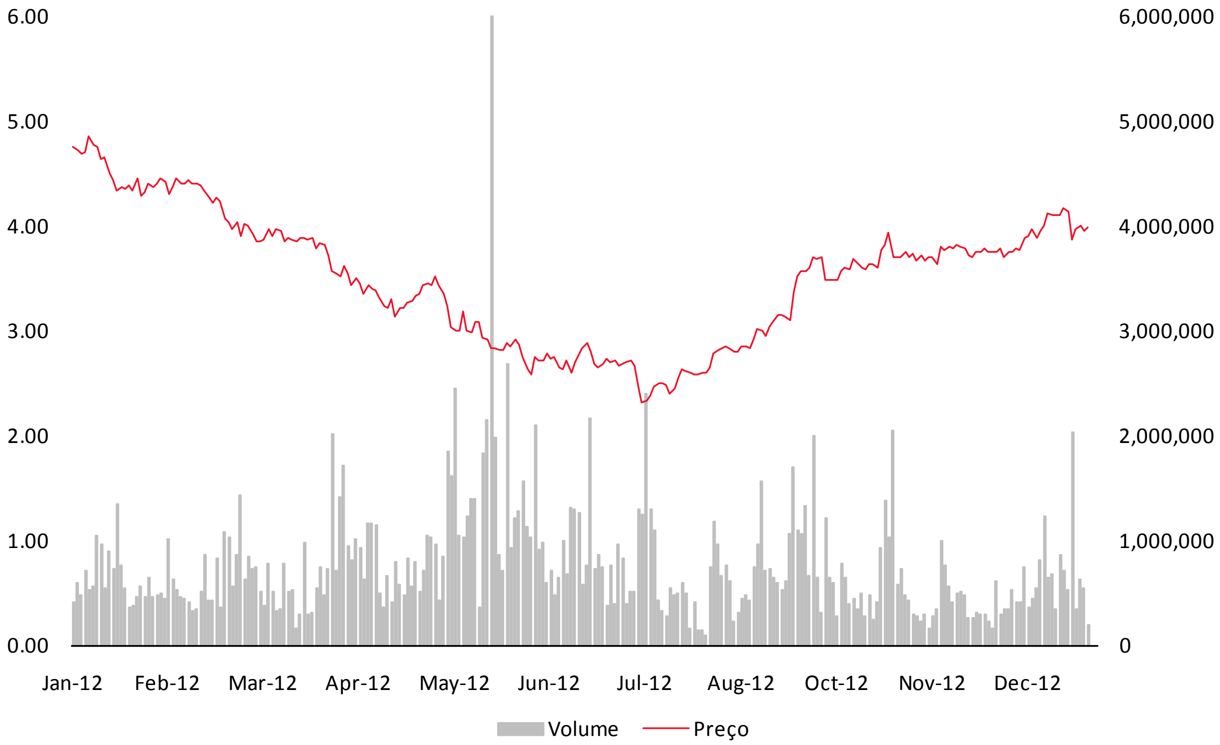
EDP Renováveis share price

EDPR had by Dec. 31st, 2012 a market capitalization of EUR 3.5 billion, down 15.5% from the EUR 4.1 billion of Dec. 31st, 2011, equivalent to EUR 3.99 per share. The EDPR share price underperformed the NYSE Euronext Lisbon benchmark index - PSI20 (3%) and the Dow Jones Eurostoxx Utilities – SX6E (-9%). The year's low was recorded on July 24th (EUR 2.31) and the year's high was reached on January 6th (EUR 4.86).

EDPR share price performance vs. PSI20 & SX6E

In 2012 there were 207 million EDPR shares traded, representing an 11% year-on-year decrease on the liquidity and corresponding to a turnover of approximately EUR 0.7 billion. On average, 0.8 million shares were traded per day. The total number of shares traded represented 24% of the total shares admitted to trading and to 106% of the company's free float.

EDPR share price 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 Shareholders' Meeting to allocate to dividends of the outstanding shares;
- The amount agreed by the General Shareholders' Meeting to constitute or increase reserve funds or free reserves;
- The remaining amount shall be booked as surplus.

