EDP Renováveis, S.A.

Annual Accounts
31 December 2014

Directors' Report
Year 2014

(With Auditors' Report Thereon)

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

Independent Auditor's Report on the Annual Accounts

To the Shareholders of
EDP Renováveis, S.A.

Report on the annual accounts

We have audited the annual accounts of EDP Renováveis, S.A. (the "Company"), which comprise the balance sheet at 31 December 2014, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

Directors' responsibility for the annual accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they present fairly the equity, financial position and financial performance of EDP Renováveis, S.A. in accordance with the financial reporting framework applicable to the entity in Spain, specified in note 2 to the accompanying annual accounts, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual accounts taken as a whole.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of EDP Renováveis, S.A. at 31 December 2014, its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework and, in particular, with the accounting principles and criteria set forth therein.

Report on other legal and regulatory requirements

The accompanying directors' report for 2014 contains such explanations as the Directors consider relevant to the situation of EDP Renováveis, S.A., its business performance and other matters, and is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2014. Our work as auditors is limited to the verification of the directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

KPMG Auditores, S.L.

E. Bilbao

Estíbaliz Bilbao Belda

25 February 2015

EDP Renováveis, S.A.

Balance Sheets
at 31 December 2014 and 2013

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Assets	Note	2014	2013
Intangible assets	5	1,428	2,158
Property, plant and equipment	6	1,075	1,341
Non-current investments in Group companies and associates		6,812,236	6,525,122
Equity instruments	8	6,804,791	6,470,377
Derivatives	11	7,445	54,745
Non-current investments		328	180
Deferred tax assets	18	17,007	20,559
Total non-current assets		6,832,074	6,549,360
Trade and other receivables		36,497	22,458
Trade receivables from Group companies and associates – current	9	16,852	11,846
Other receivables	9	19,644	10,611
Personnel	9	1	1
Current investments in Group companies and associates	10	57,918	5,469
Derivatives	11	12,566	5,122
Other investments		45,352	347
Prepayments for current assets		114	73
Cash and cash equivalents	12	486	562
Cash		486	562
Total current assets		95,015	28,562
Total assets		6,927,089	6,577,922

The accompanying notes form an integral part of the annual accounts for 2014.

EDP Renováveis, S.A.

Balance Sheets
at 31 December 2014 and 2013

(Expressed in thousands of Euros)

Equity and Liabilities	Note	2014	2013
Capital and reserves			
Capital	13	4,361,541	4,361,541
Share premium		1,228,451	1,228,451
Reserves		249,441	227,335
Profit for the year		212,704	56,999
Total equity		6,052,137	5,874,326
Non-current provisions		450	-
Long-term employee benefits	14	450	-
Non-current payables		223,870	62,874
Derivatives with Group companies	11	223,870	62,874
Group companies and associates, non-current	16	368,506	324,417
Deferred tax liabilities	18	27,805	31,616
Total non-current liabilities		620,631	418,907
Current payables		213,080	27,468
Derivatives with Group companies	11	212,210	25,384
Other financial liabilities	16	870	2,084
Group companies and associates, current	16	26,498	245,563
Trade and other payables		14,743	11,658
Suppliers, Group companies and associates, current	16	9,757	7,059
Other payables	16	2,073	1,212
Personnel (salaries payable)	16	2,540	3,128
Public entities, other	18	373	259
Total current liabilities		254,321	284,689
Total equity and liabilities		6,927,089	6,577,922

The accompanying notes form an integral part of the annual accounts for 2014.

EDP Renováveis, S.A.

Income Statements
for the years ended
31 December 2014 and 2013

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Note	2014	2013
CONTINUING OPERATIONS			
Revenues	21	264,474	104,172
Self-constructed assets		-	111
Other operating income		251	63
Non-trading and other operating income		251	63
Personnel expenses		13,327	(10,251)
Salaries and wages		(10,851)	(8,535)
Employee benefits expense	21	(2,476)	(1,716)
Other operating expenses		(14,304)	(13,886)
External services	21	(14,061)	(13,680)
Taxes		(8)	(78)
Other expenses		(235)	(128)
Amortisation and depreciation	5 and 6	(1,096)	(1,212)
Results from operating activities		235,998	78,997
Finance income	9	667	182
Marketable securities and other financial instruments			
Other		667	182
Finance costs	15	(40,185)	(39,037)
Group companies and associates		(40,178)	(39,037)
Other		(7)	-
Change in fair value of financial instruments	9 and 15	29,735	(7,919)
Exchange gains/(losses)	10.e and 16.f	(32,558)	10,848
Net finance cost		(42,341)	(35,926)
Profit before income tax		193,657	43,071
Income tax	18	19,047	13,928
Profit from continuing operations		212,704	56,999
DISCONTINUED OPERATIONS			
Profit for the year		212,704	56,999

The accompanying notes form an integral part of the annual accounts for 2014.

EDP Renováveis, S.A.

Statements of Changes in Equity for the years ended
31 December 2014 and 2013

A) Statements of Recognised Income and Expense
for the years ended
31 December 2014 and 2013

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Note	2014	2013
Profit for the year		212,704	56,999
Total income and expense recognised directly in equity		-	-
Total amounts transferred to the income statement		-	-
Total adjustments to non-financial assets and non-financial liabilities		-	-
Total recognised income and expense		212,704	56,999

The accompanying notes form an integral part of the annual accounts for 2014.

EDP Renováveis, S.A.

Statements of Changes in Equity for the years ended
31 December 2014 and 2013

B) Statements of Total Changes in Equity for the years ended
31 December 2014 and 2013

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Entity	Capital	Share premium	Reserves	Share capital increase costs	Profit for the year	Total
Balance at 31 December 2013	4,361,541	1,228,451	261,905	(34,570)	56,999	5,874,326
Recognised income and expense	-	-	-	-	212,704	212,704
Distribution of profit						
Reserves	-	-	22,106	-	(22,106)	-
Dividends	-	-	-	-	(34,893)	(34,893)
Balance at 31 December 2014	4,361,541	1,228,451	284,011	(34,570)	212,704	6,052,137

Entity	Capital	Share premium	Reserves	Share capital increase costs	Profit for the year	Total
Balance at 31 December 2012	4,361,541	1,228,451	245,959	(34,570)	50,838	5,852,219
Recognised income and expense					56,999	56,999
Distribution of profit						
Reserves	-	-	15,946	-	(15,946)	-
Dividends	-	-	-	-	(34,892)	(34,892)
Balance at 31 December 2013	4,361,541	1,228,451	261,905	(34,570)	56,999	5,874,326

The accompanying notes form an integral part of the annual accounts for 2014.

EDP Renováveis, S.A.

Statements of Cash Flows for the years ended
31 December 2014 and 2013

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Note	2014	2013
Cash flows from operating activities			
Profit for the year before tax		193,657	43,071
Adjustments for:		4,369	(1,267)
Amortisation and depreciation (+)	5 and 6	1,096	1,212
Change in provisions (+/-)	14	450	450
Exchange gains/losses (+/-)	10.d and 16.f	32,558	(10,848)
Change in fair value of financial instruments (+/-)	15	(29,735)	7,919
Changes in operating assets and liabilities		(3,330)	(9,154)
Trade and other receivables (+/-)		(4,188)	(9,886)
Other current assets		(44)	(630)
Trade and other payables (+/-)		2,104	(4,458)
Other current liabilities (+/-)		(1,201)	5,820
Other cash flows from (used in) operating activities		8,939	238,724
Payments for (collections of) loans extended to subsidiaries (+/-)		-	272,221
Income tax paid (received) (+/-)	18	8,939	(33,497)
Cash flows from (used in) operating activities		203,635	271,374
Cash flows from investing activities			
Payments for investments (-)		(57,233)	(2,512,674)
Group companies and associates		(57,233)	(2,512,056)
Intangible assets		(77)	(599)
Property, plant and equipment		(103)	(19)
Proceeds from sale of investments (+)		107,465	2,321,417
Group companies and associates		87,016	2,321,417
Other financial assets	6	20,449	-
Cash flows from (used in) investing activities		50,232	(191,257)
Cash flows from financing activities			
Proceeds from and payments for financial liability instruments		(219,078)	(45,248)
Repayment of payables with group companies (-)		(219,078)	(45,248)
Dividends and interest on other equity instruments paid		(34,893)	(34,892)
Dividends (-)		(34,893)	(34,892)
Cash flows from (used in) financing activities		(253,971)	(80,140)
Effect of exchange rate fluctuations		28	44
Net increase/decrease in cash and cash equivalents		(76)	21
Cash and cash equivalents at beginning of year	12	562	541
Cash and cash equivalents at year end	12	486	562

The accompanying notes form an integral part of the annual accounts for 2014.

EDP RENOVÁVEIS, S.A.

Notes to the Annual Accounts

31 December 2014

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(1) Nature and Activities of the Company

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

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

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

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

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

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

The operating activity of the Group headed by the Company is carried out in Europe, the USA and Brazil through three subgroups headed by EDP Renewables Europe, S.L.U. (EDPR EU) in Europe, EDP Renewables North America, LLC (EDPR NA, formerly Horizon Wind Energy, LLC) in the USA and EDP Renováveis Brasil in Brazil. In 2010 the Group incorporated the subsidiary EDP Renewables Canada, Ltd. to provide a base for carrying out projects in Canada. During 2013, the Group incorporated South Africa Wind & Solar Power, S.L in order to carry out projects in South Africa.

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

In 2012, China Three Gorges Corporation (CTG) acquired 780,633,782 ordinary shares in EDP from Parpública – Participaçoes Públicas (S.G.P.S.), S.A., representing 21.35% of the share capital and voting rights of EDP Energías de Portugal S.A., the majority shareholder of the Company.

Under the agreements for its entry into the share capital of the EDP Group, CTG undertook to make minority investments totalling Euros 2,000 million in EDP Renováveis Group assets representing an installed capacity of 1.5 GW (900 MW in service and 600 MW under construction). A part of these investments was completed in 2013 through the sale to CTG of 49% of the shares in EDP Renovaveis Portugal, S.A. for an amount of Euros 257.9 million.

The EDP Renováveis Group carried out a number of operations effective from 1 January 2013 as part of the Group's financial restructuring, aimed at maximising the efficiency of financing between Group companies by concentrating the Group's financial activities in EDP Renováveis Servicios Financieros, S.L. and transferring the financial activities carried out by the Company prior to that date to this company.

Within the framework of this restructuring, EDP Renováveis, S.A. made a non-monetary contribution of Euros 12 million to EDP Renováveis Servicios Financieros S.L., consisting of loans extended to the subsidiaries of the EDP Renewables Europe S.L. subgroup and the loans obtained from EDP Finance BV. As part of this operation, the EDP Renováveis Group also transferred its Finances department to the new financial entity. Furthermore, EDP Renováveis S.A. subscribed another share capital increase by EDP Renováveis Servicios Financieros S.L. for an amount of Euros 580 million. Following these operations EDP Renováveis Servicios Financieros S.L. distributed a dividend from the share premium amounting to Euros 453 million, of which Euro 317 million corresponded to EDP Renováveis S.A. (see note 8 a.)

On 24 February 2015 the directors authorised the issue of the consolidated annual accounts of EDP Renováveis, S.A. and subsidiaries for 2014 under International Financial Reporting Standards (IFRS) (25 February 2014 for 2013), which show consolidated profit of Euros 177,887 thousand and consolidated equity of Euros 6,330,759 thousand (Euros 169,124 thousand and Euros 6,089,496 thousand in 2013). The consolidated annual accounts will be filed at the Asturias Mercantile Registry.

(2) Basis of Presentation

(a) Fair presentation

The annual accounts for 2014 have been prepared on the basis of the accounting records of EDP Renováveis, S.A., in accordance with prevailing legislation and the Spanish General Chart of Accounts to present fairly the equity and financial position at 31 December 2014 and results of operations, changes in equity, and cash flows for the year then ended.

The directors consider that the accompanying individual annual accounts for 2014, authorised for issue on 24 February 2015, will be approved with no changes by the shareholders at their annual general meeting.

(b) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2014 include comparative figures for 2013, which formed part of the annual accounts approved by shareholders at the annual general meeting held on 3 April 2014.

(c) Functional and presentation currency

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

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

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

(Continued)

- *Relevant accounting estimates and assumptions*

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

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

- *Changes in accounting estimates*

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2014, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

(e) Financial position and equity

The balance sheet at 31 December 2014 shows that the Company has negative working capital of Euros 159.3 million (Euros 256.1 million in 2013). However, the Company has current liabilities totalling Euros 250.5 million with Group companies, of which Euros 26,5 million reflect current account contracts which are automatically renewable form one-year periods and Euros 212.2 million that reflect the fair value of one of the derivatives arranged with EDP Energías de Portugal Sucursal en España S.A., which is used to apply hedge accounting to the investment in EDP Renewables North America, LLC. Moreover, the Company is the parent of a group of companies that generate positive operating cash flows, and as such, the directors consider that the Group will generate sufficient cash flows to meet its obligations in the short term.

Consequently, the directors have prepared these annual accounts on a going concern basis.

(3) Distribution of Profit

The proposed distribution of 2014 profit to be submitted to the shareholders for approval at their annual general meeting is as follows:

	Euros
Basis of allocation	
Profit for the year	212,703,502.15
Distribution	
Legal reserve	21.270.350,22
Dividends	34.892.326,48
Voluntary reserve	156.540.825,46
Total	212,703,502.15

The distribution of profit and reserves of the Company for the year ended 31 December 2013, approved by the shareholders at their annual general meeting held on 3 April 2014, is as follows:

	Euros
Basis of allocation	
Profit for the year	56,998,823.86
Distribution	
Legal reserve	5,699,882.39
Dividends	34,892,324.48
Voluntary reserve	16,406,614.99
Total	56,998,823.86

At 31 December non-distributable reserves are as follows:

	Thousands of Euros	
	2014	2013
Non-distributable reserves	-	-
Legal reserve	35,375	29,675
	35,375	29,675

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

(Continued)

(4) Significant Accounting Policies

(a) Foreign currency transactions, balances and cash flows

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

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

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

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

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

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

(b) Intangible assets

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

Capitalised personnel expenses of employees who install computer software are recognised as self-constructed assets in the income statement.

(Continued)

Computer software acquired and produced by the Company, including website costs, is recognised when it meets the following conditions:

- Payments attributable to the execution of the project can be measured reliably.
- The allocation, assignment and timing of costs for each project are clearly defined.
- There is evidence of the project's technical success, in terms of direct operation or sale to a third party of the results thereof once completed and if a market exists.
- The economic and commercial feasibility of the project is reasonably assured.
- Financing to develop the project, the availability of adequate technical and other resources to complete the development and to use or sell the resulting intangible asset are reasonably assured.
- There is an intention to complete the intangible asset for its use or sale.

Computer software maintenance costs are charged as expenses when incurred.

(c) Property, plant and equipment

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

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

(Continued)

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

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

(d) Financial instruments

(i) Classification and separation of financial instruments

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

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

(ii) Offsetting principles

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

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

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

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

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

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

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

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

(iv) *Loans and receivables*

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

(v) *Investments in Group companies*

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

Investments in Group companies acquired through a non-monetary contribution from another Group company are measured at the pre-transaction value in the individual annual accounts of the contributing company.

(vi) *Non-monetary contributions in exchange for investments in the equity of other companies*

In non-monetary contributions of businesses (including investments in Group companies) to other Group companies, equity investments received are measured at the transaction date at the higher of the carrying amount of the assets and liabilities transferred in the individual annual accounts of the contributing company and the amount representative of the percentage of interest in the equity of the business contributed. Gains or losses deferred in recognised income and expense associated with the assets and liabilities conveyed continue to be recognised in equity but are linked to the investment received.

(vii) *Interest and dividends*

Interest is recognised using the effective interest method.

(Continued)

Dividends from investments in equity instruments are recognised when the Company is entitled to receive them. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

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

(viii) *Derecognition of financial assets*

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

(ix) *Impairment of financial assets*

- Impairment of financial assets carried at amortised cost

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

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

(Continued)

- Investments in Group companies

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

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

The carrying amount of the investment includes any monetary item that is receivable or payable for which settlement is neither planned nor likely to occur in the foreseeable future, excluding trade receivables or trade payables.

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

Impairment losses are recognised and reversed in the income statement.

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

(x) *Financial liabilities*

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

(xi) *Derecognition of financial liabilities*

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

(Continued)

(xii) Fair value

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

(e) Cash and cash equivalents

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

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

(f) Provisions

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

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

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

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

(g) Income tax

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

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

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

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

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

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

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

Temporary differences arising from the elimination of profits and losses on transactions between tax group companies are allocated to the company which recognised the profit/loss and are valued using the tax rate of that company.

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

(Continued)

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

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

(i) Taxable temporary differences

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

(ii) Deductible temporary differences

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

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

(iii) Measurement

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

(iv) Offset and classification

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

(Continued)

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

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

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months after the reporting date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months after the reporting date.

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

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

(i) Environmental issues

- *Environmental assets*

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

- *Environmental expenses*

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

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

(Continued)

- *Environmental provisions*

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

(j) Related party transactions

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

(k) Hedge accounting

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

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

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

The Company hedges net investments in foreign operations in relation to its investment in the Group companies EDP Renewables North America, LLC and EDP Renováveis Brasil S.A.

(l) Hedges of a net investment in a foreign operation

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

(Continued)

(m) Long- and short-term employee benefits

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

(5) Intangible Assets

Details of intangible assets and movement are as follows:

	Thousands of Euros			
	Balance at 31/12/2013	Additions	Transfers	Balance at 31/12/2014
Cost				
Computer software	4,419	-	763	5,182
Computer software under development	686	77	(763)	-
	5,105	77	-	5,182
Amortisation				
Computer software	(2,947)	(807)	-	(3,754)
	(2,947)	(807)	-	(3,754)
Carrying amount	2,158	(730)	-	1,428

	Thousands of Euros			
	Balance at 31/12/2012	Additions	Transfers	Balance at 31/12/2013
Cost				
Computer software	3,886	-	533	4,419
Computer software under development	529	690	(533)	686
	4,415	690	-	5,105
Amortisation				
Computer software	(2,041)	(906)	-	(2,947)
	(2,041)	(906)	-	(2,947)
Carrying amount	2,374	(216)	-	2,158

Additions in 2014 and 2013 reflect accounting management applications developed and purchased during the year, which have already been completed and brought into use.

At the 2014 reporting date, the Company had fully amortised intangible assets in use amounting to Euros 2,702 thousand (no fully amortised intangible assets in use in 2013).

(Continued)

At 31 December 2014 the Company has no commitments to purchase intangible assets (Euros 47 thousand in 2013).

(6) Property, Plant and Equipment

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

	Thousands of Euros				
	Balance at 31/12/2012	Additions	Balance at 31/12/2013	Additions	Balance at 31/12/2014
Cost					
Other installations	1,639	9	1,648	4	1,652
Furniture	49	10	59	19	78
Information technology equipment	596	-	596	-	596
Under construction	-				
	2,284	19	2,303	23	2,326
Depreciation					
Other installations	(415)	(165)	(580)	(165)	(745)
Furniture	(5)	(6)	(11)	(7)	(18)
Information technology equipment	(236)	(135)	(371)	(117)	(488)
	(656)	(306)	(962)	(289)	(1,251)
Carrying amount	1,628	(287)	1,341	(266)	1,075

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

Fully depreciated property, plant and equipment amount to Euros 161 thousand at the 2014 reporting date (Euros 116 thousand in 2013) and comprise information technology equipment.

At 31 December 2014 and 2013 the Company has no commitments to purchase property, plant and equipment.

(Continued)

(7) Risk Management Policy

(a) Financial risk factors

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

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

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

(i) *Currency risk*

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

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

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

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

At 31 December 2014 and 2013, had the Euro strengthened/weakened by 10% against the US Dollar, with the other variables remaining constant, the effect on pre-tax profit would have been as follows:

	Thousands of Euros	
	2014	2013
EUR/USD exchange rate strengthened by 10%	84	74
EUR/USD exchange rate weakened by 10%	(103)	(91)

(Continued)

This effect essentially derives from the translation of debt in foreign currencies.

(ii) *Credit risk*

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

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

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

(iii) *Liquidity risk*

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

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

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

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

In light of the non-monetary contribution mentioned in notes 8.a, in 2014 and 2013 the Company does not have a considerable amount of remunerated assets and as a result, income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates.

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

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

(Continued)

(8) Investments in Equity Instruments of Group Companies

Details of direct investments in equity instruments of Group companies are as follows:

	Thousands of Euros	
	2014	2013
EDP Renováveis Brasil S.A.	40,586	36,690
EDP Renewables Europe, S.L.U.	3,079,340	3,079,340
EDP Renewables North America, LLC	3,389,682	3,048,360
EDP Renewables Canada, Ltd	16,445	28,799
EDP Renovaveis Servicios Financieros S.L	274,892	274,892
EDPR PRO V S.L.R	11	11
South Africa Wind & Solar Power S.L	3,828	2,278
Greenwind S.A	7	7
	6,804,791	6,470,377
	(note 10a)	(note 10a)

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

(a) Investments in Group companies

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

In 2013 a number of operations were carried out as part of the financial reorganisation of the EDP Group to concentrate its financial activities in EDP Renováveis Servicios Financieros S.L. The Company carried out the following operations as part of this reorganisation:

- The Company subscribed a share capital increase by EDP Renewables Europe S.L.U. for Euros 2,194,988 thousand.
- The Company subscribed a share capital increase by EDP Renováveis Servicios Financieros S.L through the non-monetary contribution of Euros 12,488 thousand, consisting of financial assets totalling Euros 2,516,877 thousand extended to its subsidiaries in the EDP Renewables Europe S.L. subgroup and Euros 2,504,389 thousand in financial liabilities for loans extended by EDP Finance BV. As part of this operation, the Company also transferred its Finances department to the new financial entity.

(Continued)

Details of the financial assets and financial liabilities contributed in these operations are as follows:

	Thousands of Euros
Assets	
Non-current investments in Group companies and associates	
Loans to Group companies	2,157,247
Current investments in Group companies and associates	
Debt securities	118,618
Other investments	241,012
	2,516,877
Liabilities	
Group companies and associates, non-current	(2,504,018)
Group companies and associates, current	(371)
	(2,504,389)
Net	12,488

- The Company subscribed another share capital increase by EDP Renováveis Servicios Financieros S.L. for Euros 579,853 thousand.

- EDP Renováveis Servicios Financieros S.L. subsequently distributed a dividend from the share premium for an amount of Euros 453,424 thousand, of which Euros 317,449 thousand were distributed to EDP Renováveis, S.A.

In 2014 and 2013 the Company financed its subsidiary EDPR NA by subscribing successive net share capital reductions of Euros 73,571 thousand (US Dollars 86,480 thousand) in 2014 and net share capital increases of Euros 24,920 thousand (US Dollars 33,800 thousand) in 2013.

In 2014 EDP Renewables Canada reduced its share capital, leading to a payment of Euros 13,445 thousand (Canadian Dollars 19,000 thousand) to the Company. In 2013 the Company subscribed two share capital increases by EDP Renewables Canada totalling Euros 27,449 thousand (Canadian Dollars 38,950 thousand).

On 14 March 2013 the Company incorporated South Africa Wind & Solar Power, S.L with a share capital of Euros 3 thousand. On 14 June 2013 the company increased share capital by Euros 2,275 thousand. During 2014, the Company subscribed a further share capital increase of Euros 1,550 thousand.

In 2014 the Company subscribed a share capital increase by its subsidiary EDP Renováveis Brasil S.A. totalling Euros 3,475 thousand (Brazilian Reais 11,231 thousand).

(Continued)

(i) *Foreign currency*

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

(ii) *Hedged investments*

Details of investments, the fair value of which is hedged against currency risk, at 31 December 2014 and 2013 are as follows:

	Thousands of Euros	
	2014	2013
EDP Renováveis Brasil S.A.	40,586	36,690
EDP Renewables North America, LLC. (EDPR NA)	3,389,682	3,048,360
EDP Renewables Canada, Ltd	-	28,799
	3,430,268	3,113,849

In 2012 Company management arranged a hedging instrument to cover the currency risk associated with its Brazilian Reais-denominated investment in EDP Renováveis Brasil S.A. This hedging instrument comprises two swaps arranged for a notional amount of Brazilian Reais 118,000 thousand, equivalent to Euros 45,403 thousand applying the exchange rate at that date. In 2014 the change in value attributable to exchange difference of the investment in EDP Renováveis Brasil S.A. totals Euros 420 thousand and the change in fair value of the hedging instrument amounts to Euros 280 thousand (Euros 7,282 thousand and Euros 8,289 thousand, respectively, in 2013). These amounts have been recognised in exchange gains/losses in the accompanying income statement (see note 11).

To hedge the currency risk arising from the exposure of the investment in EDP Renewables North America, LLC, denominated in a foreign currency, in 2008 Company management contracted a hedging instrument comprising three swaps for a total notional amount of US Dollars 2,632,613 thousand, equivalent to Euros 1,826,175 thousand applying the exchange rate at that date. In 2013 management arranged another hedging instrument comprising three swaps for a notional amount of US Dollars 1,389,297 thousand, equivalent to Euros 1,052,976 thousand applying the exchange rate at that date. The remaining amount of this investment that is not hedged by the aforementioned operations is covered by hedging operations securing a loan denominated in the same currency (see note 16) for a notional amount of US Dollars 447,403 thousand in 2014 and 2013.

In 2014 the change in value attributable to exchange difference of the investment in EDP Renewables North America, LLC totals Euros 414,894 thousand (Euros 136,658 thousand in 2013). This amount has been recognised in exchange gains/losses in the accompanying income statement (see note 11). The change in fair value and exchange differences of hedging instruments are as follows:

- Hedging instrument for a notional amount of US Dollars 2,632,613 thousand: the change in fair value of the hedging instrument amounts to Euros 259,430 thousand in 2014 (Euros 86,375 thousand in 2013), which has been recognised in exchange gains/losses in the accompanying income statement (see note 11). The fair value of the hedging instrument at 31 December 2014 totals Euros 342,191 thousand (Euros 82,772 thousand at 31 December 2013), and this has been recognised in non-current payables under non-current liabilities and current payables to Group companies and associates under current liabilities in the accompanying balance sheet (see note 11). At 31 December 2014 the loss relating to the aforementioned net investment hedging operation totalled Euros 7,550 thousand (loss of Euros 8,493 thousand at 31 December 2013).

- Hedging instrument for a notional amount of US Dollars 1,389,297 thousand: the change in fair value of the hedging instrument amounts to Euros 136,908 thousand in 2014 (Euros 45,570 thousand in 2013), which has been recognised in exchange gains/losses in the accompanying income statement (see note 11). The fair value of the hedging instrument amounts to Euros 91,326 thousand at 31 December 2014 and has been recognised under non-current payables under non-current liabilities. At 31 December 2014 the loss relating to the aforementioned net investment hedging operation totalled Euros 5,604 thousand (Euros 6,039 thousand in 2013).

- US Dollar-denominated loan: this loan has generated exchange differences of Euros 44,089 thousand in 2014 (Euros 14,679 thousand in 2013).

In 2013 Company management arranged a hedging instrument to cover the currency risk associated with its Canadian Dollar-denominated investment in EDP Renewables Canada, Ltd. This hedging instrument comprised two futures arranged for a notional amount of Euros 33,305 thousand (Canadian Dollars 45,661 thousand). On 30 December 2014, Company management decided to cancel the hedging operation on the same day that the hedging instruments expired. In In 2014 the change in value attributable to exchange difference of the investment in EDP Renewables Canada, Ltd. totals Euros 1,091 thousand and the change in fair value of the hedging instrument amounted to Euros 1,292 thousand prior to the cancellation of the hedging operation (Euros 2,612 thousand and Euros 680 thousand, respectively, in 2013). These amounts have been recognised in exchange gains/losses in the accompanying income statement (see note 11).

(Continued)

(9) Financial Assets by Category

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

	2014							
	Thousands of Euros							
	Non-current				Current			
	At amortised cost or cost				At amortised cost or cost			
	Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value	At fair value	Total
Assets held for trading								
Derivative financial instruments	-	-	2,563	2,563	-	-	8,139	8,139
Total	-	-	2,563	2,563	-	-	8,139	8,139
Loans and receivables								
Deposits and guarantees	6	6	-	6	-	-	-	-
Other financial assets	322	322	-	322	45,352	45,352	-	45,352
Trade and other receivables	-	-	-	-	36,497	36,497	-	36,497
Total	328	328	-	328	81,849	81,849	-	81,849
Hedging derivatives								
Traded on OTC markets	-	-	4,882	4,882	-	-	4,427	4,427
Total	-	-	4,882	4,882	-	-	4,427	4,427
Total financial assets	328	328	7,445	7,773	81,849	81,849	12,566	94,415

(Continued)

	2013							
	Thousands of Euros							
	Non-current				Current			
	At amortised cost or cost				At amortised cost or cost			
	Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value	At fair value	Total
Assets held for trading								
Derivative financial instruments	-	-	-	-	-	-	2,762	2,762
Total	-	-	-	-	-	-	2,762	2,762
Loans and receivables								
Deposits and guarantees	4	4	-	4	-	-	-	
Other financial assets	176	176	-	176	347	347	-	347
Trade and other receivables	-	-	-	-	22,458	22,458	-	22,458
Total	180	180	-	180	22,805	22,805	-	22,805
Hedging derivatives								
Traded on OTC markets	-	-	54,745	54,745	-	-	2,360	2,360
Total	-	-	54,745	54,745	-	-	2,360	2,360
Total financial assets	180	180	54,745	54,925	22,805	22,805	5,122	27,927

As described in note 8.a, during 2013 the Company contributed financial assets amounting to Euros 2,516,877 thousand to EDP Renováveis Servicios Financieros S.L.

Moreover, during 2013, EDP Renewables Europe S.L.U repaid in advance the loans of Euros 2,321,418 thousand extended by the Company.

Details of the financial assets derecognised in the operations above during 2013, by category, are as follows:

	Thousands of Euros		
	Contribution to EDPR SF	Repayment by EDPR EU	Total
Non-current investments in Group companies			
Loans to Group companies	2,157,247	2,114,954	4,272,201
Current investments in Group companies			
Debt securities	118,618	206,464	325,082
Other financial assets	241,012	-	241,012
	2,516,877	2,321,418	4,838,295

(Continued)

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

	2014			
	Thousands of Euros			
	Loans and receivables, Group companies	Loans and receivables, third parties	Assets held for trading	Total
Finance income at amortised cost	1,489	667	-	2,156
Dividends	249,812	-	-	249,812
Change in fair value	-	-	31,851	31,851
Net gains in profit and loss	251,301	667	31,851	283,819

	2013			
	Thousands of Euros			
	Loans and receivables , Group companies	Loans and receivables, third parties	Assets held for trading	Total
Finance income at amortised cost	2,152	182	-	2,334
Dividends	89,602	-	-	89,602
Change in fair value	-	-	4,334	4,334
Net gains in profit and loss	91,754	182	4,334	96,270

(Continued)

(10) Investments and Trade Receivables

(a) Investments in Group companies

Details of investments in Group companies are as follows:

	Thousands of Euros			
	2014		2013	
	Non-current	Current	Non-current	Current
Group				
Equity instruments (note 8)	6,804,791	-	6,470,377	-
Derivative financial instruments (note 11)	7,445	12,566	54,745	5,122
Other financial assets	-	45,352	-	347
	6,812,236	57,918	6,525,122	5,469

Other financial assets comprise current accounts with the Group, which earn daily interest that is settled on a monthly basis. The rate applicable to interest receivable ranges between one-month Euribor and six-month Euribor plus a spread of between 0.35% and 0.5% whilst the rate applicable to interest payable is one-month Euribor plus a spread of between 1.5% and 2.5%.

(b) Main characteristics of loans

As a result of the non-monetary contribution and early loan repayment described in note 9, the Company has no loans extended to Group companies at 31 December 2014 and 2013.

(c) Classification by maturity

The classification of financial assets by maturity is as follows:

	2014							
	Thousands of Euros							
	2015	2016	2017	2018	2019	Subsequent years	Less current portion	Total non-current
Deposits and guarantees	-	-	-	-	-	6	-	6
Other financial assets	45,352	-	-	-	-	322	(45,352)	322
Derivative financial instruments	12,566	-	7,445	-	-	-	(12.566)	7,445
Trade receivables from Group companies and associates	16,852	-	-	-	-	-	(16,852)	-
Other receivables	19,645	-	-	-	-	-	(19,645)	-
Total	94,415	-	7,445	-	-	328	(94,415)	7,773

(Continued)

	2013							
	Thousands of Euros							
	2014	2015	2016	2017	2018	Subsequent years	Less current portion	Total non-current
Deposits and guarantees	-	-	-	-	-	4	-	4
Other financial assets	347	-	-	-	-	176	(347)	176
Derivative financial instruments	5,122	4,626	-	4,549	33,630	11,940	(5,122)	54,745
Trade receivables from Group companies and associates	11,846	-	-	-	-	-	(11,846)	-
Other receivables	10,612	-	-	-	-	-	(10,612)	-
Total	27,927	4,626	-	4,549	33,630	12,120	(27,927)	54,925

(d) Trade and other receivables

Details of trade and other receivables are as follows:

	Thousands of Euros	
	2014	2013
	Current	Current
Group		
Trade receivables	16,852	11,846
Other receivables	19,579	10,556
	36,431	22,402
Unrelated parties		
Other receivables	65	55
Personnel	1	1
	66	56
Total	36,497	22,458

Trade receivables from Group companies in 2014 and 2013 essentially reflect the balance receivable under management support service contracts arranged with EDP Renewables Europe S.L.U and EDP Renewables North America, LLC during 2013 (see note 20 b.).

Other receivables from Group companies comprise balances receivable from the Parent, EDP Energías de Portugal S.A., Sucursal en España, for income tax amounting to Euros 19,579 thousand (income tax and value added tax amounting to Euros 9,730 thousand and Euros 826 thousand, respectively), as the Company files consolidated tax returns (see note 18).

(Continued)

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

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

	Thousands of Euros			
	2014		2013	
	Settled	Outstanding	Settled	Outstanding
Non-current investments in Group companies and associates	622	407,159	502	(92,115)
Hedged investments in Group companies		416,405		(146,552)
Hedging derivatives of net investments in foreign operations		(1,572)	-	54,552
Other financial assets	622	(7,674)	502	(115)
Trade and other receivables	(38)	(35)	(75)	57
Cash and cash equivalents	-	(28)	-	(44)
Total financial assets	584	407,096	427	(92,102)

(11) Derivative financial instruments

Details of derivative financial instruments are as follows:

	2014			
	Thousands of Euros			
	Assets		Liabilities	
	Non-current	Current	Non-current	Current
Hedging derivatives				
a) Fair value hedges				
Net investment hedging swaps (note 8)	4,882	4,427	221,307	212,210
Total	4,882	4,427	221,307	212,210
Derivatives held for trading and at fair value through profit or loss				
b) Foreign currency derivatives				
Forward exchange contracts	2,563	8,139	2,563	-
Total	2,563	8,139	2,563	-
Total derivatives	7,445	12,566	223,870	212,210

(Continued)

	2013			
	Thousands of Euros			
	Assets		Liabilities	
	Non-current	Current	Non-current	Current
Hedging derivatives				
a) Fair value hedges				
Net investment hedging swaps (note 8)	54,745	2,360	62,874	19,898
Total	54,745	2,360	62,874	19,898
Derivatives held for trading and at fair value through profit or loss				
b) Foreign currency derivatives				
Forward exchange contracts	-	2,762	-	5,486
Total	-	2,762	-	5,486
Total derivatives	54,745	5,122	62,874	25,384

(a) Fair value hedges

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

	Thousands of Euros	
	Gains/(losses)	
	2014	2013
Forward exchange contracts		
Net investment hedging swaps (note 8)	(397,910)	140,927
Fixed rate debt (note 8)	(44,089)	14,679
Investments in Group companies (note 8)	416,405	(146,552)
	(25,594)	9,054

(Continued)

(b) Forward exchange contracts and swaps

To eliminate the currency risk of a Group subsidiary, in 2014 and 2013 the Company contracted a cross deal whereby it forward sells Polish Zloty to EDP R Polska S.P Z.O.O, Relax Wind Park III S.P Z.O.O and Korsze Wind Farm SP Z.O.O at a fixed price in Euros and simultaneously forward purchases Polish Zloty from EDP-Energías de Portugal, S.A. The nominal amount of these forward contracts is Euros 57 million (Euros 128 million in 2013). The Company contracted this cross deal to hedge the risk of exchange rate fluctuations on purchases of wind turbines payable in Polish Zloty by its subsidiaries. At 31 December 2014 the Company has not contracted any instruments. At 31 December 2013 the fair value of these instruments, which amounted to Euros 2,322 thousand, was recognised under current investments in Group companies and associates and under current payables to Group companies and associates, as explained in notes 10.a and 16.a, respectively.

In 2014, the Company had two cross interest rate swaps for a total notional amount of Polish Zloty 235,069 thousand (Polish Zloty 235,069 thousand in 2013), equivalent to Euros 57,000 thousand (Euros 57,000 thousand in 2013). The fair value of these instruments is recognised as an asset under non-current investments in Group companies and associates for an amount of Euros 2,563 thousand (Euros 440 thousand in 2013), and as a liability under non-current payables for an amount of Euros 2,563 thousand (Euros 440 thousand in 2013), as presented in notes 10.a and 16.a.

In 2014 the Company has futures contracts on the US Dollar exchange rate for a notional amount of US Dollars 329,000 thousand, equivalent to Euros 262,885 thousand (notional amount and equivalent value of USD 329,000 thousand and Euros 242,072 thousand, respectively, in 2013). The fair value of this instrument, which amounts to Euros 8,098 thousand (Euros 2,677 thousand under liabilities in 2013), is recognised as an asset under current investments in Group companies and associates, as presented in note 16.a.

To eliminate the currency risk of a Group subsidiary, the Company has arranged a futures contract on Romanian Leu for a notional amount of Euros 14,081 thousand in 2014 (Euros 11,467 thousand in 2013). The fair value of this instrument, which amounts to Euros 41 thousand (Euros 46 thousand under liabilities in 2013), is recognised under current investments in Group companies and associates, as presented in note 16.a.

(12) Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2014	2013
Cash in hand and at banks	486	562
	486	562

(Continued)

(13) Equity

Details of equity and movement during 2014 and 2013 are shown in the statement of changes in equity.

(a) Subscribed capital

At 31 December 2014 and 2013, the share capital of the Company is represented by 872,308,162 ordinary bearer shares of Euros 5 par value each, all fully paid. These shares have the same voting and profit-sharing rights. These shares are freely transferable.

Companies that hold a direct or indirect interest of at least 10% in the share capital of the Company at 31 December 2014 and 2013 are as follows:

	2014 and 2013	
Company	Number of shares	Percentage ownership
EDP - Energías de Portugal, S.A. Sucursal en España	541,027,156	62.02%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.51%
Other (*)	196,024,306	22.47%
	872,308,162	100.00%

(*) Shares quoted on the Lisbon stock exchange

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

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

(b) Share premium

This reserve is freely distributable.

(c) Reserves

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

(Continued)

(i) *Legal reserve*

Pursuant to the revised Spanish Companies Act, in force since 1 September 2010, companies are required to transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve may be used to increase share capital. Except for this purpose, until the reserve exceeds 20% of share capital it may only be used to offset losses if no other reserves are available. At 31 December 2014 and 2013, the Company has not appropriated to this reserve the minimum amount required by law.

(ii) *Voluntary reserve*

These reserves are freely distributable.

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

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

(14) Provisions

Movement in provisions in 2014 and 2013 is as follows:

	Thousands of Euros				
	Balance at 31/12/2013	Charges	Transfers	Reversals	Balance at 31/12/2014
Non-current provisions					
Long-term employee benefits	-	450	-	-	450

	Thousands of Euros				
	Balance at 31/12/2012	Charges	Transfers	Reversals	Balance at 31/12/2013
Non-current provisions					
Long-term employee benefits	876	450	(1,326)	-	-

In 2014 and 2013, provisions were recognised with a charge to personnel expenses.

In 2014, the amount recognised as a provision is the best estimate at the reporting date of the expenditure required to settle the present obligation. Transfers in 2013 reflect the reclassification of balances under personnel (salaries payable) to current provisions.