The expected dividend policy of EDPR, as announced in the EDPR Investor Day of May 22nd, 2012, is to propose dividend distribution each year from 2013-15, representing 25% to 35% of EDPR's distributable profit. Accordingly, for 2013, EDPR's Board of Directors proposes a dividend of EUR 34,892,326.48, or €4 cents, which corresponds to a pay-out ratio of 28% on EDPR 2012 consolidated net profit of €126m (for equity holders of EDPR).

14. SUBSEQUENT EVENTS

JANUARY

January 3rd – Extension of key energy-related tax incentives applicable to EDPR in the US

The President of the United States of America has signed last night the American Taxpayer Relief Act of 2012, which includes the extension of energy-related tax incentives benefiting the development of wind energy in the country.

As a result of this Act, the wind projects that have begun construction until January 1, 2014, will qualify for 10 years of Production Tax Credits ("PTC") on the electricity output ($22/MWh) – PTC are one of the components of the wind energy remuneration scheme, which were scheduled to expire on December 31, 2012, for projects placed into service.

The owners of the wind projects would also have the option to choose a 30% Investment Tax Credit ("ITC") on the project cost in lieu of the PTC through the duration of the extension.

Following the Law signed yesterday, EDPR maintains the investment plan presented at the May-12 Investor Day, which included no wind additions in the US for 2013 and 400 MW of new wind capacity to be added in the 2014-15 period that were subject to the PTC extension and/or attractive long-term Power Purchase Agreements ("PPA") with off-takers.

January 16th– EDP Renováveis is granted 20-year tariff for 40 MW to be developed in Italy

EDPR"), through its subsidiary EDP Renewables Italy, SRL ("EDPR Italy"), has secured a 20-year feed-in-tariff for 40 MW of wind capacity at the new renewable energy auction in Italy, which results were announced yesterday by the Gestore Servizi Energetici ("GSE"). EDPR projects are located in the Puglia and Basilicata regions and have an expected average load factor of 29%.

FEBRUARY

February 4th – Spanish Government publishes Royal Decree-Law with regulatory modifications for the electricity sector

Last Saturday, the Spanish Government published in the Official State Gazette the Royal Decree-Law 2/2013 ("RDL 2/2013") that encompasses a set of regulatory modifications applicable to the Spanish electricity sector and affecting the wind energy assets.

The main regulatory modifications that the RDL 2/2013 envisages vis-à-vis the Royal Decree 661/2007 with an impact on EDP Renováveis S.A. ("EDPR") effective from January 1st 2013, are as follows:

· All the energy production facilities operating under the special regime are to be remunerated according with the current feed-in tariff schemes for the remaining useful life of the asset.

· The operators of the facilities under the special regime currently operating under the market option have the option to select, until February 15th 2013 and permanent for the remaining useful life of the asset, a remuneration based on the electricity wholesale market price without the renewable energy premium, the cap or the floor.

· The index used to annually update all the regulated activities in the electricity sector will be the annual inflation excluding energy products and food prices, and any impact of tax changes.

February 4th – EDP Renováveis disclosed 2012 provisional data

In 2012, EDPR produced 18.4 TWh of clean energy, a 10% growth from 2011. EDPR continues to present a well balanced portfolio delivering growth in every region.

In the year, EDPR delivered a solid 29% load factor (+0.4pp YoY), maintaining its leading position within the wind industry and reflecting its wind farms intrinsic quality. By the end of 2012, EDPR managed a global portfolio of 8.0 GW spread over 9 different countries, of which 7.6 GW fully consolidated plus 390 MW through its interest in the Eólicas de Portugal consortium. In 2012, EDPR entered the Solar PV technology by commissioning 39 MWin Romania and completed its first wind farms (40MW) in Italy.

15. FINAL REMARKS

As a final note, the Board of Directors of EDPR would like to thank Shareholders for their continuous support, employees for their effort and all other stakeholders for their partnership during 2012.

16. DISCLAIMER

This report has been prepared by EDP Renováveis, S.A. (the "Company") to support the presentation 2012 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 2012 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.

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 2012, 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 2012 present fairly, in all material respects, the consolidated equity and consolidated financial position of the Company and subsidiaries at 31 December 2012 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 2012 contains such explanations as the Directors of the Company 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 2012. 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 the Company and subsidiaries.

KPMG Auditores, S.L.

Ana Fernández Poderós

27 February 2013