(Continued)

(15) Financial Liabilities by Category

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

	2014							
	Thousands of Euros							
	Non-current				Current			
	At amortised cost or cost				At amortised cost or cost			
	Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value	At fair value	Total
Liabilities held for trading								
Derivative financial instruments	-	-	2,563	2,563	-	-	-	-
Total	-	-	2,563	2,563	-	-	-	-
Debts and payables								
Group companies								
Fixed rate	368,506	383,121	-	368,506	-	-	-	-
Variable rate	-	-	-	-	26,498	26,498	-	26,498
Other financial liabilities	-	-	-	-	870	870	-	870
Trade and other payables	-	-	-	-	14,370	14,370	-	14,370
Total	368,506	383,121	-	368,506	41,738	41,738	-	41,738
Hedging derivatives								
Traded on OTC markets	-	-	221,307	221,307	-	-	212,210	212,210
Total	-	-	221,307	221,307	-	-	212,210	212,210
Total financial liabilities	368,506	383,121	223,870	592,376	41,738	41,738	212,210	253,948

(Continued)

	2013							
	Thousands of Euros							
	Non-current				Current			
	At amortised cost or cost				At amortised cost or cost			
	Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value	At fair value	Total
Liabilities held for trading								
Derivative financial instruments	-	-	-	-	-	-	5,486	5,486
Total								
Debts and payables								
Group companies								
Fixed rate	324,417	302,785	-	324,417	-	-	-	-
Variable rate	-	-	-	-	245,563	245,563	-	245,563
Other financial liabilities	-	-	-	-	2,084	2,084	-	2,084
Trade and other payables	-	-	-	-	11,399	11,399	-	11,399
Total	324,417	302,785	-	324,417	259,046	259,046	-	259,046
Hedging derivatives								
Traded on OTC markets	-	-	62,874	62,874	-	-	19,898	19,898
Total	-	-	62,874	62,874	-	-	19,898	19,898
Total financial liabilities	324,417	302,785	62,874	387,291	259,046	259,046	25,384	284,430

As explained in note 8, during 2013 the Company made a non-monetary contribution of Euros 12,488 thousand to EDP Renováveis Servicios Financieros S.L. as part of the financial restructuring of the EDPR Group. The Company also contributed financial liabilities totalling Euros 2,504,389 thousand which had been classified as non-current in 2012. Furthermore, the Company repaid in advance several loans, together with the corresponding interest and early repayment charges, amounting to Euros 120,051 thousand which had been classified as current in 2012.

(Continued)

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

	2014			
	Thousands of Euros			
	Debts and payables, Group companies	Debts and payables, third parties	Liabilities held for trading	Total
Finance costs at amortised cost	40,178	7	-	40,185
Change in fair value	-	-	2,116	2,116
Total	40,178	7	2,116	42,301

	2013			
	Thousands of Euros			
	Debts and payables, Group companies	Debts and payables, third parties	Liabilities held for trading	Total
Finance costs at amortised cost	39,037	-	-	39,037
Change in fair value	-	-	12,253	12,253
Total	39,037	-	12,253	51,290

(16) Payables and Trade Payables

(a) Group companies

Details of Group companies are as follows:

	Thousands of Euros			
	2014		2013	
	Non-current	Current	Non-current	Current
Group				
Group companies	368,506	-	324,417	-
Interest	-	94	-	82
Suppliers of fixed assets, Group companies	-	-	-	80
Derivative financial instruments (note 11)	223,870	212,210	62,874	25,384
Current account with Group companies	-	26,404	-	245,481
Total	592,376	238,708	387,291	271,027

(Continued)

Other financial liabilities comprise current accounts with the Group, which earn daily interest that is settled on a monthly basis. The rate applicable to interest receivable ranges between one-month Euribor and six-month Euribor plus a spread of between 0.35% and 0.5% whilst the rate applicable to interest payable is one-month Euribor plus a spread of between 1.5% and 2.5%.

At 31 December 2014 and 2013, Group companies reflect fixed-interest loans obtained from EDP Finance BV, amounting to USD 447.403 thousand (see note 8).

(b) Payables

Details of payables are as follows:

	Thousands of Euros	
	Current	
	2014	2013
Related parties		
Other	870	80
Unrelated parties		
Interest	-	-
Guarantees	-	2,000
Other	-	4
Total	870	2,084

(c) Main characteristics of payables

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

					2014		
					Thousands of Euros		
						Carrying amount	
Type	Currency	Effective rate	Nominal rate	Maturity	Nominal amount	Current	Non-current
Group	US Dollars	4.57%	4.57%	2018	368,506	-	368,506
Total					368,506	-	368,506

					2013		
					Thousands of Euros		
						Carrying amount	
Type	Currency	Effectiv e rate	Nominal rate	Maturity	Nominal amount	Current	Non-current
Group	US Dollars	4.57%	4.57%	2018	324,417	-	324,417
Total					324,417	-	324,417

During 2013, the Company contributed financial liabilities amounting to Euros 2,504,389 thousand to EDP Renovàveis Servicios Financieros S.L. as part of the restructuring operation mentioned in note 8.

Furthermore, in 2013, three of the US Dollar-denominated loans amounting to Euros 113,644 thousand extended by EDP Finance BV were repaid in advance.

(d) Trade and other payables

Details of trade and other payables are as follows:

	Thousands of Euros	
	Current	
	2014	2013
Group		
Suppliers	9,757	7,059
Payables	1,106	-
	10,863	7,059
Unrelated parties		
Trade payables	967	1,212
Salaries payable	2,540	3,128
Public entities, other (note 18)	373	259
	3,880	4,599
Total	14,743	11,658

Suppliers, Group companies in 2014 and 2013 mainly comprise expenses invoiced by EDP Energías de Portugal, S.A. and EDP Energías de Portugal, S.A. (Sucursal en España), primarily for management and IT services.

Payables to the Group mainly comprise the Euros 1,106 thousand payable to the Parent, EDP Energías de Portugal S.A., Sucursal en España, for consolidated value added tax returns (see note 18).

(e) Classification by maturity

The classification of financial liabilities by maturity is as follows:

	2014							
	Thousands of Euros							
	2015	2016	2017	2018	2019	Subsequent years	Less current portion	Total non-current
Derivative financial instruments	212,210	-	2,563	197,385	23,922	-	(212,210)	223,870
Group companies and associates	26,498	-	-	368,506	-	-	(26,498)	368,506
Other financial liabilities	870	-	-	-	-	-	(870)	-
Trade and other payables	14,370	-	-	-	-	-	(14,370)	-
Total financial liabilities	253,948	-	2,563	565,891	23,922	-	(253,948)	592,376

	2013							
	Thousands of Euros							
	2014	2015	2016	2017	2018	Subsequent years	Less current portion	Total non-current
Derivative financial instruments	25,384	31,437	-	-	31,437	-	(25,384)	62,874
Group companies and associates	245,563	-	-	-	324,417	-	(245,563)	324,417
Other financial liabilities	2,084	-	-	-	-	-	(2,084)	-
Trade and other payables	11,399	-	-	-	-	-	(11,399)	-
Total financial liabilities	284,430	31,437	-		355,854	-	(284,430)	387,291

(Continued)

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

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

	Thousands of Euros			
	2014		2013	
	Settled	Outstanding	Settled	Outstanding
Group companies and associates, non-current	-	(44,089)	1,110	15,051
Hedges of net investments in foreign operations	-	(396,338)	-	86,375
Trade and other payables	190	-	-	(13)
Total financial liabilities	190	(440,427)	1,110	101,413

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

Pursuant to the third additional provision of Law 15/2010 of 5 July 2010, which amends Law 3/2004 and contains measures to combat late payments in commercial transactions, companies are required to expressly disclose information on payment periods with suppliers in the notes to the annual accounts. Details of payments to suppliers in 2014 and 2013 (highlighting the amounts that exceeded the maximum legal period), the weighted average late payment days and the outstanding amount payable that exceeds the maximum legal period at year end are as follows:

	Payments made and outstanding at the reporting date			
	2014		2013	
	Amount	%	Amount	%
Within maximum legal period	8,654	66%	7,595	40%
Other	4,558	34%	11,399	60%
Total payments for the year	13,212	100%	18,994	100%
Weighted average late payment days	51		239	-
Late payments exceeding the maximum legal period at the reporting date	1,773		1,357	-

Euros 1,714 thousand of the past-due suppliers balance at the 2014 year end are payable to Group companies (Euros 1,178 thousand in 2013).

This law stipulates a maximum legal period of 60 days in 2014 and 2013.

(Continued)

(18) Taxation

Details of balances with public entities are as follows:

	Thousands of Euros			
	2014		2013	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	17,007	-	20,559	-
	17,007	-	20,559	-
Liabilities				
Deferred tax liabilities	27,805	-	31,616	-
Value added tax and similar taxes	-	373	-	259
	27,805	373	31,616	259

The Company files consolidated income tax and value added tax returns. The parent of this consolidated tax group is EDP-Energías de Portugal, S.A. Sucursal en España. At 31 December 2014 the Company has recognised income tax receivable of Euros 19,579 thousand (Euros 9,730 thousand in 2013) and VAT payable of Euros 1,106 thousand (Euros 826 thousand receivable in 2013). These amounts have been recognised under other receivables and other payables in the balance sheet (see note 10 d y 16d).

At the date of preparation of these annual accounts, the consolidated tax group's income taxes for 2009 to 2011 are being inspected by the taxation authorities. The VAT returns for June 2010 to December 2011 are also being inspected. The directors of the Company do not expect that this tax inspection will have any impact on the equity of the Company.

In accordance with prevailing legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or the inspection period has elapsed. Taking into account the aforementioned inspection period, and the tax inspections currently underway, at 31 December 2014 the Company has the following main applicable taxes open to inspection:

Tax	Years open to inspection
Income tax	2009-2013
Value added tax	2010-2014
Personal income tax	2011-2014
Capital gains tax	2011-2014
Business activities tax	2011-2014
Social Security	2011-2014
Non-residents	2011-2014

(Continued)

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

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

(a) Income tax

The Company files consolidated tax returns as part of the tax group headed by EDP Energías de Portugal, S.A. Sucursal en España which includes Acampo Arias S.L.; Bon Vent de L´ebre S.L.; Bon Vent de Corbera S.L.; Bon Vent de Vilalba S.L.; Cerámica Técnica de Illescas Cogeneración S.A.; Compañía Eléctrica de Energías Renovables S.A.; Corporación Empresarial de Renovables S.L.; Desarrollos Eólicos Almarchal S.A.U.; Desarrollos Eólicos Buenavista S.A.U.; Desarrollos Eólicos de Corme S.A.; Desarrollos Eólicos de Galicia S.A.; Desarrollos Eólicos de Lugo S.A.U.; Desarrollos Eólicos de Tarifa S.A.U.; Desarrollos Eólicos Dumbria S.A.U.; Desarrollos Eólicos Rabosera S.A.; EDP Cogeneración S.L.; EDP Gas S.L.; EDP Investment Services S.L.; EDP Renewables Europa S.L.; EDP Renovables España S.L.; EDP Renovaveis Cantabria S.L.; EDP Renovaveis Servicios Financieros S.L.; EDP Renovaveis S.A.; EDP Servicios Financieros España S.A.; EDPR España Promoción y Operación S.L.; Energia e Industria de Toledo S.A.; Energías Eólicas de la Manchuela S.L.; Eólica Curiscao Pumar S.A.; Eólica Don Quijote S.L.; Eólica Dulcinea S.L.; Eólica Fontesilva S.L.; Eólica Garcimuñoz S.L.; Eólica Guadalteba S.L.; Eólica la Janda S.L.; Eólica la Navica S.L.; Eólica La Radona S.L.; Eólica Muxía S.L.; Eólica Sierra de Ávila S.L.; Hidrocantábrico Distribución Eléctrica S.A.; Hidrocantábrico Energia S.A.; Hidroeléctrica del Cantábrico S.A.; Ibernergía S.A.; Iberia Aprovechamientos Eólicos S.A.; Iniciativas Tecnológicas De Valoración Energética de Residuos S.A.; Neo Energía Aragón S.L.; Parc Eolic Coll de la Garganta S.L.; Parc Eolic Serra Voltorera S.L.; Parque Eólica Plana de Artajona S.L.; Parque Eólico Belchite S.L.; Parque Eólico Los Cantales S.L.; Parque Eólico Montes de Castejón S.L.; Parques Eólicos del Cantábrico S.A.; Siesa Renovables Canarias S.L.; Sinova Medioambiental S.A.; South Africa Wind and Solar Power S.L.; and Tratamientos ambientales Sierra de la Tercia S.A.

(Continued)

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

	2014		
	Thousands of Euros		
	Income statement		
	Increases	Decreases	Net
Profit for the year			212,704
Income tax			(19,047)
Profit before income tax			193,657
Permanent differences:			
Individual company	2	-	2
Consolidation adjustments	-	(249,812)	(249,812)
Temporary differences:			
originating in current year	329	-	329
originating in prior years	-	(9,440)	(9,440)
Tax loss			(65,264)

	2013		
	Thousands of Euros		
	Income statement		
	Increases	Decreases	Net
Profit for the year			56,999
Income tax			(13,928)
Profit before income tax			43,071
Permanent differences:			
Individual company	94	-	94
Consolidation adjustments	-	(89,602)	(89,602)
Temporary differences:			
originating in current year	22,657	-	22,657
originating in prior years	-	(8,653)	(8,653)
Tax loss			(32,433)

(Continued)

Decreases due to permanent differences in 2014 and 2013 essentially reflect the dividend distributed by EDP Renewables Europe S.L.U.

Increases due to temporary differences totalling Euros 19,257 thousand in 2013 essentially reflect the limited deductibility of net finance costs under Royal Decree 12/2012.

Decreases due to temporary differences in 2014 and 2013 mainly reflect the tax amortisation of the financial goodwill of EDPR NA.

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

	2014		
	Thousands of Euros		
	Profit and loss	Equity	Total
Profit for the year before tax	193,657	-	193,657
Tax at 30%	58,097	-	58,097
Non-deductible expenses			
Provisions	1	-	1
Non-taxable income			
Dividends	(74,943)	-	(74,943)
Effect of tax rate reduction under Law 27/2014	(2,202)	-	(2,202)
Income tax expense	(19,047)	-	(19,047)

(Continued)

	2013		
	Thousands of Euros		
	Profit and loss	Equity	Total
Profit for the year before tax	43,071	-	43,071
Tax at 30%	12,921	-	12,921
Non-deductible expenses			
Provisions	28	-	28
Non-taxable income			
Dividends	(26,880)	-	(26,880)
Prior years' adjustments	3	-	3
Income tax expense	(13,928)		(13,928)

Details of the income tax expense are as follows:

	Thousands of Euros	
	2014	2013
Current tax		
Present year	(19,579)	(9,730)
Other	-	3
	(19,579)	(9,727)
Deferred tax		
Source and reversal of temporary differences		
Tax amortisation of EDPR NA goodwill	1,750	1,750
Limited deductibility of finance costs under RD 12/2012	-	(5,777)
Salaries payable and other items	984	(174)
Effect of tax rate reduction under Law 27/2014	(2,202)	-
	532	(4,201)
	(19,047)	(13,928)

(Continued)

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

	Thousands of Euros					
	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Tax amortisation of EDPR NA goodwill	-	-	(27,805)	(31,616)	(27,805)	(31,616)
Salaries payable and other items	208	1,192	-	-	208	1,192
Limited deductibility of finance costs under RD 12/2012	16,799	19,367	-	-	16,799	19,367
Total assets/liabilities	17,007	20,559	(27,805)	(31,616)	(10,798)	(11,057)

The variation of Euros 2,568 thousand in deferred tax assets for non-deductible finance costs reflects an increase of Euros 791 thousand for the adjustment made following the definitive calculation for 2013 and a decrease of Euros 3,360 thousand due to the new tax rate introduced by Law 27/2014.

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

	Thousands of Euros	
	2014	2013
Tax amortisation of EDPR NA goodwill	(26,172)	(29,866)
Limited deductibility of finance costs under RD 12/2012	16,799	19,367
Net	9,373	(10,499)

In accordance with prevailing tax legislation, the Company may offset its tax loss carryforwards during the periods 2012 to 2015 up to a maximum of 25% of taxable income before the offset. Explicit goodwill may only be amortised up to an annual maximum of one hundredth of its amount during the above reporting periods, and intangible assets with indefinite useful lives may be amortised up to a maximum of one fiftieth of their amount. Furthermore, for the periods 2013 and 2014, property, plant and equipment, intangible assets and investment property may be depreciated/amortised up to a maximum of 70% of the depreciation/amortisation for accounting purposes.

(19) Environmental Information

Given that the Company's activities to develop, construct and operate energy production facilities are carried out through Group companies rather than directly, the Company does not consider it necessary to make investments to prevent or correct any impact on the environment or make any environmental provisions.

However, on behalf of Group companies, the Company has invested in a number of environmental studies required by prevailing legislation during the development of new facilities and taken the appropriate preventative, corrective and supplementary measures, which have been recognised as an increase in property, plant and equipment under construction.

These annual accounts do not include any environmental costs.

The directors consider that no significant environmental contingencies exist.

(20) Related Party Balances and Transactions

(a) Related party balances

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

Details of balances by category are as follows:

	2014			
	Thousands of Euros			
	Parent	Group companies	Directors	Total
Non-current investments in Group companies	-	6,804,791	-	6,804,791
Total non-current assets	-	6,804,791	-	6,804,791
Trade and other receivables	19,579	16,852	-	36,431
Current investments	-	45,352	-	45,352
Total current assets	19,579	62,204	-	81,783
Total assets	19,579	6,866,995	-	6,886,574
Group companies and associates, non-current	-	368,506	-	368,506
Total non-current liabilities	-	368,506	-	368,506
Current accounts with Group companies	-	26,498	-	26,498
Current payables	848	22	-	870
Trade and other payables	8,509	2,354	-	10,863
Total current liabilities	9,357	28,874	-	38,231
Total liabilities	9,357	397,380	-	406,737

(Continued)

	2013			
	Thousands of Euros			
	Parent	Group companies	Directors	Total
Non-current investments in Group companies	-	6,470,377	-	6,470,377
Total non-current assets	-	6,470,377	-	6,470,377
Trade and other receivables	10,556	11,846	-	22,402
Current investments	-	347	-	347
Total current assets	10,556	12,193	-	22,749
Total assets	10,556	6,482,570	-	6,493,126
Group companies and associates, non-current	-	324,417	-	324,417
Total non-current liabilities	-	324,417	-	324,417
Current accounts with Group companies	-	245,563	-	245,563
Current payables	-	2,084	-	2,084
Trade and other payables	5,446	1,613	-	7,059
Total current liabilities	5,446	249,260	-	254,706
Total liabilities	5,446	573,677	-	579,123

At 31 December 2014 and 2013 all derivative financial instruments held by the Company have been arranged with Group companies.

(Continued)

(b) Related party transactions

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

	2014		
	Thousands of Euros		
	Group companies	Directors	Total
Income			
Other services rendered	13,173	-	13,173
Finance income (notes 9 and 21.a)	1,489	-	1,489
Dividends (notes 9 and 21.a)	249,812	-	249,812
	264,474	-	264,474
Expenses			
Operating lease expenses and royalties	(780)	-	(780)
Other services received	(6,670)	-	(6,670)
Personnel expenses			
Salaries	-	(1,750)	(1,750)
Finance costs (note 15)	(40,178)	-	(40,178)
	(47,628)	(1,750)	(49,378)

	2013		
	Thousands of Euros		
	Group companies	Directors	Total
Income			
Other services rendered	12,418	-	12,418
Finance income (notes 9 and 21.a)	2,152	-	2,152
Dividends (notes 9 and 21.a)	89,602	-	89,602
	104,172	-	104,172
Expenses			
Operating lease expenses and royalties	(609)	-	(609)
Other services received	(5,269)	-	(5,269)
Personnel expenses			
Salaries	-	(1,204)	(1,204)
Finance costs (note 15)	(39,037)	-	(39,037)
	(44,915)	(1,204)	(46,119)

(Continued)

Other services rendered basically derive from two management support service contracts arranged with EDP Renewables Europe S.L.U and EDP Renewables North America, LLC in 2013.

Dividends reflect the dividend distributed by EDP Renewables Europe S.L.U.

Operating lease expenses and royalties essentially reflect the lease payments for the Company's offices.

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

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

In 2014 the directors of the Company have accrued remuneration of Euros 674 thousand (Euros 539 thousand in 2013) in respect of their position as directors.

On 4 May 2011 an executive management services contract was entered into between EDP Energías de Portugal, S.A. and the Company, effective from 18 March 2011. This contract stipulates the conditions under which EDP Energías de Portugal, S.A. renders executive management services to the Company, including matters relating to its day-to-day administration. By virtue of this contract, EDP Energías de Portugal, S.A. appoints three members of the Company's executive committee, for which the Company pays an amount determined by the remuneration committee.

Pursuant to this contract, the Company has recognised payments for management services provided totalling Euros 1,107 thousand in 2014 and Euros 994 thousand in 2013 (fixed and variable remuneration) as other services, under external services in the accompanying income statement.

Due to the termination of the expatriation conditions of the members of the Executive Committee that are also Officers (Rui Teixeira, CFO and João Paulo Costeira, COO EU, BR & South Africa); new employment contracts were signed with EDP Energias de Portugal S.A. Sucursal en España. The total remuneration of this Officers in 2014, was 1,076 thousands of Euros (611 thousands of Euros in 2013), corresponding to the fixed remuneration, 2014 annual variable remuneration and 2011-2013 multi-annual variable remuneration. The retirement savings plan for the members of the Executive Committee not including the Chief Executive Officer range betweeen 3% to 6% of their annual salary.

The directors and key management personnel have not received any loans or advances nor has the Company extended any guarantees on their behalf. The Company has no pension or life insurance obligations with its former or current directors in 2014 or 2013.

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

In 2014 and 2013 the directors of the Company have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Company.

(e) Investments and positions held by directors

The directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

(21) Income and Expenses

(a) Revenues

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

	Thousands of Euros							
	Domestic		Rest of Europe		United States		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Other services	9,799	8,984	-	-	3,374	3,434	13,173	12,418
Finance income	249,812	89,936	1,489	1,818	-	-	251,301	91,754
	259,611	98,920	1,489	1,818	3,374	3,434	264,474	104,172

(b) Foreign currency transactions

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

	Thousands of Euros	
	2014	2013
Income		
Financial instruments	-	-
Finance income	-	-
Expenses		
Financial instruments	(16,134)	(16,082)
Finance costs	(16,134)	(16,082)
Net	(16,134)	(16,082)

(Continued)

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

(c) Employee benefits expense

Details of employee benefits expense are as follows:

	Thousands of Euros	
	2014	2013
Employee benefits expense		
Social Security payable by the Company	1,694	1,119
Other employee benefits expenses	782	597
	2,476	1,716

(d) External services

Details of external services are as follows:

	Thousands of Euros	
	2014	2013
Leases	974	803
Independent professional services	2,753	2,525
Advertising and publicity	515	519
Other services	9,819	9,833
	14,061	13,680

Leases mainly include the rental of the Company's offices. There are no non-cancellable payments at 31 December 2014 and 2013.

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

At 31 December 2014 the Company has commitments to purchase external services amounting to Euros 2,024 thousand within one year (Euros 2,919 thousand in 2013) and Euros 127 thousand within two years (Euros 308 thousand in 2013).

(Continued)

(22) Employee Information

The average headcount of the Company in 2014 and 2013, distributed by category, is as follows.

	Number	
	2014	2013
Management	16	14
Senior technicians	96	86
Technicians	11	5
Administrative staff	8	4
	131	109

At year end the distribution by gender of Company personnel is as follows:

	Number			
	2014		2013	
	Male	Female	Male	Female
Management	11	6	7	3
Senior technicians	62	33	53	28
Technicians	8	3	4	1
Administrative staff	5	2	3	1
	86	44	67	33

In 2014 and 2013, all 17 members of the board of directors are male.

(23) Audit Fees

KPMG Auditores, S.L., the auditors of the individual and consolidated annual accounts of the Company, and other individuals and companies related to the auditors as defined by Legislative Royal Decree 1/2011 of 1 July, have invoiced the Company the following net fees for professional services during the years ended 31 December 2014 and 2013:

	Thousands of Euros	
	2014	2013
Audit services, individual and consolidated annual accounts	38	51
Services related to audit	73	95
Assurance services	3	3
Review services for internal control over financial reporting	162	180
Other services	61	-
	337	329

The amounts detailed in the above table include the total fees for services rendered in 2014 and 2013.

(Continued)

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

	Thousands of Euros	
	2014	2013
Audit services, consolidated annual accounts	54	96
Other services	10	33
	64	129

(24) Commitments

At 31 December 2014 the Company has deposited guarantees with financial institutions on behalf of Group companies amounting to Euros 301 million (Euros 298 million in 2013), including guarantees of US Dollars 183 million (US Dollars 150 million in 2013).

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

(25) Events after the Reporting Period

No economic or financial events have taken place since the reporting date that have affected the financial statements or position of the Company.

EDP RENOVÁVEIS, S.A.

Information on Investments in Group Companies

at 31 December 2014

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

						Miles de euros					
									Beneficio neto		
Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity components	Continuing operations	Total	Total equity
EDP RENEWABLES EUROPE, S.L.U	**Oviedo, Spain**	**100**	**-**	**KPMG**	**Holding company**	**249,499**	**2,103,213**	**-**	**67,178**	**67,178**	**2,419,890**
Soutn Africa Wind &Solar Power,S.L.U	Oviedo, Spain	100	-	Unaudited	Other economic activities	386	3,089	-	1,390	1,390	4,865
EDP Renovables España, S.L.	Spain	-	100%	KPMG	Holding, Building and Wind energy production	36,861	730,096	-	42,167	42,167	809,124
EDPR Polska, Sp.z.o.o.	Poland	-	100%	KPMG	Holding and Wind energy production	121,228	4,036	-	(1,511)	(1,511)	123,753
Tarcan, B.V	Netherlands	-	100%	KPMG	Holding company	20	12,179	-	2,467	2,467	14,666
Greenwind, S.A.	Belgium	-	99.98%	KPMG	Wind energy production	24,924	9,543	(589)	4,665	4,665	38,543
EDPR France Holding SAS	France	-	100%	KPMG	Holding company	8,500	(1,336)	-	(4,159)	(4,159)	3,005
EDP Renewables SGPS,Sa	Portugal	-	100%	KPMG	Holding company	50	24,361	-	387	387	24,798
EDP Renewables Belgium,S.A	Belgium	-	100%	KPMG	Holding company	62	(162)	-	(561)	(561)	(661)
EDPR Portugal , S.A.	Portugal	-	51%	KPMG	Holding and Wind energy production	7,500	41,266	6,811	55,774	55,774	111,351
EDPR PT-Promocao e Operacao,S.A	Portugal	-	100%	KPMG	Wind farm development	50	(143)	-	299	299	206
EDP Renewables France, SAS	France	-	51%	KPMG	Holding company	151,704	(52,661)	-	22,555	22,555	121,598
EDPR Romania S.R.L	Romania	-	85%	KPMG	Wind energy production	497	4,608	-	(5,716)	(5,716)	(611)
EDPR Ro Pv,SRL	Romania	-	99.97%	KPMG	Wind energy production	41,120	(1,385)	-	(379)	(379)	39,356
Cernavoda Power,SRL	Romania	-	85%	KPMG	Wind energy production	83,454	(15,781)	(8,116)	(3,049)	(3,049)	56,508
VS Wind Farm S.A.	Romania	-	85%	KPMG	Wind energy production	26	(134)	(1,380)	(343)	(343)	1,831
Pestera Wind Farm, S.A.	Romania	-	85%	KPMG	Wind energy production	67,111	(19,757)	(5,248)	(4,379)	(4,379)	37,727
S. C. Ialomita Power SRL	Romania	-	99.99%	KPMG	Wind energy production	76,582	(9,725)	-	(732)	(732)	66,125
Sibioara Wind Farm	Romania	-	85%	KPMG	Wind energy production	20,361	(2,880)	-	(2,083)	(2,083)	15,398
Vanju Mare Solar,SRL	Romania	-	100%	KPMG	Photovoltaic energy produc.	4,671	750	-	98	98	5,519
Studina Solar,SRL	Romania	-	100%	KPMG	Photovoltaic energy produc.	5,158	1,097	-	679	679	6,934
Cujmir Solar, SRL.	Romania	-	100%	KPMG	Photovoltaic energy produc.	5,896	988	-	872	872	7,756

The accompanying notes form an integral part of the annual accounts for 2014.

at 31 December 2014

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						Miles de euros					
									Beneficio neto		
Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity components	Continuing operations	Total	Total equity
Potelu Solar,SRL	Romania	-	100%	KPMG	Photovoltaic energy produc.	7,295	708	-	568	568	8,571
Foton Delta,SRL	Romania	-	100%	KPMG	Photovoltaic energy produc.	298	1,248	-	(46)	(46)	1,500
Foton Epsilon,SRL	Romania	-	100%	KPMG	Photovoltaic energy produc.	434	2,296	-	338	338	3,068
Gravitangle-Fotovoltaica Unipessoal,Lda	Portugal	-	100%	KPMG	Photovoltaic energy produc.	5	(29)	-	248	248	224
EDP Renowables Italia,S.r.l	Italy	-	100%	KPMG	Holding and Wind energy production	34,439	1,266	-	(297)	(297)	35,408
EDPR Uk Limited	United Kingdom	-	100%	KPMG	Holding company	6,394	54,521	-	(2,502)	(2,502)	58,413
EDP Renovaveis Servicios Financieros.S.L	Spain	70,01%	29.99%	KPMG	Other economic activities	84,691	349,424	-	(38,453)	(38,453)	395,662
Desarrollos Eólicos de Galicia, S.A.	Coruña, Spain	-	100%	KPMG	Wind energy production	6,130	6,946	487	(744)	(744)	12,819
Desarrollos Eólicos de Tarifa, S.A.U	Cádiz, Spain	-	100%	KPMG	Wind energy production	5,800	6,340	-	(219)	(219)	11,921
Desarrollos Eólicos de Corme, S.A.	Sevilla, Spain	-	100%	KPMG	Wind energy production	3,666	6,101	-	(450)	(450)	9,317
Desarrollos Eólicos Buenavista, S.A.U	Cádiz, Spain	-	100%	KPMG	Wind energy production	1,712	3,777	515	(164)	(164)	5,840
Desarrollos Eólicos de Lugo, S.A.U.	Lugo, Spain	-	100%	KPMG	Wind energy production	7,761	14,360	(171)	826	826	22,776
Desarrollos Eólicos de Rabosera, S.A.	Zaragoza, Spain	-	95.08%	KPMG	Wind energy production	7,561	8,626	-	403	403	16,590
Desarrollos Eólicos Almarchal S.A.U.	Sevilla, Spain	-	100%	KPMG	Wind energy production	2,061	4,028	(263)	(68)	(68)	5,758
Desarrollos Eólicos Dumbría S.A.U.	Coruña, Spain	-	100%	KPMG	Wind energy production	61	14,205	-	1,060	1,060	15,326
Parque Eólico Santa Quiteria, S.L.	Zaragoza, Spain	-	83,96%	KPMG	Wind energy production	63	18,892	-	346	346	19,301
Eólica La Janda, SL	Madrid, Spain	-	100%	KPMG	Wind energy production	4,525	10,765	-	3,260	3,260	18,550
Eólica Guadalteba, S.L.	Sevilla, Spain	-	100%	KPMG	Wind energy production	1,460	6,091	-	3,667	3,667	11,218
Eólica Muxia, S.L.	La Coruña, Spain	-	100%	Unaudited	Wind energy production	23,480	8	-	28	28	23,516

EDP RENOVÁVEIS, S.A.

Information on Investments in Group Companies

at 31 December 2014

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						Miles de euros					
									Beneficio neto		
Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity components	Continuing operations	Total	Total equity
Eólica Fontesilva, S.L.	La Coruña, Spain	-	100%	KPMG	Wind energy production	6,860	4,591	-	(12)	(12)	11,439
Edpr España Promoción y Operación SLU	Sevilla, Spain	-	100%	Unaudited	Wind energy production	307	37	-	(5)	(5)	339
Eólica Curiscao Pumar, S.A.	Madrid, Spain	-	100%	KPMG	Wind energy production	60	113	-	1,687	1,687	1,860
Parque Eólico Altos del Voltoya S.A.	Madrid, Spain	-	61%	KPMG	Wind energy production	6,434	16,259	100	(232)	(232)	22,561
Eólica La Brújula, S.A (antigua Sierra de la Peña S.A.)	Madrid, Spain	-	84.90%	KPMG	Wind energy production	3,294	12,524	-	945	945	16,763
Eólica Arlanzón S.A.	Madrid, Spain	-	77.50%	KPMG	Wind energy production	4,509	8,502	-	(137)	(137)	12,874
Eolica Campollano S.A.	Madrid, Spain	-	75%	KPMG	Wind energy production	6,560	18,906	-	(776)	(776)	24,690
Parque Eólico Belchite S.L.	Zaragoza, Spain	-	100%	KPMG	Wind energy production	3,600	4,190	-	(781)	(781)	7,009
Parque Eólico La Sotonera S.L.	Zaragoza, Spain	-	64.84%	KPMG	Wind energy production	2,000	5,601	-	104	104	7,705
Korsze Wind Farm,SP.zo.o	Poland	-	100%	KPMG	Wind energy production	10,832	(1,715)	-	5,498	5,498	14,615
Eólica Don Quijote, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	3	259	-	741	741	1,003
Eólica Dulcinea, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	10	171	-	303	303	484
Eólica Sierra de Avila, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	12,977	20,312	-	(40)	(40)	33,249
Eólica de Radona, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	22,088	(629))	-	646	646	22,105
Eolica Alfoz, S.L.	Madrid, Spain	-	83.73%	KPMG	Wind energy production	8,480	8,573	-	8,629	8,629	25,682
Eólica La Navica, SL	Madrid, Spain	-	100%	KPMG	Wind energy production	10	1,419	-	954	954	2,383
Investigación y desarrollo de Energías Renovables (Ider), S.L.	León, Spain	-	59.59%	KPMG	Wind energy production	29,451	(6,130)	-	2,495	2,495	25,816
Radzeijów wind farm SP.z.o.o	Poland	-	100%	Unaudited	Wind energy production	4,741	(761)	-	(142)	(142)	3,838
MFW Neptun Sp.zo.o	Poland	-	100%	Unaudited	Wind energy production	1	(29)	-	(5)	(5)	(33)
MFW Gryf sp.zo.o	Poland	-	100%	Unaudited	Wind energy production	1	(28)	-	(5)	(5)	(32)
MFW Pomorze Sp.zo.o	Poland	-	100%	Unaudited	Wind energy production	1	(28)	-	(5)	(5)	(32)
J&Z Wind Farms Sp.zo.o	Poland	-	60%	KPMG	Wind energy production	4,048	6,559	18,943	(759)	(759)	28,791

The accompanying notes form an integral part of the annual accounts for 2014.

at 31 December 2014

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						Miles de euros					
									Beneficio neto		
Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity components	Continuing operations	Total	Total equity
Parques Eólicos del Cantábrico, S.A.	Oviedo, Spain	-	100%	KPMG	Wind energy production	9,080	30,005	-	(2,039)	(2,039)	37,046
Industrias Medioambientales Río Carrión, S.A.	Madrid, Spain	-	90%	Unaudited	Waste: Livestock waste treatment	60	(610)	-	-	-	(550)
Tratamientos Mediambientasles del Norte, S.A.	Madrid, Spain	-	80%	Unaudited	Waste: Livestock waste treatment	60	(50)	-	-	-	10
Wincap Wincap S.R.L	Italy	-	100%	KPMG	Wind energy production	2,550	1,336	-	(102)	(102)	3,784
Renovables Castilla La Mancha, S.A.	Madrid, Spain	-	90%	KPMG	Wind energy production	60	995	-	292	292	1,347
Eólica La Manchuela, S.I.U	Albacete, Spain	-	100%	KPMG	Wind energy production	1,142	1,545	-	(176)	(176)	2,511
Monts de la Madeleine Energie,SA.S	France	-	100%	KPMG	Wind energy production	37	(3)	-	(1)	(1)	33
Monts du Forez Energie,SAS	France	-	100%	KPMG	Wind energy production	37	(3)	-	(6)	(6)	28
Ceprastur, A.I.E.	Oviedo, Spain	-	56.76%	Unaudited	Mini-hydroelectric energy prod.	361	39	-	(4)	(4)	396
Pietragalla Eólico,S.R.L	Italy	-	100%	KPMG	Wind energy production	15	1,741	-	2,464	2,464	4,220
Bourbriac II SAS	France	-	100%	KPMG	Wind energy production	1	-	-	-	-	1
Parc Eolien de Montagne Fayel S.A.S	France	-	100%	KPMG	Wind energy production	37	(97)	-	-	-	(60)
Molen Wind II sp.Z.o.o	Poland	-	65.07%	KPMG	Wind energy production	4	9,519	(1,757)	(171)	(171)	7,595
Laterza Wind, SRL	Italy	-	100%	Unaudited	Wind energy production	17	(7)	-	(6)	(6)	4
Acampo Arias, SL	Spain	-	98.19%	KPMG	Wind energy production	3,314	104	-	48	48	3,466
SOCPE Sauvageons, SARL	France	-	75.99%	KPMG	Wind energy production	1	(215)	-	66	66	(148)
SOCPE Le Mee, SARL	France	-	75.99%	KPMG	Wind energy production	1	125	-	(118)	(118)	8
SOCPE Petite Piece, SARL	France	-	75.99%	KPMG	Wind energy production	1	13	-	70	70	84
NEO Plouvien,.S.A.S	France	-	51%	KPMG	Wind energy production	5,040	(1,955)	-	(1,114)	(1,114)	1,971
CE Patay, SAS	France	-	26.01%	KPMG	Wind energy production	1,640	4,005	(406)	793	793	6,032
Relax Wind Park III, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	16,616	(5,485)	-	(4,156)	(4,156)	6,975
Relax Wind Park I, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	597	887	(6,346)	(267)	(267)	(5,129)
Relax Wind Park IV, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	109	(882)	-	(78)	(78)	(851)

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Relax Wind Park II, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	123	(599)	-	(61)	(61)	(537)
Edpr Renovaveis Cantabria,S.L	Madrid, Spain	-	100%	Unaudited	Wind energy production	300	(53)	-	(1)	(1)	246
Neo Energia Aragon, S.L	Spain	-	100%	Unaudited	Wind energy production	10	(3)	-	-	-	7
Eolica.Garcimuñoz SL	Spain	-	100%	KPMG	Wind energy production	4,060	11,375	-	(810)	(810)	14,625
Compañía Eólica Campo de Borja, SA	Spain	-	75.83%	KPMG	Wind energy production	858	830	-	(32)	(32)	1,656
Desarrollos Catalanes del Viento, SL	Spain	-	60%	KPMG	Wind energy production	10,993	19,729	-	(5)	(5)	30,704
Parque Eólico Los Cantales, SLU	Spain	-	100%	KPMG	Wind energy production	1,963	1,352	-	737	737	4,052
Casellaneta Wind,srl	Italy	-	100%	Unaudited	Wind energy production	16	(7)	-	(6)	(6)	3
Parques de Generación Eólica, SL	Spain	-	60%	KPMG	Wind energy production	1,924	4,195	-	265	265	6,384
CE Saint Barnabé, SAS	France	-	26.01%	KPMG	Wind energy production	1,600	2,281	(463)	476	476	3,894
E Segur, SAS	France	-	26.01%	KPMG	Wind energy production	1,615	2,573	(470)	563	563	4,281
Eolienne D´Etalondes, SARl	France	-	100%	Unaudited	Wind energy production	1	(40)	-	(2)	(2)	(41)
Eolienne de Saugueuse, SARL	France	-	26.01%	KPMG	Wind energy production	1	249	-	608	608	858
Parc Eolien Dammarie, SARL	France	-	100%	Unaudited	Wind energy production	1	(158)	-	(7)	(7)	(164)
Parc Éoline de Tarrzy, S.A.R.L	France	-	51%	Unaudited	Wind energy production	1,505	(47)	-	275	275	1,733
Parc Eolien des Longs Champs, SARL	France	-	100%	Unaudited	Wind energy production	1	(80)	-	1	1	(78)
Parc Eolien de Mancheville, SARL	France	-	100%	Unaudited	Wind energy production	1	(48)	-	(2)	(2)	(49)
Parc Eolien de Roman, SARL	France	-	51%	KPMG	Wind energy production	1	1,163	-	(1,757)	(1,757)	(593)
Parc Eolien des Vatines, SAS	France	-	26.01%	KPMG	Wind energy production	841	(778)	(729)	(1,419)	(1,419)	(2,085)
Parc Eolien de La Hetroye, SAS	France	-	100%	KPMG	Wind energy production	37	(43)	-	3	3	(3)
Eolienne de Callengeville, SAS	France	-	100%	EXCO	Wind energy production	37	(39)	-	4	4	2
Parc Eolien de Varimpre, SAS	France	-	26.01%	KPMG	Wind energy production	37	115	(823)	(1,109)	(1,109)	(1,780)
Parc Eolien du Clos Bataille, SAS	France	-	26.01%	KPMG	Wind energy production	410	(433)	(640)	(1,098)	(1,098)	(1,761)
Eólica de Serra das Alturas,S.A	Portugal	-	25.55%	KPMG	Wind energy production	50	3,593	-	1,200	1,200	4,843
Malhadizes- Energia Eólica, SA	Portugal	-	51%	KPMG	Wind energy production	50	100	-	1,984	1,984	2,134
Eólica de Montenegrelo, LDA	Portugal	-	25.55%	KPMG	Wind energy production	50	6,978	-	2,248	2,248	9,276

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Eólica da Alagoa,SA	Portugal	-	30.60%	KPMG	Wind energy production	50	1,732	837	1,830	1,830	4,449
Aplica.Indust de Energias limpias S.L	Spain	-	61,5%	Unaudited	Wind energy production	131	1,235	-	-	-	1,366
Aprofitament D´Energies Renovables de la Tierra Alta S.A	Spain	-	48.70%	Unaudited	Wind energy production	1,994	(1,129)	-	37	37	902
Bon Vent de L´Ebre S..L.U	Spain	-	100%	KPMG	Wind energy production	12,600	2,117	-	1,806	1,806	16,523
Parc Eólic Coll de la Garganta S.L	Spain	-	100%	KPMG	Wind energy production	6,018	11,156	-	(300)	(300)	16,874
Parc Eólic Serra Voltorera S.l	Spain	-	100%	KPMG	Wind energy production	3,458	6,315	-	166	166	9,939
Elektrownia Wiatrowa Kresy I sp zoo	Poland	-	100%	Unaudited	Wind energy production	20	(678)	-	(54)	(54)	712
Moray Offshore renewables limited	United Kingdom	-	66.64%	KPMG	Wind energy production	9,931	809	1,471	(208)	(208)	12,003
Centrale Eolienne Canet –Pont de Salaras S.A.S	France	-	25.98%	KPMG	Wind energy production	125	966	(667)	271	271	695
Centrale Eolienne de Gueltas Noyal –Pontiv y S.A.S	France	-	26.01%	KPMG	Wind energy production	2,261	2,634	-	459	459	5,354
Villa Castelli Wind srl	Italy	-	100%	KPMG	Wind energy production	100	8,692	-	1,603	1,603	10,395
Centrale Eolienne Neo Truc de L´Homme ,S.A.S	France	-	51%	KPMG	Wind energy production	3,831	(99)	-	(104)	(104)	3,628
Vallee de Moulin SARL	France	-	51%	KPMG	Wind energy production	8,001	(633)	-	214	214	7,582
Mardelle SARL	France	-	51%	KPMG	Wind energy production	3,001	(418)	-	6	6	2,589
Quinze Mines SARL	France	-	24.99%	KPMG	Wind energy production	1	(509)	-	(1,614)	(1,614)	(2,122)
Desarrollos Eólicos de Teruel SL	Spain	-	51%	Unaudited	Wind energy production	60	-	-	-	-	60
Par Eólic de Coll de Moro S.L.	Spain	-	60%	KPMG	Wind energy production	7,809	3,079	(4,944)	152	152	6,096
Par Eólic de Torre Madrina S.L.	Spain	-	60%	KPMG	Wind energy production	7,755	5,933	(4,547)	739	739	9,880
Parc Eolic de Vilalba dels Arcs S.L.	Spain	-	60%	KPMG	Wind energy production	3,066	3,938	(2,074)	765	765	5,695
Bon Vent de Vilalba, SL	Spain	-	100%	KPMG	Wind energy production	3,600	274	-	669	669	4,543
Bon Vent de Corbera, SL	Spain	-	100%	KPMG	Wind energy production	7,255	11,214	-	1,277	1,277	19,746
Masovia Wind Farm I s.p. zo.o.	Poland	-	100%	KPMG	Wind energy production	351	4,777	-	(149)	(149)	4,979

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Farma wiaStarozbery Sp.z.o.o	Poland	-	100%	Unaudited	Wind energy production	130	(143)	-	(45)	(45)	(58)
Rowy-Karpacka mala Energetyka,sp,z.o.o	Poland	-	85%	Unaudited	Wind energy production	14	(231)	-	(30)	(30)	(247)
Repano wind S.R.L	Italy	-	100%	Unaudited	Wind energy production	11	114	-	(12)	(12)	113
Re plus – Societa ´a Responsabilita ´limitada	Italy	-	80%	Unaudited	Wind energy production	100	(210)	-	(26)	(26)	(136)
Edpr RO Trading SRL	Romania	-	99.97%	Unaudited	Energy trading	1,678	(172)	-	(5)	(5)	1,501
Telfford Offsore Windfarm limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Maccoll offshore windfarm limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Stevenson offshore windfarma limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Parc Eolien de Preuseville S.A.R.L	France	-	100%	Unaudited	Wind energy production	1	(161)	-	(33)	(33)	(193)
Iberia Aprovechamientos Eólicos, SAU	Spain	-	100%	KPMG	Wind energy production	1,919	514	-	(154)	(154)	2,279
Parc Éolien de boqueho-Pouagat SAS	France	-	100%	KPMG	Wind energy production	1	-	-	-	-	1
Parc Éolien de Francourville SAS	France	-	100%	KPMG	Wind energy production	1	-	-	(1)	(1)	-
Parc Eolien d´Escardes SAS	France	-	100%	KPMG	Wind energy production	1	-	-	-	-	1
Molino de Caragüeyes, S.L.	Spain	-	80%	KPMG	Wind energy production	180	281	-	15	15	476
Eólica de Coahuila, S. de R.L. de C.V.	México City	-	99,97%	Unaudited	Wind energy production	-	-	-	-	-	-
EDP Renewables North America, LLC	**Texas**	**100%**		**KPMG**	**Holding company**	**3,376,965**	**(297,973)**	**3,848**	**(84,432)**	**(84,432)**	**2,998,408**
Wind Turbine Prometheus, LP	California	-	100%	Unaudited	Wind energy production	5	(5)	-	-	-	-
Lost Lakes Wind Farm LLC	Minnesota	-	100%	KPMG	Wind energy production	148,257	(12,755)	-	3,629	3,629	139,131
Quilt Block Wind Farm, LLC	Minnesota	-	100%	Unaudited	Wind energy production	5,078	(16)	-	-	-	5,062

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Whitestone Wind Purchasing, LLC	Texas	-	100%	Unaudited	Wind energy production	2,117	(894)	-	(106)	(106)	1,117
Blue Canyon Windpower V, LLC	Oklahoma	-	100%	KPMG	Wind energy production	94,362	28,110	-	8,498	8,498	130,970
Sagebrush Power Partners, LLC	Washington	-	100%	KPMG	Wind energy production	160,774	(29,098)	-	2,599	2,599	134,275
Marble River, LLC	New York	-	100%	Unaudited	Wind energy production	243,024	4,809	(1,342)	9,668	9,668	256,159
Blackstone Wind Farm, LLC	Illionois	-	100%	Unaudited	Wind energy production	104,985	(7,588)	-	4,494	4,494	101,891
Aroostook Wind Energy LLC	Maine	-	100%	Unaudited	Wind energy production	11,968	(104)	-	(21)	(21)	11,843
Jericho Rise Wind Farm LLC	New York	-	100%	Unaudited	Wind energy production	4,790	(37)	-	-	-	4,753
Martinsdale Wind Farm LLC	Colorado	-	100%	Unaudited	Wind energy production	2,864	(26)	-	-	-	2,838
Signal Hill Wind Power Project LLC	Colorado	-	100%	Unaudited	Wind energy production	4	(4)	-	-	-	-
Tumbleweed Wind Power Project LLC	Colorado	-	100%	Unaudited	Wind energy production	3	(3)	-	-	-	-
Stinson Mills Wind Farm, LLC	Colorado	-	100%	Unaudited	Wind energy production	3,182	(81)	-	-	-	3,101
OPQ Property LLC	Illionois	-	100%	Unaudited	Wind energy production	-	136	-	8	8	144
Meadow Lake Wind Farm, LLC	Indiana	-	100%	Unaudited	Wind energy production	211,984	(14,834)	-	3,080	3,080	200,230
Wheatfield Wind Power Project, LLC	Oregon	-	100%	Unaudited	Wind energy production	47,631	24,227	-	6,331	6,331	78,189
High Trail Wind Farm, LLC	Illionois	-	100%	KPMG	Wind energy production	234,720	21,956	-	7,525	7,525	264,201
Madison Windpower LLC	New York	-	100%	KPMG	Wind energy production	10,746	(5,550)	-	(427)	(427)	4,769
Mesquite Wind, LLC	Texas	-	100%	KPMG	Wind energy production	152,891	44,893	-	3,094	3,094	200,878
BC2 Maple Ridge Wind LLC	Texas	-	100%	KPMG	Wind energy production	249,004	2,777	-	1,315	1,315	253,096
Blue Canyon Windpower II LLC	Oklahoma	-	100%	KPMG	Wind energy production	108,072	16,990	-	4,308	4,308	129,370
Telocaset Wind Power Partners, LLC	Oregon	-	100%	KPMG	Wind energy production	75,666	30,396	310	4,025	4,025	110,397
Post Oak Wind, LLC	Texas	-	100%	KPMG	Wind energy production	180,386	44,911	-	6,059	6,059	231,356
High Prairie Wind Farm II, LLC	Minnesota	-	100%	KPMG	Wind energy production	94,721	3,218	400	3,303	3,303	101,642

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Old Trail Wind Farm, LLC	Illionois	-	100%	KPMG	Wind energy production	254,754	8,248	2,445	7,252	7,252	272,699
Cloud County Wind Farm, LLC	Kansas	-	100%	KPMG	Wind energy production	210,631	6,519	-	4,499	4,499	221,649
Pioneer Prairie Wind Farm I, LLC	Iowa	-	100%	KPMG	Wind energy production	368,499	11,026	7,604	13,415	13,415	400,544
Arlington Wind Power Project LLC	Oregon	-	100%	KPMG	Wind energy production	109,708	7,782	-	2,732	2,732	120,222
Rail Splitter	Illionois	-	100%	KPMG	Wind energy production	180,913	(23,709)	-	(2,774)	(2,774)	154,430
Meadow Lake Wind Farm II LLC	Texas	-	100%	KPMG	Wind energy production	152,089	(6,519)	-	(3,446)	(3,446)	142,124
Black Prairie Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	5,271	(2)	-	-	-	5,269
Meadow Lake Wind Farm IV LLC	Indiana	-	100%	Unaudited	Wind energy production	97,744	(2,203)	-	(2,083)	(2,083)	93,458
Blackstone Wind Farm II LLC	Texas	-	100%	Unaudited	Wind energy production	230,345	(12,794)	-	2,039	2,039	219,590
Saddleback Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	1,940	(325)	-	(28)	(28)	1,587
Meadow Lake Windfarm III LLC	Indiana	-	100%	KPMG	Wind energy production	111,855	(2,701)	-	(282)	(282)	108,872
Lexington Chenoa Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	9,641	(34)	-	-	-	9,607
Lexington Chenoa Wind Farm II LLC	Illinois	-	100%	Unaudited	Wind energy production	494	(494)	-	-	-	-
Paulding Wind Farm LLC	Ohio	-	100%	Unaudited	Wind energy production	4,817	(4)	-	(1)	(1)	4,812
Paulding Wind Farm II LLC	Ohio	-	100%	KPMG	Wind energy production	131,910	13,642	-	3,562	3,562	149,114
Antelope Ridge Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	10,505	(125)	-	30	30	10,410
Blackstone Wind Farm III LLC	Texas	-	100%	Unaudited	Wind energy production	5,123	(100)	-	(4)	(4)	5,019
Meadow Lake Wind Farm V, LLC	Indiana	-	100%	Unaudited	Wind energy production	2,723	(9)	-	-	-	2,714
Waverly Wind Farm LLC	Kansas	-	100%	Unaudited	Wind energy production	7,593	(21)	-	(23)	(23)	7,549
Blue Canyon Windpower VI LLC	Texas	-	100%	KPMG	Wind energy production	118,082	2,970	-	1,770	1,770	122,822
Paulding Wind Farm III LLC	Ohio	-	100%	Unaudited	Wind energy production	3,855	(146)	-	(53)	(53)	3,656
Sustaining Power Solutions, L.L.C.	Texas	-	100%	Unaudited	Wind energy production	760	(345)	-	(688)	(688)	(273)

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Headwaters Wind Farm LLC	Indiana	-	100%	Unaudited	Wind energy production	133,706	(2)	-	1,121	1,121	134,825
Green Power Offsets, L.L.C.	Texas	-	100%	Unaudited	Wind energy production	8	(1)	-	(8)	(8)	(1)
Rising Tree Wind Farm, L.L.C.	California	-	100%	Unaudited	Wind energy production	70,455	(23)	-	-	-	70,432
Arbuckle Mountain, L.L.C.	Oklahoma	-	100%	Unaudited	Wind energy production	3,951	(2)	-	(6)	(6)	3,943
Hidalgo Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	4,883	-	-	(13)	(13)	4,870
Rising Tree Wind Farm II, L.L.C.	Texas	-	100%	Unaudited	Wind energy production	8,113	-	-	(7)	(7)	8,106
Rising Tree Wind Farm III, L.L.C.	California	-	100%	Unaudited	Wind energy production	62,016	-	-	(17)	(17)	61,999
Wheatfield Holding, L.L.C.	Oregon	-	51%	Unaudited	Wind energy production	47,643	-	-	(12)	(12)	47,631
Lone Valley Sollar Park I, L.L.C.	California	-	100%	Unaudited	Wind energy production	13,506	(1)	-	254	254	13,759
Lone Valley Sollar Park II, L.L.C.	California	-	100%	Unaudited	Wind energy production	24,950	(1)	-	574	574	25,523
2007 Vento I, LLC	Texas	-	100%	KPMG	Wind energy production	702,789	7,341	-	3,890	3,890	714,020
2007 Vento II, LLC	Texas	-	100%	KPMG	Wind energy production	618,127	(3,500)	-	(168)	(168)	614,459
2008 Vento III, LLC	Texas	-	100%	KPMG	Wind energy production	699,080	(3,349)	-	(495)	(495)	695,236
2009 Vento IV, LLC	Texas	-	100%	KPMG	Wind energy production	181,504	(477)	-	(113)	(113)	180,914
2009 Vento V, LLC	Texas	-	100%	KPMG	Wind energy production	94,948	(473)	-	(113)	(113)	94,362
2009 Vento VI, LLC	Texas	-	100%	KPMG	Wind energy production	148,725	(368)	-	(101)	(101)	148,256
2010 Vento VII, LLC	Texas	-	100%	KPMG	Wind energy production	152,491	(301)	-	(100)	(100)	152,090
2010 Vento VIII, LLC	Texas	-	100%	KPMG	Wind energy production	160,919	(450)	-	(100)	(100)	160,369
2011 Vento IX, LLC	Texas	-	100%	KPMG	Wind energy production	132,241	(232)	-	(99)	(99)	131,910
2011 Vento X, LLC	Texas	-	100%	KPMG	Wind energy production	118,378	(196)	-	(99)	(99)	118,083
2012 Vento XI, LLC	Texas	-	100%	KPMG	Wind energy production	133,706	-	-	-	-	133,706
2014 Vento XII, LLC	Texas	-	100%	KPMG	Wind energy production	97,034	-	-	-	-	97,034
2014 Sol I, LLC	Texas	-	100%	KPMG	Wind energy production	47,942	-	-	(22)	(22)	47,920

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Horizon Wind Ventures I LLC	Texas	-	100%	Unaudited	Wind energy production	441,651	309,498	-	21,880	21,880	773,029
Horizon Wind Ventures IB, LLC	Texas	-	51%	Unaudited	Wind energy production	137,342	99,855	-	24,811	24,811	262,008
Horizon Wind Ventures IC, LLC	Texas	-	100%	Unaudited	Wind energy production	28,459	36,367	-	15,048	15,048	79,874
Horizon Wind Ventures II, LLC	Texas	-	100%	Unaudited	Wind energy production	115,371	4,531	-	1,474	1,474	121,376
Horizon Wind Ventures III, LLC	Texas	-	100%	Unaudited	Wind energy production	39,846	7,492	-	4,924	4,924	52,262
Horizon Wind Ventures VI, LLC	Texas	-	100%	Unaudited	Wind energy production	92,651	(1,085)	-	469	469	92,035
Horizon Wind Ventures VII, LLC	Texas	-	100%	Unaudited	Wind energy production	89,876	1,499	-	174	174	91,549
Horizon Wind Ventures VIII, LLC	Texas	-	100%	Unaudited	Wind energy production	92,961	(124)	-	266	266	93,103
Horizon Wind Ventures IX, LLC	Texas	-	100%	Unaudited	Wind energy production	43,169	(4,978)	-	(1,311)	(1,311)	36,880
EDPR Wind Ventures X	Texas	-	100%	Unaudited	Wind energy production	54,365	7,518	-	5,013	5,013	66,896
EDPR Wind Ventures XI	Texas	-	100%	Unaudited	Wind energy production	-	-	-	61	61	61
EDPR Wind Ventures XII	Texas	-	100%	Unaudited	Wind energy production	43,513	-	-	(1)	(1)	43,512
EDPR Solar Ventures I	Texas	-	100%	Unaudited	Wind energy production	21,864	-	-	(40)	(40)	21,824
Clinton County Wind Farm, LLC	New York	-	100%	Unaudited	Wind energy production	243,030	(6)	-	-	-	243,024
17th Star Wind Farm LLC	Ohio	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
2012 Vento XI, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Alabama Ledge Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Arkwright Summit Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Ashford Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project II, LLC	Oregon	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
AZ Solar LLC	Arizona	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-

EDP RENOVÁVEIS, S.A.

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						Miles de euros					
									Beneficio neto		
Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity components	Continuing operations	Total	Total equity
BC2 Maple Ridge Holdings LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm II LLC	Illinois	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm III LLC	Illinois	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blackstone Wind Farm IV LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blackstone Wind Farm V LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Wind Power VII LLC	Oklahoma	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower III LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower IV LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm II LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm III LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Buffalo Bluff Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Chateaugay River Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Cloud West Wind Project, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Coos Curry Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Cropsey Ridge Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Crossing Trails Wind, Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Dairy Hills Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Diamond Power Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
East Klickitat Wind Power Project LLC	Washington	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Eastern Nebraska Wind Farm, LLC	Nebraska	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Five-Spot, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-

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Ford Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Franklin Wind Farm LLC	New York	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Green Country Wind Farm LLC	Oklahoma	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Gulf Coast Windpower Management Company, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Chocolate Bayou I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Midwest IX LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest IV LLC	Oregon	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest VII LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest X LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest XI LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Panhandle I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest II LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest III LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest IV LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Valley I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-

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Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity components	Continuing operations	Total	Total equity
Horizon Wind MREC Iowa Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind, Freeport Windpower I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wyoming Transmission LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Juniper Wind Power Partners, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Lexington Chenoa Wind Farm III LLC	Illinois	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Machias Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
New Trail Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
North Slope Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Number Nine Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Pacific Southwest Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Paulding Wind Farm IV, LLC	Ohio	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Peterson Power Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Pioneer Prairie Interconnection LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Pioneer Prairie Wind Farm II LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Rio Blanco Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Rush County Wind Farm, LLC	Kansas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Sardinia Windpower LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm II LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm III LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm IV LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-

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						Miles de euros					
									Beneficio neto		
Group companies	**Registered office**	**% direct interest**	**% indirect interest**	**Auditor**	**Activity**	**Capital**	**Reserves**	**Other equity components**	**Continuing operations**	**Total**	**Total equity**
Simpson Ridge Wind Farm V LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Stone Wind Power LLC	New York	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
The Nook Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Tug Hill Windpower LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Turtle Creek Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Verde Wind Power LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Western Trail Wind Project I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Whiskey Ridge Power Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Whistling Wind WI Energy Center, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Wilson Creek Power Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
WTP Management Company LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
EDP RENEWABLES CANADA, LTD	**Canada**	**100%**		**Unaudited**	**Holding company**	**16,319**	**(3,578)**	**89**	**(1,359)**	(1,359)	**11,471**
EDP Renewables Canada LP Ltd.	Canada		100%	Unaudited	Wind energy production	7,931	17,207	-	(535)	(535)	24,603
EDP Renewables Canada GP Ltd.	Canada		100%	Unaudited	Wind energy production	-	-	-	-	-	-
SBWFI GP Inc	Canada		100%	Unaudited	Wind energy production	1	1	-	-	-	2
South Dundas Wind Farm LP	Canada		51%	Unaudited	Wind energy production	25,141	(249)	(659)	2,874	2,874	27,107
EDP RENOVÁVEIS BRASIL, S.A.	**Sao Paulo**	**55%**		**KPMG**	**Wind energy production**	**73,821**	**(5,403)**	-	**5,688**	**5,688**	**74,106**
Central Nacional de Energia Eólica, S.A. (Cenaeel)	Sao Paulo		55%	KPMG	Wind energy production	3,849	297	-	1,110	1,110	5,256
Elebrás Projectos, Ltda	Sao Paulo		55%	KPMG	Wind energy production	32,223	7,066	-	10,215	10,215	49,504
Central Eólica Feijao I, S.A.	Sao Paulo		55%	Unaudited	Wind energy production	4,663	(134)	-	(77)	(77)	4,452

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Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Miles de euros Capital	Reserves	Other equity components	Beneficio neto Continuing operations	Beneficio neto Total	Total equity
Central Eólica Feijao II, S.A.	Sao Paulo		55%	Unaudited	Wind energy production	3,265	(117)	-	(37)	(37)	3,111
Central Eólica Feijao III, S.A.	Sao Paulo		55%	Unaudited	Wind energy production	3,265	(127)	-	(41)	(41)	3,097
Central Eólica Feijao IV, S.A.	Sao Paulo		55%	Unaudited	Wind energy production	3,265	(128)	-	(42)	(42)	3,095
Central Eólica Aventura, S. A.	Sao Paulo		55%	Unaudited	Wind energy production	-	-	-	-	-	-
Central Eólica Jau, S.A.	Sao Paulo		55%	KPMG	Wind energy production	9,735	-	-	102	102	9,837
EDP Renewables South Africa, Proprietary, Ltd	**Cape Town**	**100%**		**Mazars Inc.**	**Wind energy production**	**4,034**	**(248)**	-	**39**	**39**	**3,825**
Dejann Trading and Investments Proprietary, Ltd	Cape Town		100%	Mazars Inc.	Wind energy production	-	(782)	-	(181)	(181)	(963)
Jouren Trading and Investments Pty, Ltd	Cape Town		100%	Mazars Inc.	Wind energy production	-	(1,319)	-	(190)	(190)	(1,509)
Modderfontein Wind Energy Project	Cape Town		43%	Unaudited	Wind energy production	-	-	-	-	-	-

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						Thousands of Euros					
									Net Profit		
Associates	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity components	Continuing operations	Total	Total equity
Aprofitament D´Energies Renovables de l´Ebre S.l	Spain	-	18.97%	PWC	Infrastructure management	3,869	(886)	-	(2,032)	(2,032)	951
Biomasas del Pirineo, S.A.	Huesca, Spain	-	30%	Unaudited	Biomass: electricity production	455	217	-	-	-	672
Cultivos Energéticos de Castilla, S.A.	Burgos, Spain	-	30%	Unaudited	Biomass: electricity production	300	(48)	-	-	-	252
Parque Eólico Sierra del Madero, S.A.	Soria, Spain	-	42%	Ernst&Young	Wind energy production	7,194	14,325	654	390	390	22,563
Desarrollos Eólicos de Canarios, S.A.	Las Palmas de Gran Canaria, Spain	-	44.75%	KPMG	Wind energy: project development	3,192	858	24	207	207	4,281
Solar Siglo XXI, S.A.	Ciudad Real, Spain	-	25%	Unaudited	Solar energy	80	(18)	-	-	-	62
Eólicas de Portugal,SA	Portugal	-	35.96%	Mazars	Wind energy production	25,248	77,838	(41,197)	36,167	36,167	98,056
Parque Eólico Belmonte, S.A.	Madrid, Spain	-	29.90%	Centium	Wind energy production	120	4,126	-	(28)	(28)	4,218
Inch Cape Offshore Limited	Edimburg	-	49%	Deloitte	Wind energy production	-	(1,984)	-	(1,244)	(1,244)	(3,228)
Les Eoliennes en Mer de Dieppe-Le Trépot, SAS	France	-	43%	Ernest&Young	Wind energy production	4,368	-	-	(1,008)	(1,008)	3,360
Les Eoliennes en Mer de Vendee, SAS	France	-	43%	Ernest&Young	Wind energy production	4,805	-	-	(1,052)	(1,052)	3,753

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Jointly controlled entities	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity components	Net Profit: Continuing operations	Net Profit: Total	Total equity
						Thousands of Euros					
Tebar Eólica, S.A	Spain	-	50%	Abante Audit Adutiores SL	Wind energy production	4,720	2,908	-	(930)	(930)	6,698
Evolución 2000,S.L	Spain	-	49.15%	KPMG	Wind energy production	118	11630	(951)	790	790	11,587
Desarrollos energéticos Canarias, S.A	Spain	-	49.90%	Unaudited	Wind energy: project development	60	-25	-	-	-	35
Compañía Eólica Aragonesa	Spain	-	50%	Deloitte	Wind energy production	6,701	99,047	-	1,724	1,724	107,472
Flat Rock Windpower LLC	New York		50%	Ernst&Young	Wind energy production	-	-	-	-	-	-
Flat Rock Windpower II LLC	New York		50%	Ernst&Young	Wind energy production	-	-	-	-	-	-

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Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit/(loss) Continuing operations	Net profit/(loss) Total	Total equity
						Thousands of Euros					
EDP RENEWABLES EUROPE, S.L.U	**Oviedo, Spain**	**100%**	**-**	**KPMG**	**Holding company**	**249,499**	**2,076,723**	**-**	**277,569**	**277,569**	**2,603,791**
South Africa Wind &Solar Power,S.L.U	Oviedo, Spain	100%	-	Unaudited	Other economic activities	231	2,047	-	(353)	(353)	1,925
Edpr Ro Pv,SRL	Romania	0.1%	99.9%	Unaudited	Holding company	17,384	2,165	-	(1,736)	(1,736)	17,813
Edpr España, SL.	Spain	-	100%	KPMG	Wind farm installation and assembly	8,061	470,816	-	47,659	47,659	526,536
Edpr Polska, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	121,228	9,186	-	(9,212)	(9,212)	121,202
Tarcan, B.V	Netherlands	-	100%	KPMG	Other economic activities	20	7,479	-	4,700	4,700	12,199
Greenwind, S.A.	Belgium	0.02%	99.98%	KPMG	Wind energy production	24,924	6,918	-	4,325	4,325	36,167
Edpr Serv Finan .S.L	Spain	70.01%	29.99%	KPMG	Other economic activities	84,691	307,768	-	41,656	41,656	434,115
Neo Energia Aragón, S.L.	Spain	-	100%	Unaudited	Wind energy production	10	(3)	-	-	-	7
Mfv Neptun SP.ZO.O	Poland	-	100%	Unaudited	Wind energy production	1	(14)	-	(15)	(15)	(28)
Mfv Gryf SP.ZO.O	Poland	-	100%	Unaudited	Wind energy production	1	(14)	-	(15)	(15)	(28)
EDP Renovaveis Portugal, S.A.	Portugal	-	51%	KPMG	Wind energy production	7,500	50,964	7,511	51,524	51,524	117,499
Mfv Pomorze SP.ZO.O	Poland	-	100%	Unaudited	Wind energy production	1	(14)	-	(15)	(15)	(28)
EDP Renewables France, S.A.S.	France	-	100%	KPMG	Holding company	151,704	(24,832)	-	(27,829)	(27,829)	99,043
EDP Renewables Romania, S.R.L.	Romania	-	85%	KPMG	Wind energy production	497	7,849	-	(3,277)	(3,277)	5,069
Cernavoda Power, S.R.L.	Romania	-	85%	KPMG	Wind energy production	10,023	(10,301)	-	1,611	1,611	1,333
EDP Renewables Italia, S.R.L.	Italy	-	100%	KPMG	Wind energy production	34,439	5,031	-	(3,765)	(3,765)	35,705
EDPR Uk Ltd	United Kingdom	-	100%	KPMG	Wind energy production	113	(4,824)	-	(3,867)	(3,867)	(8,578)
Desarrollos Eólicos de Galicia, S.A.	Coruña, Spain	-	100%	KPMG	Wind energy production	6,130	6,888	542	582	582	14,142
Desarrollos Eólicos de Tarifa, S.A.U	Cadiz, Spain	-	100%	KPMG	Wind energy production	5,800	6,340	-	1,124	1,124	13,264
Desarrollos Eólicos de Corme, S.A.	Coruña, Spain	-	100%	KPMG	Wind energy production	3,666	6,101	-	789	789	10,556

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									Net profit/(loss)		
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Desarrollos Eólicos Buenavista, S.A.U	Cadiz, Spain	-	100%	KPMG	Wind energy production	1,712	3,261	559	515	515	6,047
Desarrollos Eólicos de Lugo, S.A.U.	Lugo, Spain	-	100%	KPMG	Wind energy production	7,761	14360	-	5,225	5,225	27,346
Desarrollos Eólicos de Rabosera, S.A.	Zaragoza, Spain	-	95%	KPMG	Wind energy production	7,561	6,439	-	2,186	2,186	16,186
Desarrollos Eólicos Almarchal S.A.U.	Almarchal, Spain	-	100%	KPMG	Wind energy production	2,061	3,473	-	555	555	6,089
Desarrollos Eólicos Dumbría S.A.U.	Coruña, Spain	-	100%	KPMG	Wind energy production	61	14,205	-	4,752	4,752	19,018
Parque Eólico Santa Quiteria, S.L.	Zaragoza, Spain	-	58.33%	KPMG	Wind energy production	63	17,077	-	1,814	1,814	18,954
Eólica La Janda, SL	Madrid, Spain	-	100%	KPMG	Wind energy production	4,525	10316	-	4,488	4,488	19,329
Eólica Guadalteba, S.L.	Seville, Spain	-	100%	KPMG	Wind energy production	1,460	6,091	-	3,919	3,919	11,470
Eólica Muxia, S.L.U.	Coruña, Spain	-	100%	Unaudited	Wind energy production	23,480	(19)	-	27	27	23,488
Eólica Fontesilva, S.L.U.	Coruña, Spain	-	100%	KPMG	Wind energy production	6,860	3,932	-	659	659	11,451
Edpr España Promoción y Operación SLU	Seville, Spain	-	100%	Unaudited	Wind energy production	307	44	-	(7)	(7)	344
Eólica Curiscao Pumar, S.A.U.	Madrid, Spain	-	100%	KPMG	Wind energy production	60	113	-	2,564	2,564	2,737
Parque Eólico Altos del Voltoya S.A.	Madrid, Spain	-	61%	KPMG	Wind energy production	6,434	14,067	117	2,192	2,192	22,810
Eólica la Brujula, S.A.	Madrid, Spain	-	84.9%	KPMG	Wind energy production	3,294	9,891	-	2,633	2,633	15,818
Eólica Arlanzón S.A.	Madrid, Spain	-	77.5%	KPMG	Wind energy production	4,509	7,146	-	1,356	1,356	13,011
Eolica Campollano S.A.	Madrid, Spain	-	75%	KPMG	Wind energy production	6,560	18,906	-	5,562	5,562	31,028
Parque Eólico Belchite S.L.U.	Zaragoza, Spain	-	100%	KPMG	Wind energy production	3,600	4,190	-	2,657	2,657	10,447
Parque Eólico La Sotonera S.L.	Zaragoza, Spain	-	64.84%	KPMG	Wind energy production	2,000	4,239	-	1,362	1,362	7,601
J&Z Wind Farms SP.ZO.O	Poland	-	60%	KPMG	Wind energy production	4,047	3,709	-	(868)	(868)	6,888
Eólica Don Quijote, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	3	259	-	2,607	2,607	2,869
Eólica Dulcinea, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	10	171	-	1,668	1,668	1,849
Eólica Sierra de Avila, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	12,977	20,533	-	(221)	(221)	33,289

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Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Thousands of Euros: Capital	Reserves	Other equity items	Net profit/(loss): Continuing operations	Net profit/(loss): Total	Total equity
Eólica de Radona, S.L.U.	Madrid, Spain	-	100%	KPMG	Wind energy production	22,088	(1,792)	-	1,163	1,163	21,459
Eolica Alfoz, S.L.	Madrid, Spain	-	83.73%	KPMG	Wind energy production	8,480	5,272	-	3,546	3,546	17,298
Eólica La Navica, SL	Madrid, Spain	-	100%	KPMG	Wind energy production	10	1,419	-	1,938	1,938	3,367
Investigación y desarrollo de Energías Renovables (Ider), S.L.	León, Spain	-	59.59%	KPMG	Wind energy production	29,451	(7,735)	-	1,605	1,605	23,321
Rasacal Cogeneración, S.A.	Madrid, Spain	-	60%	Unaudited	Cogeneration: electricity production	60	(476)	-	-	-	(416)
Korsze Wind Farm SP.ZO.O	Poland	-	100%	KPMG	Wind energy production	15	165	-	2,375	2,375	2,555
Monts de la Madeleine Energie,SAS	France	-	100%	KPMG	Wind energy production	37	-	-	(3)	(3)	34
Monts du Forez Energie,SAS	France	-	100%	KPMG	Wind energy production	37	-	-	(3)	(3)	34
Laterza Wind, SRL	Italy	-	100%	Unaudited	Wind energy production	10	(3)	-	(5)	(5)	2
Parques Eólicos del Cantábrico, S.A.	Oviedo, Spain	-	100%	KPMG	Wind energy production	9,080	30,005	-	1,541	1,541	40,626
Industrias Medioambientales Río Carrión, S.A.	Madrid, Spain	-	90%	Unaudited	Waste: Livestock waste treatment	60	(610)	-	-	-	(550)
Tratamientos Mediamb Norte, S.A.	Madrid, Spain	-	80%	Unaudited	Waste: livestock waste treatment	60	(50)	-	-	-	10
Sotromal, S.A.	Soria, Spain	-	90%	Unaudited	Waste treatment and recycling	451	(281)	-	-	-	170
Renovables Castilla La Mancha, S.A.	Madrid, Spain	-	90%	KPMG	Wind energy production	60	995	-	1,640	1,640	2,695
Eólica La Manchuela, S.A.	Albacete, Spain	-	100%	KPMG	Wind energy production	1,142	1,545	-	1,143	1,143	3,830
Casellaneta Wind,SRL	Italy	-	100%	Unaudited	Wind energy production	10	(3)	-	(4)	(4)	3
Pietragalla Eolica,S.R.L	Italy	-	100%	KPMG	Wind energy production	15	57	-	1,684	1,684	1,756
Ceprastur, A.I.E.	Oviedo, Spain	-	56.76%	Unaudited	Mini-hydroelectric energy prod.	361	44	-	(4)	(4)	401
Acampo Arias, SL	Spain	-	98.19%	KPMG	Wind energy production	3,314	58	-	457	457	3,829
SOCPE Sauvageons, SARL	France	-	49%	KPMG	Wind energy production	1	46	-	(261)	(261)	(214)
SOCPE Le Mee, SARL	France	-	49%	KPMG	Wind energy production	1	316	-	(192)	(192)	125

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SOCPE Petite Piece, SARL	France	-	49%	KPMG	Wind energy production	1	62	-	(49)	(49)	14
Plouvien,.S.A.S	France	-	100%	KPMG	Wind energy production	5,040	(2,019)	-	64	64	3,085
CE Patay, SAS	France	-	100%	KPMG	Wind energy production	1,640	4,273	-	(268)	(268)	5,645
Relax Wind Park III, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	16,616	(3,278)	-	(1,978)	(1,978)	11,360
Relax Wind Park I, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	597	1,724	4,779	(1,795)	(1,795)	5,305
Relax Wind Park IV, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	109	(831)	-	(75)	(75)	(797)
Relax Wind Park II, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	123	(131)	-	(484)	(484)	(492)
Edp Renewables Belgium,S.A	Belgium	-	100%	KPMG	Holding company	62	(12)	-	(150)	(150)	(100)
Sibioara Wind Farm,S.R.L	Romania	-	85%	Unaudited	Wind energy production	-	77	-	(886)	(886)	(809)
Eolica.Garcimuñoz SL	Spain	-	100%	Unaudited	Wind energy production	4,060	12,149	-	(774)	(774)	15,435
Compañía Eólica Campo de Borja, SA	Spain	-	75.83%	KPMG	Wind energy production	858	850	-	62	62	1,770
Desarrollos Catalanes del Viento, SL	Spain	-	60%	KPMG	Wind energy production	10,993	19,502	-	227	227	30,722
Iberia Aprovechamientos Eólicos, SAU	Spain	-	100%	KPMG	Wind energy production	1,919	461	-	529	529	2,909
Molino de Caragüelles, S.L.	Spain	-	80%	KPMG	Wind energy production	180	268	-	55	55	503
Edp Renewables SGPS,SA	Portugal	-	100%	KPMG	Holding company	50	40,812	-	(1,451)	(1,451)	39,411
Parque Eólico Los Cantales, SLU	Spain	-	100%	KPMG	Wind energy production	1,963	1,352	-	1,632	1,632	4,947
Edpr Pt-Promocao e Operacao,S.A	Portugal	-	100%	KPMG	Wind farm development	50	9,880	-	(153)	(153)	9,777
Parques de Generación Eólica, SL	Spain	-	60%	KPMG	Wind energy production	1,924	3,887	-	962	962	6,773
CE Saint Bernabé, SAS	France	-	100%	KPMG	Wind energy production	1,600	2,199	-	82	82	3,881
CE Segur, SAS	France	-	100%	KPMG	Wind energy production	1,615	2,860	-	(287)	(287)	4,188
Eolienne D'Etalondes, SARl	France	-	100%	Unaudited	Wind energy production	1	(37)	-	(2)	(2)	(38)
Eolienne de Saugueuse, SARL	France	-	100%	KPMG	Wind energy production	1	110	-	139	139	250
Parc Eolien D'Ardennes	France	-	100%	Unaudited	Wind energy production	1	(158)	-	-	-	(157)
Eolienne des Bocages, SARL	France	-	100%	Unaudited	Wind energy production	1	(37)	-	(9)	(9)	(45)
Parc Eolien des Longs Champs, SARL	France	-	100%	Unaudited	Wind energy production	1	(86)	-	6	6	(79)
Parc Eolien de Mancheville, SARL	France	-	100%	Unaudited	Wind energy production	1	(46)	-	(2)	(2)	(47)
Parc Eolien de Roman, SARL	France	-	100%	Unaudited	Wind energy production	1	1,356	-	(193)	(193)	1,164

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Parc Eolien des Vatines, SAS	France	-	100%	KPMG	Wind energy production	841	(742)	-	(36)	(36)	63
Parc Eolien de La Hetroye, SAS	France	-	100%	KPMG	Wind energy production	37	(40)	-	(4)	(4)	(7)
Eolienne de Callengeville, SAS	France	-	100%	EXCO	Wind energy production	37	(34)	-	(5)	(5)	(2)
Parc Eolien de Varimpre, SAS	France	-	100%	KPMG	Wind energy production	37	88	-	28	28	153
Parc Eolien du Clos Bataille, SAS	France	-	100%	KPMG	Wind energy production	410	(432)	-	(1)	(1)	(23)
Eólica de Serra das Alturas,S.A	Portugal	-	25.55%	KPMG	Wind energy production	50	3,140	-	1,290	1,290	4,480
Malhadizes- Energia Eólica, SA	Portugal	-	51%	KPMG	Wind energy production	50	100	-	1,833	1,833	1,983
Eólica de Montenegrelo, LDA	Portugal	-	25.55%	KPMG	Wind energy production	50	6,978	-	2,458	2,458	9,486
Eólica da Alagoa,SA	Portugal	-	30.6%	KPMG	Wind energy production	50	1,733	893	2,100	2,100	4,776
Aplica.Indust de Energias limpias S.L	Spain	-	85.80%	Unaudited	Wind energy production	131	(92)	-	1,345	1,345	1,384
Aprofitament D´Energies Renovables de la Tierra Alta S.A	Spain	-	48.70%	Unaudited	Infrastructure management	1,994	(698)	-	(430)	(430)	866
Bon Vent de L´Ebre S.L.U	Spain	-	100%	KPMG	Wind energy production	12,600	1,798	-	3,187	3,187	17,585
Parc Eolic Coll de la Garganta S.L	Spain	-	100%	KPMG	Wind energy production	6,018	11,499	-	(343)	(343)	17,174
Parc Eólic Serra Voltorera S.l	Spain	-	100%	KPMG	Wind energy production	3,458	5,799	-	515	515	9,772
Elektrownia Wiatrowa Kresy I sp zoo	Poland	-	100%	Unaudited	Wind energy production	20	(532)	-	(167)	(167)	(679)
Moray Offshore renewables limited	United Kingdom	-	66.64%	KPMG	Wind energy production	9,931	672	1,374	(562)	(562)	11,415
Centrale Eolienne Canet –Pont de Salaras S.A.S	France	-	100%	KPMG	Wind energy production	125	933	-	33	33	1,091
Centrale Eolienne de Gueltas Noyal – Pontiv y S.A.S	France	-	100%	KPMG	Wind energy production	2,261	2,969	-	(334)	(334)	4,896
Centrale Eolienne Neo Truc de L´Homme ,S.A.S	France	-	100%	KPMG	Wind energy production	38	(22)	-	(77)	(77)	(61)
Vallee de Moulin SARL	France	-	100%	KPMG	Wind energy production	8,001	(170)	-	(463)	(463)	7,368
Mardelle SARL	France	-	100%	KPMG	Wind energy production	3,001	(161)	-	(257)	(257)	2,583
Quinze Mines SARL	France	-	49%	KPMG	Wind energy production	1	80	-	(589)	(589)	(508)

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Desarrollos Eólicos de Teruel SL	Spain	-	51%	Unaudited	Wind energy production	60	-	-	-	-	60
Par Eólic de Coll de Moro S.L.	Spain	-	60%	KPMG	Wind energy production	7,809	2,173	-	906	906	10,888
Par Eólic de Torre Madrina S.L.	Spain	-	60%	KPMG	Wind energy production	7,755	4,041	-	1,892	1,892	13,688
Parc Eolic de Vilalba dels Arcs S.L.	Spain	-	60%	KPMG	Wind energy production	3,066	3,225	-	713	713	7,004
Bon Vent de Vilalba, SL	Spain	-	100%	KPMG	Wind energy production	3,600	152	-	1,225	1,225	4,977
Bon Vent de Corbera, SL	Spain	-	100%	KPMG	Wind energy production	7,255	9,589	-	1,625	1,625	18,469
Masovia Wind Farm I s.p. zo.o.	Poland	-	100%	KPMG	Wind energy production	351	4,808	-	(36)	(36)	5,123
Farma wiatrowa Starozbery Sp.z.o.o	Poland	-	100%	Unaudited	Wind energy production	130	(99)	-	(45)	(45)	(14)
Rowy-Karpacka mala Energetyka,sp,z.o.o	Poland	-	85%	Unaudited	Wind energy production	14	(77)	-	(161)	(161)	(224)
Repano wind S.R.L	Italy	-	100%	Unaudited	Wind energy production	11	117	-	(3)	(3)	125
Re plus – Societa 'a Responsabilita 'limitada	Italy	-	80%	Unaudited	Wind energy production	100	291	-	(501)	(501)	(110)
Telford Offshore Windfarm limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Maccoll offshore windfarm limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Stevenson Offshore Windfarm Limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Parc Eolien des Bocages Sarl	France	-	100%	Unaudited	Wind energy production	1	(161)	-	-	-	(160)
Studina Solar,SRL	Romania	-	100%	KPMG	Wind energy production	5,158	(434)	-	1,554	1,554	6,278
Cujmir Solar,SRL	Romania	-	100%	Unaudited	Wind energy production	5,896	(491)	-	1,505	1,505	6,910
Potelu Solar,SRL	Romania	-	100%	KPMG	Wind energy production	7,295	(697)	-	1,431	1,431	8,029
Vanju Mare Solar,SRL	Romania	-	100%	KPMG	Wind energy production	4,671	(393)	-	1,159	1,159	5,437
Foton Delta,SRL	Romania	-	100%	KPMG	Wind energy production	110	(8)	-	(249)	(249)	(147)
Foton Epsilon,SRL	Romania	-	100%	KPMG	Wind energy production	110	(8)	-	(276)	(276)	(174)
EDPR Renovaveis Cantabria, SL	Madrid	-	100%	Unaudited	Wind energy production	300	(30)	-	(23)	(23)	247

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Villa Castelli Wind srl	Verbania	-	100%	KPMG	Wind energy production	100	6,456	-	2,236	2,236	8,792
Pestera Wind Farm, S.A.	Bucharest	-	85%	KPMG	Wind energy production	7,149	(16,802)	-	2,886	2,886	(6,767)
VS Wind Farm S.A.	Bucharest	-	85%	KPMG	Wind energy production	26	9	-	(266)	(266)	(231)
S. C. Ialomita Power SRL	Bucharest	-	85%	Unaudited	Wind energy production	-	(73)	-	(1,800)	(1,800)	(1,873)
Edpr France Holding SAS	France	-	100%	KPMG	Wind energy production	8,500	-	-	(1,336)	(1,336)	7,164
Bourbriac II SAS	France	-	100%	KPMG	Wind energy production	1	-	-	-	-	1
Parc Eolien de Montagne Fayel SAS	France	-	100%	KPMG	Wind energy production	37	-	-	(97)	(97)	(60)
Molen Wind II sp Z.o.o	Poland	-	65%	Unaudited	Wind energy production	4	10	-	(243)	(243)	(229)
Gravitangle-Fotovoltaica Unipessoal,Lda	Portugal	-	100%	KPMG	Wind energy production	5	-	-	(28)	(28)	(23)
EDP Renewables North America, LLC	**Texas**	**100%**	**-**	**KPMG**	**Holding company**	**3,035,642**	**(187,822)**	**715**	**(74,500)**	**(74,500)**	**2,774,035**
Wind Turbine Prometheus, LP	California	-	100%	Unaudited	Wind energy production	4	(4)	-	-	-	-
Lost Lakes Wind Farm LLC	Minnesota	-	100%	KPMG	Wind energy production	139,187	(13,246)	-	2,017	2,017	127,958
Quilt Block Wind Farm, LLC	Minnesota	-	100%	Unaudited	Wind energy production	4,098	(14)	-	-	-	4,084
Cloud County Wind Farm, LLC	Kansas	-	100%	KPMG	Wind energy production	197,954	3,792	-	1,947	1,947	203,693
Whitestone Wind Purchasing, LLC	Texas	-	100%	Unaudited	Wind energy production	1,485	(811)	-	24	24	698
Blue Canyon Windpower II LLC	Oklahoma	-	100%	KPMG	Wind energy production	101,350	13,345	-	1,613	1,613	116,308
Blue Canyon Windpower V, LLC	Oklahoma	-	100%	KPMG	Wind energy production	95,853	18,145	-	6,602	6,602	120,600
Pioneer Prairie Wind Farm I, LLC	Iowa	-	100%	KPMG	Wind energy production	353,459	(2,348)	7,048	12,054	12,054	370,213
Sagebrush Power Partners, LLC	Washington	-	100%	KPMG	Wind energy production	144,461	(23,273)	-	(2,343)	(2,343)	118,845
Telocaset Wind Power Partners, LLC	Oregon	-	51%	KPMG	Wind energy production	73,663	22,949	288	3,810	3,810	100,710
High Trail Wind Farm, LLC	Illinois	-	100%	KPMG	Wind energy production	225,676	13,077	-	6,252	6,252	245,005
Marble River, LLC	New York	-	100%	Unaudited	Wind energy production	231,609	725	(1,851)	3,509	3,509	233,992
Rail Splitter	Illinois	-	100%	KPMG	Wind energy production	163,617	(17,075)	-	(3,798)	(3,798)	142,744
Blackstone Wind Farm, LLC	Illinois	-	100%	Unaudited	Wind energy production	100,653	(7,131)	-	451	451	93,973
Aroostook Wind Energy LLC	Maine	-	100%	Unaudited	Wind energy production	5,824	(87)	-	(5)	(5)	5,732

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Jericho Rise Wind Farm LLC	New York	-	100%	Unaudited	Wind energy production	4,185	(33)	-	-	-	4,152
Madison Windpower LLC	New York	-	100%	KPMG	Wind energy production	9,571	(4,034)	-	(851)	(851)	4,686
Mesquite Wind, LLC	Texas	-	100%	KPMG	Wind energy production	142,283	24,024	-	15,498	15,498	181,805
Martinsdale Wind Farm LLC	Colorado	-	100%	Unaudited	Wind energy production	2,503	(23)	-	-	-	2,480
Post Oak Wind, LLC	Texas	-	51%	KPMG	Wind energy production	172,370	34,245	-	5,293	5,293	211,908
BC2 Maple Ridge Wind LLC	Texas	-	100%	KPMG	Wind energy production	236,677	4,692	-	(2,247)	(2,247)	239,122
High Prairie Wind Farm II, LLC	Minnesota	-	51%	KPMG	Wind energy production	90,980	496	379	2,337	2,337	94,192
Arlington Wind Power Project LLC	Oregon	-	100%	KPMG	Wind energy production	104,500	5,278	-	1,573	1,573	111,351
Signal Hill Wind Power Project LLC	Colorado	-	100%	Unaudited	Wind energy production	3	(3)	-	-	-	-
Tumbleweed Wind Power Project LLC	Colorado	-	100%	Unaudited	Wind energy production	3	(3)	-	-	-	-
Old Trail Wind Farm, LLC	Illinois	-	51%	KPMG	Wind energy production	243,782	702	2,272	6,559	6,559	253,315
Stinson Mills Wind Farm, LLC	Colorado	-	100%	Unaudited	Wind energy production	2,717	(71)	-	(1)	(1)	2,645
OPQ Property LLC	Illinois	-	100%	Unaudited	Wind energy production	-	106	-	13	13	119
Meadow Lake Wind Farm, LLC	Indiana	-	100%	Unaudited	Wind energy production	197,019	(10,990)	-	(2,069)	(2,069)	183,960
Wheatfield Wind Power Project, LLC	Oregon	-	100%	Unaudited	Wind energy production	50,209	16,616	-	4,712	4,712	71,537
2007 Vento I, LLC	Texas	-	100%	KPMG	Wind energy production	667,198	4,878	-	1,584	1,584	673,660
2007 Vento II, LLC	Texas	-	51%	KPMG	Wind energy production	592,361	(2,836)	-	(246)	(246)	589,279
2008 Vento III, LLC	Texas	-	100%	KPMG	Wind energy production	665,838	(2,447)	-	(501)	(501)	662,890
Horizon Wind Ventures I LLC	Texas	-	100%	Unaudited	Wind energy production	485,503	251,422	-	21,047	21,047	757,972
Horizon Wind Ventures II, LLC	Texas	-	100%	Unaudited	Wind energy production	100,940	2,956	-	1,033	1,033	104,929
Horizon Wind Ventures III, LLC	Texas	-	100%	Unaudited	Wind energy production	40,151	3,238	-	3,358	3,358	46,747
Clinton County Wind Farm, LLC	New York	-	100%	Unaudited	Wind energy production	231,615	(6)	-	-	-	231,609
BC2 Maple Ridge Holdings LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Cloud West Wind Project, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Five-Spot, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Chocolate Bayou I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Alabama Ledge Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-

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Antelope Ridge Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	9,203	(121)	-	11	11	9,093
Arkwright Summit Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Ashford Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	4,592	(2)	-	-	-	4,590
Blackstone Wind Farm II LLC	Texas	-	100%	Unaudited	Wind energy production	213,750	(10,803)	-	(460)	(460)	202,487
Blackstone Wind Farm III LLC	Texas	-	100%	Unaudited	Wind energy production	4,618	(10)	-	(78)	(78)	4,530
Blackstone Wind Farm IV LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blackstone Wind Farm V LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower III LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower IV LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower VI LLC	Texas	-	100%	KPMG	Wind energy production	110,241	1,644	-	971	971	112,856
Broadlands Wind Farm II LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm III LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Chateaugay River Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Cropsey Ridge Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Crossing Trails Wind, Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Dairy Hills Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Diamond Power Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Ford Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Gulf Coast Windpower Management Company, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Rising Tree Wind Farm II, L.L.C.	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest VII LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest X LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-

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Information on Investments in Group Companies

at 31 December 2013

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						Thousands of Euros			Net profit/(loss)		
Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Continuing operations	Total	Total equity
Horizon Wind Energy Northwest XI LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Panhandle I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest II LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest III LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest IV LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Valley I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind MREC Iowa Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind, Freeport Windpower I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Juniper Wind Power Partners, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Lexington Chenoa Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	8,389	(9)	-	(21)	(21)	8,359
Machias Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Meadow Lake Wind Farm II LLC	Texas	-	100%	KPMG	Wind energy production	135,560	(3,847)	-	(1,892)	(1,892)	129,821
New Trail Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
North Slope Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Number Nine Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Pacific Southwest Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Pioneer Prairie Wind Farm II LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Buffalo Bluff Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Saddleback Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	1,663	(286)	-	-	-	1,377
Sardinia Windpower LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Turtle Creek Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Western Trail Wind Project I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Whistling Wind WI Energy Center, LLC	Wisconsin	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Coos Curry Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-

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EDP RENOVÁVEIS, S.A.

Information on Investments in Group Companies

at 31 December 2013

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						Thousands of Euros			Net profit/(loss)		
Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Continuing operations	Total	Total equity
Horizon Wind Energy Midwest IX LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Peterson Power Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Pioneer Prairie Interconnection LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
The Nook Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Tug Hill Windpower LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Whiskey Ridge Power Partners LLC	Washington	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Wilson Creek Power Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
WTP Management Company LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Meadow Lake Wind Farm IV LLC	Indiana	-	100%	Unaudited	Wind energy production	86,504	(559)	-	(1,380)	(1,380)	84,565
Meadow Lake Windfarm III LLC	Indiana	-	100%	KPMG	Wind energy production	101,576	(2,365)	-	(13)	(13)	99,198
2009 Vento IV, LLC	Texas	-	100%	KPMG	Wind energy production	164,037	(321)	-	(99)	(99)	163,617
2009 Vento V, LLC	Texas	-	100%	KPMG	Wind energy production	96,269	(317)	-	(99)	(99)	95,853
2009 Vento VI, LLC	Texas	-	100%	KPMG	Wind energy production	139,510	(236)	-	(88)	(88)	139,186
Horizon Wind Ventures VI, LLC	Texas	-	100%	Unaudited	Wind energy production	81,785	(1,291)	-	336	336	80,830
Lexington Chenoa Wind Farm II LLC	Illinois	-	100%	Unaudited	Wind energy production	435	(437)	-	2	2	-
Lexington Chenoa Wind Farm III LLC	Illinois	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
East Klickitat Wind Power Project LLC	Washington	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest IV LLC	Oregon	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Wind Power VII LLC	Oklahoma	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wyoming Transmission LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
AZ Solar LLC	Arizona	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm II LLC	Illinois	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm III LLC	Illinois	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Paulding Wind Farm LLC	Ohio	-	100%	Unaudited	Wind energy production	4,191	(3)	-	(1)	(1)	4,187
Paulding Wind Farm II LLC	Ohio	-	100%	KPMG	Wind energy production	128,653	6,362	-	5,648	5,648	140,663
Paulding Wind Farm III LLC	Ohio	-	100%	Unaudited	Wind energy production	3,338	(82)	-	(47)	(47)	3,209

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Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Thousands of Euros: Capital	Reserves	Other equity items	Net profit/(loss): Continuing operations	Total	Total equity
Simpson Ridge Wind Farm II LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm III LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm IV LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm V LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project II, LLC	Oregon	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Meadow Lake Wind Farm V, LLC	Indiana	-	100%	Unaudited	Wind energy production	2,347	(8)	-	-	-	2,339
Horizon Wind Ventures IB, LLC	Texas	-	51%	Unaudited	Wind energy production	169,099	68,469	-	19,440	19,440	257,008
Horizon Wind Ventures IC, LLC	Texas	-	100%	Unaudited	Wind energy production	5,763	20,455	-	11,560	11,560	37,778
Headwaters Wind Farm LLC	Indiana	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
17th Star Wind Farm LLC	Ohio	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Rio Blanco Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Hidalgo Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Stone Wind Power LLC	New York	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Franklin Wind Farm LLC	New York	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Waverly Wind Farm LLC	Kansas	-	100%	Unaudited	Wind energy production	3,270	(6)	-	(13)	(13)	3,251
2010 Vento VII, LLC	Texas	-	100%	KPMG	Wind energy production	135,826	(178)	-	(87)	(87)	135,561
2010 Vento VIII, LLC	Texas	-	100%	KPMG	Wind energy production	144,748	(200)	-	(196)	(196)	144,352
Horizon Wind Ventures VII, LLC	Texas	-	100%	Unaudited	Wind energy production	78,321	624	-	695	695	79,640
Horizon Wind Ventures VIII, LLC	Texas	-	100%	Unaudited	Wind energy production	81,877	(298)	-	189	189	81,768
Horizon Wind Ventures IX, LLC	Texas	-	100%	Unaudited	Wind energy production	45,575	(3,385)	-	(998)	(998)	41,192
2011 Vento IX, LLC	Texas	-	100%	KPMG	Wind energy production	128,857	(118)	-	(86)	(86)	128,653
2011 Vento X, LLC	Texas	-	100%	KPMG	Wind energy production	110,414	(87)	-	(86)	(86)	110,241
EDPR Wind Ventures X	Texas	-	100%	Unaudited	Wind energy production	47,859	2,872	-	3,746	3,746	54,477
Paulding Wind Farm IV, LLC	Ohio	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Rush County Wind Farm, LLC	Kansas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Eastern Nebraska Wind Farm, LLC	Nebraska	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-

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						Thousands of Euros					
									Net profit/(loss)		
Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Continuing operations	Total	Total equity
Verde Wind Power LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
2012 Vento XI, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
EDPR Wind Ventures XI	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Arbuckle Mountain, L.L.C.	Oklahoma	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Green Power Offsets, L.L.C.	Texas	-	100%	Unaudited	Wind energy production	1	-	-	-	-	1
Lone Valley Sollar Park I, L.L.C.	California	-	100%	Unaudited	Wind energy production	7,633	-	-	(1)	(1)	7,632
Lone Valley Sollar Park II, L.L.C.	California	-	100%	Unaudited	Wind energy production	14,839	-	-	(1)	(1)	14,838
Rising Tree Wind Farm III, L.L.C.	California	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Rising Tree Wind Farm, L.L.C.	California	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Sustaining Power Solutions, L.L.C.	Texas	-	100%	Unaudited	Wind energy production	338	-	-	(304)	(304)	34
EDP RENEWABLES CANADA, LTD	**Canada**	**100%**	**-**	**Unaudited**	**Holding company**		**(2,214)**	**124**	**(204)**	**(204)**	**(2,294)**
EDP Renewables Canada LP Ltd.	Canada	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
EDP Renewables Canada GP Ltd.	Canada	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Eolia Renewable Energy Canada Ltd.	Canada	-	100%	Unaudited	Wind energy production	3,074	-	-	-	-	3,074
0867242 BC Ltd.	Canada	-	100%	Unaudited	Wind energy production	6,149	-	-	-	-	6,149
South Branch Wind Farm Inc	Canada	-	100%	Unaudited	Wind energy production	6,149	-	-	-	-	6,149
SBWFI GP Inc	Canada	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
South Dundas Wind Farm LP	Canada	-	100%	Unaudited	Wind energy production	6,149	(4)	-	(234)	(234)	5,911
Wheatfield Holding, L.L.C.	Oregon	-	51%	Unaudited	Wind energy production	-	-	-	-	-	-

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Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Thousands of Euros: Capital	Reserves	Other equity items	Net profit/(loss): Continuing operations	Net profit/(loss): Total	Total equity
EDP RENOVÁVEIS, S.A.	**Sao Paulo (Brazil)**	**55%**	**-**	**KPMG**	**Wind energy production**	**66,717**	**(5,883)**	**-**	**542**	**542**	**61,376**
Central Nacional de Energia Eólica, S.A. (Cenaeel)	Sao Paulo	-	55%	KPMG	Wind energy production	-	-	-	-	-	-
Elebrás Projectos, Ltda	Sao Paulo	-	55%	KPMG	Wind energy production	31,858	5,956	-	4,956	4,956	42,770
Central Eólica Feijao I, S.A.	Sao Paulo	-	55%	Unaudited	Wind energy production	-	-	-	(133)	(133)	(133)
Central Eólica Feijao II, S.A.	Sao Paulo	-	55%	Unaudited	Wind energy production	-	-	-	(116)	(116)	(116)
Central Eólica Feijao III, S.A.	Sao Paulo	-	55%	Unaudited	Wind energy production	-	-	-	(126)	(126)	(126)
Central Eólica Feijao IV, S.A.	Sao Paulo	-	55%	Unaudited	Wind energy production	-	-	-	(127)	(127)	(127)
Central Eólica Aventura, S. A.	Sao Paulo	-	55%	Unaudited	Wind energy production	-	-	-	-	-	-
EDP Renewables South Africa, Proprietary, Ltd	**Cape Town**	**-**	**100%**	**Mazars Inc.**	**Wind energy production**	**231**	**-**	**-**	**(353)**	**(353)**	**(122)**
Dejann Trading and Investments Proprietary, Ltd	Cape Town	-	100%	Mazars Inc.	Wind energy production	-	(32)	-	(721)	(721)	(753)
Jouren Trading and Investments Pty, Ltd	Cape Town	-	100%	Mazars Inc.	Wind energy production	-	-	-	(1,271)	(1,271)	(1,271)

Information on Investments in Group Companies

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						Thousands of Euros					
									Net profit		
Associates	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity components	Continuing operations	Total	Total equity
Aprofitament D'Energies Renovables de l'Ebre S.l	Spain	-	18.97%	Unaudited	Infrastructure management	3,869	(821)	-	(65)	(65)	2,983
Biomasas del Pirineo, S.A.	Huesca, Spain	-	30%	Unaudited	Biomass: electricity production	455	217	-	-	-	672
Cultivos Energéticos de Castilla, S.A.	Burgos, Spain	-	30%	Unaudited	Biomass: electricity production	300	(48)	-	-	-	252
Parque Eólico Sierra del Madero, S.A.	Soria, Spain	-	42%	Ernst&Young	Wind energy production	7,194	9,576	-	4,749	4,749	21,519
Desarrollos Eólicos de Canarios, S.A.	Las Palmas de Gran Canaria (Spain)	-	44.75%	KPMG	Wind energy: project development	3,192	858	-	1,150	1,150	5,200
Solar Siglo XXI, S.A.	Ciudad Real, Spain	-	25%	Unaudited	Solar energy	80	(18)	-	-	-	62
Eólicas de Portugal, SA	Portugal	-	35.96%	Mazars	Wind energy production	25,248	-	(28,347)	37,220	37,220	34,121
Parque Eólico Belmonte, S.A.	Madrid, Spain	-	29.90%	KPMG	Wind energy production	120	2,793	-	1,334	1,334	4,247
Inch Cape Offshore Limited	Edinburgh	-	49%	Deloitte	Wind energy production	-	(1,109)	-	(745)	(745)	(1,854)
Les Eoliennes en Mer de Dieppe-Le Trépot, SAS	France	-	50%	Ernst&Young	Wind energy production	40	-	-	-	-	40
Les Eoliennes en Mer de Vendee,SAS	France	-	50%	Ernst&Young	Wind energy production	40	-	-	-	-	40

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EDP RENOVÁVEIS, S.A.

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									Net profit		
Jointly controlled entities	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity components	Continuing operations	Total	Total equity
Tebar Eolica, S.A.	Tébar/Cuenca, Spain	-	50	Unaudited	Wind energy production	4,720	1,670	-	1,240	1,240	7,630
Evolución 2000, S.L.	Madrid, Spain	-	49.15	KPMG	Wind energy production	118	10,020	-	4,252	4,252	14,390
Desarrollos Energéticos Canarias, S.A.	Las Palmas, Spain	-	49.90	Unaudited	Wind energy: project development	60	(24)	-	-	-	36
Compañia Eólica Aragonesa S.A.	Spain	-	50	Deloitte	Wind energy production	6,702	94,802	-	9,246	9,246	110,750
Flat Rock Windpower LLC	New York	-	50	E&Y	Wind energy production	189,551	(52,720)		(1,164)	(1,164)	135,667
Flat Rock Windpower II LLC	New York	-	50	E&Y	Wind energy production	75,211	(19,422)	-	(1,806)	(1,806)	53,983

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edp renewables

ENERGY THAT MAKES A DIFFERENCE

MANAGEMENT REPORT **2014**

ABOUT THIS REPORT

MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

In 2014, EDP Renováveis once again performed above the market and made steps toward fulfilling its vision of growing into a leading global renewable energy company in terms of value creation, innovation and sustainability. Six years after the company's IPO, EDPR reached 9.0 GW of renewable energy capacity, and produced 19.8 TWh in the year. The company is now present in 12 countries across Europe and the Americas.

The green energy delivered in 2014 by EDPR corresponds to nearly 50% of the total electricity consumption of the country of Portugal, which is nearly triple the company's energy sales in 2008 and demonstrates EDPR's ability to deliver growth on a global scale. The strategic roadmap of focused growth in renewable energy pursued by EDPR and its shareholders puts us a step ahead of the industry and continues to prove successful.

I remain certain that our company is playing on the right side of the energy sector, despite a recent regulatory environment with some unexpected setbacks culminating in significant cuts to regulated revenue as well as tax increases. Wind onshore is the most competitive source of energy, with the only exception of large hydro in some cases. It is clearly a preferable technology today to conventional thermal generation on a new-build basis. Even at presently low fuel prices, yet historically very volatile, wind farms with strong load factors are still competitive. Moreover, turbine costs and financing costs are improving in favour of wind energy.

In 2014 we saw EU leaders agreeing on targets for 2030 to reduce greenhouse gas emissions by at least 40% compared to 1990 and to increase the share of renewable energy to at least 27%. Wind energy will play a key role toward these ambitious targets and our company will be, once again, a front-runner in the EU market. At the same time, the US will be key in EDPR development. Growth prospects are solid and magnified by comprehensive environmental legislation limiting different types of pollution, creating demand for the addition of new competitive and sustainable solutions, with wind energy as one of the leading alternatives. Later in 2015, Paris will host the UN Climate Change conference where relevant agreements on climate are expected from all the nations around the world.

ANTÓNIO MEXIA
Chairman of the
Board of Directors

Last year, we updated the strategic plan set in 2012, while providing new targets for 2017. As you may know, our business plan continues to be based on three strategic references that guide our actions: 1) selective growth; 2) increased profitability; and 3) a self-funding model. Our business rebalancing towards the US market is paramount to our new strategic approach, which entails taking advantage of the outstanding market positioning that has allowed our company to seize windows of opportunities for growth at attractive returns and with controlled risks, supported by more than 1.2 GW of long-term PPAs signed since early 2013. This was possible due to the U.S. administration tax credit extension to support renewable energy, but most of all due to the high quality of our pipeline, one that was well-matched by our development teams and well-marketed by our highly skilled origination teams, having made EDPR a front-runner in closing PPAs in the U.S. market over the last two years.

Two other key achievements in 2014 are especially worth highlighting: the entry into the Mexican wind energy market through the signing of a PPA for 180 MW to be built in 2016, and the award in France of 1 GW offshore wind capacity to a consortium participated by EDPR, for construction the end of the decade.

Another key strategic pillar that EDPR and EDP both share concerns securing a controlled risk environment and maintaining access to competitive funding. The company is committed to a self-funding model for its investment plan of € 2.5 billion for 2014-17, of which € 700 million will be covered by asset rotation proceeds. More than 60% of this target is already completed and closed at competitive multiples, highlighting the success of the program. On top of this we are also advancing in the execution of the ongoing strategic partnership established between EDP and CTG, with minority sales involving EDPR stakes in Portugal and Brazil, including two MoU for completion expected in the year of 2015.

EDPR is a solid company with an adequate strategic approach in a sector with an auspicious future, yet full of challenges. The company is still set to achieve relevant growth targets toward 2017, aiming at annualised growth rates of 9% in green electricity generation, 9% in EBITDA and 11% in Net Profit while adding over 2.0 GW of capacity from 2013.

In 2014, EBITDA was 903M€ and Net Income was 126M€, -2% and -7% below the prior year, respectively. The results were impacted by the recent regulatory changes in Spain and amplified by exceptional low pool prices in the first months of the year. Despite those challenges, EDPR's results demonstrate great resilience, thanks to the company's rebalanced growth strategy and superior operating achievements.

The company has a dividend pay-out ranging between 25% and 35% of annual Net Profit, that contributes to leveraging our shareholders' returns. Hence, the proposal to be presented at the General Shareholders Meeting of €0.04 per share, within the policy defined.

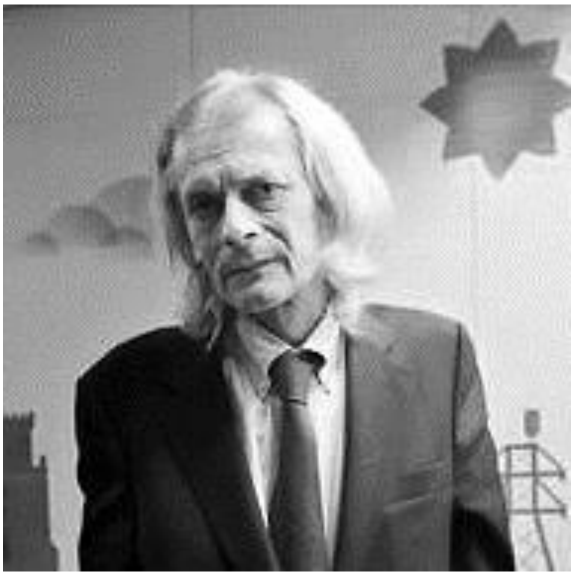
Evidence of this leverage of our shareholders' returns is the increase of +40% in the share price of EDPR during 2014, significantly outperforming the PSI20 (loosing -27%) and the DJ SX6E (gaining +12%).

Our mission of clean and carbon-free energy generation is evidently of great meaning to our leadership role in sustainability, together with our values of support to society and respect for biodiversity. We reinforce our commitment to the United Nations Global Compact initiative to align our business with its principles in the areas of human rights, labour standards, the environment and the fight against corruption. EDPR this year once again helped its primary shareholder (EDP) achieve a world leadership position in the Utilities Sector in the Dow Jones Sustainability Index.

We are proud of everything we have achieved thus far as a company that currently has a staff of more than 900 people worldwide. The stakes are high yet we maintain a vivid enthusiasm to continue progressing, pursuing greater achievements and attaining better results well into the future. I would like to take this opportunity to thank my colleagues on the Board of Directors for their support and, most of all, to express my gratitude for the strong dedication and great work of our employees who I truly consider the stars of our success story at EDPR. The future will continue to hold great challenges for our sector. However, being the great company we are, I am confident we will successfully identify and seize opportunities for improvement and growth.

Sincerely,

INTERVIEW WITH THE CEO



João Manso Neto

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS
and CHIEF EXECUTIVE OFFICER

Q1 In review, what were EDPR's most important accomplishments in 2014?

A1: EDPR made some significant accomplishments in 2014 that had an immediate impact, and, in my opinion, we have also achieved some great things that stand to have positive impact for years to come.

> The 40% share price increase in 2014, following the clarification of Spanish regulation, makes a clear statement on the consistency of our strategy and our ability to deliver on our business plan.

We have again achieved record high levels of efficiency not only in technical availability, which was above our target of 97.5%, but also in load factor, this year again at 30%, and in controlling costs, with OpEx/MW decreasing by -8% compared to the prior year. In terms of growth we have added nearly 0.5 GW of new capacity, with the U.S. as a core market making up 329 MW of that.

Perhaps more importantly, we have created visibility for our growth in the future by signing PPAs and winning public tenders. Since 2013, EDPR has signed PPAs and won tenders for future onshore wind farms through 2017, including 1.255 MW in the U.S., 290 MW in Europe, 236 MW in Brazil and 180 MW in a new market that EDPR just entered in 2014 – Mexico. Furthermore, EDPR was a front-runner in the U.S. market closing PPAs over the last two years, with a total of 1.5 GW, including not only future projects, but also projects already in operation.

Our entrance into the Mexican energy market is another highlight of the year. It represents a sizeable entrance into a low risk and attractive emerging market and is a great strategic fit for our company. Another important accomplishment was the award of 1 GW offshore wind, via a competitive bid, to a consortium that includes EDPR in France. This project enlarges and further diversifies our company's long-term profitable growth options with an innovative technology that combines well with wind onshore where we have distinctive capabilities.

Q2: How was EDPR's financial performance for the year?

A2: In terms of profitability, the results obtained by our company over the financial year showed great resilience in a harsh environment, particularly in some of our markets in Europe. EBITDA of €903 million, declined year-on-year by only -2% (€17 million), despite the negative performance of -25% (€75 million) seen in Spain. This can be mostly explained by the well-known regulatory changes in this market, but results were also extraordinarily aggravated by a lower pool price than would be expected under normal conditions. During the first months of the year, when wind energy output was at the highest and hydro output was also very high, wholesale prices dropped significantly. That came ahead of the announcement of the new regulation and did not allow for the implementation of suitable hedging. Forward hedging is now in place since 2Q14 and in 2015 our exposure to wholesale prices is limited.

Following our self-funding model, we have generated enough cash for our needs, delivering solid operating cash-flow of €707 million, which increased year-on-year by +4%. Total cash net investments during the year amounted to €538 million, but were practically covered by proceeds from tax equity or other project finances, as well as our asset rotation program. In 2014 we closed more than €400 million in asset rotation transactions. With those transactions alone, more than 60% of our target for the 2014-17 period has already been met and has closed at competitive multiples.

Net income of €126 million was just €9 million lower than the prior year, with EBITDA performance and the bottom line also mitigated by some positive one-offs, in particular the decrease in deferred taxes following the announced income tax rate reduction in Spain.

Notwithstanding the results as on the books, the evolution in the company's market valuation as reflected in EDPR's share price increase of 40% in 2014, significantly outperforms the DJ Eurostoxx Utilities SX6E (+12%) and NYSE Euronext Lisbon PSI20 (-27%). In fact, EDPR was named the best performing stock in the NYSE Euronext Lisbon, among companies with over €1 billion market capitalization. I think this outstanding performance, following the clarification of Spanish regulation, makes a very clear statement on the market outlook for the consistency of our strategy and our ability to deliver the business plan we presented last May.

Q3 Sustainability is at the top of the strategic agenda for most corporations in this day and age. What is EDPR's take?

A3: Sustainability is at the basis of EDPR's existence. Our company has long had the vision to be a global renewable energy company that is a leader in value creation, innovation and sustainability. In fact we took this approach before many others in the industry anticipated and began to respond to the global macro trends that have been moving us toward abundant, clean and affordable energy. Those trends have made renewable energy a success story worldwide that accounts for an increasing share of total production. It is naturally related to the clear benefits to the environment and to society, but also related to the proven economic competitiveness of renewable energy, and wind onshore in particular.

> It's not only about what we do as a business, It's also about how we do it: our attention to local communities, respect for biodiversity, and controlled risk approach.

At EDPR, as one of the first movers in wind energy, we built significant capacity early on and since then have maintained a top position in the world ranking of wind energy production players. This leadership position on the "right side of the energy sector", and the knowledge and reputation we have accumulated over time in our business has been EDPR's central competitive strength in expanding our growth and profitability.

Q4 What steps has EDPR taken to become a leader in Sustainability?

A4: For us is not only about what we do as a business, it is also about how. This is reflected, for example, in our controlled risk financial approach, our respect for biodiversity and mitigating potential impacts, and in our attention to local communities. I'd like to make special mention of the work of Fundación EDP, which also represents EDP Group's other subsidiaries in Spain. With its mission of social responsibility it has developed several initiatives in support of communities in different areas including culture, education and environmental research.

At EDPR, we are publicly committed to the 10 principles of the UN Global Compact in the areas of human rights, labour standards, environment and anti-corruption. I can highlight a few of our initiatives over the past year that demonstrate our commitment to these principles. First, we completed the OHSAS 18001 certification for nearly all our facilities, ensuring appropriate working conditions and practices in order to meet our zero accidents objective. It was an important step that shows our commitment to the health and safety of our employees and contractors. In the environmental area we reached another important milestone by completing the implementation of our environmental management system in the U.S. and reaching almost all of our sites with ISO 14001 certification, holding strict environmental practices that meet internal targets, not just legal requirements. In terms of governance, we formalized our anti-corruption policy regarding the adoption of best business practices and ethical principles, further emphasizing transparency and accountability of our governance model.

We are proud to be recognized for our excellence in the area of sustainability with our presence in the FTSE4Good index and, more significantly, by the increased interest of SRI (sustainable and responsible investment) funds in our company.

Last year we defined 10 sustainability targets through 2017, in line with our business plan, that not only follow our culture of continuous improvement but also reinforce sustainability to remain a central part of EDPR's future.

Q5 What is your outlook on the energy business and regulatory environments?

A5: Clearly the global macro trends in favour of renewable energy will remain globally strong. There will be a strong need for an abundant, clean and affordable energy. Wind onshore in particular is not just environmentally friendly, it is competitive with all other alternative technologies, even at the current fuel prices.

> Wind onshore is not just environmentally friendly, it is competitive with all alternative technologies, even at current fuel prices.

In Europe, the focus is certainly moving from decarbonisation, evident in the 20-20-20 targets and 2030 targets, toward affordability. However, the short-term outlook in Europe faces some challenges due to a big misperception about the true cost/benefit of renewable energy, created in the context of a worldwide recession that triggered a focus on their remuneration schemes. They intended to show that these schemes had excessive costs, but they were grounded in incorrect analyses, putting into question the existing regulation to support new growth. The truth is that on a levelized cost of energy basis, with the exception of large hydro in some cases, no other technology is as competitive as wind onshore. Security of supply concern will put more emphasis on a greater reliance on endogenous sources of energy, following the crisis between Ukraine and Russia. Therefore Europe will still see dynamic growth over the coming years, with activity to take up as existing oversupply is absorbed by catching demand.

Prospects in the Americas are brighter at this moment, driven by a significantly stronger wind resource driving even greater competitiveness of wind energy vis-à-vis other technologies. This is valid considering the availability of shale gas, and at currently low prices.

The growth in the U.S. is also motivated by the need to meet environmentally driven target renewable portfolio standards (RPS). Many states, especially in the Western and Eastern regions, have increasing binding targets up to 2020 and thereafter. The U.S. administration has recently unveiled a plan to reduce carbon emissions from power generation plants. That implies a greater reliance on renewable energy sources, to make up 1/4 of the planned reduction by 2030.

Moving south, Brazil and Mexico are reinforcing their regulatory support, mostly through organised tenders and favourable preferable financing conditions. Those are the most promising wind centres in Latin America, having very strong wind resources, and high growth in electricity consumption and an increasing concern over the diversification from excessive dependence on hydro and the associated potential power shortages or peak prices from droughts.

Q6 How do you see the market design evolving going forward?

A6: The industry will see increasing importance of auction-based structures (tenders, PPAs). This system is already well developed in the Americas, and now we are observing a switch in Europe, which in my view is a very welcome market design, since auctions provide long-term visibility with low risk for investors and, at the end, lower prices to electricity consumers. The wind energy industry does not need subsidies but stability, for example from market-based arrangements of competition ex-ante competition.

> Wind energy does not need subsidies but stability, for example from market-based arrangements of ex-ante competition.

The U.S. has efficient regulatory support, albeit visibility over the long-term extension of the incentives in place, PTC mostly, is limited. It would be valuable to have at least a medium-term view on these deals, even if including a progressive phasing out, as it would allow for improved planning and better value for consumers. The situation as it is creates a volatile growth market as off-takers typically take the years when PTCs are available to sign new agreements.

The importance of the PTC for value creation is lower today than some years ago due to the improvement in wind energy competitiveness. Today a new wind farm in the Central region of the U.S. with the best load factors to achieve our required returns, can offer a utility a PPA price for 20-year competitive with the cost one can expect from any other new-build.

Q7 What are the implications of this context on growth prospects?

A7: Our business plan aims to maintain capacity growth at a rate of 500 MW annually through 2017, focused on high quality projects, mostly through long-term energy sale agreements already granted, lowering our exposure to wholesale prices and regulatory schemes. Taking advantage of our diversified worldwide presence and extensive portfolio of projects that allow us to pick the most interesting markets at each time, future growth is projected to be located 60% in U.S., 20% in Europe and the remaining 20% in emerging wind markets.

The business plan is to grow > 500 MW per year in high quality projects under long-term energy sales: 60% in U.S., 20% Europe and 20% in emerging wind markets.

In the U.S., since the one-year extension of PTCs in early 2013, we have signed PPAs for 1,255 MW of capacity putting us in clear reach of our growth target in this market, of which 300 MW were already added in 2014. We now have several projects to add in the U.S. during 2015, 2016 and 2017.

In Europe, we have set a target of 20% of the overall additions through 2017. Additions will mostly come in France, Italy and Poland. However in the long term energy demand will certainly recover and EU 2030 targets already indicate renewable energy will be again on the rise. Therefore we may seem to be dormant but in fact we are active, maintaining the ongoing optimization of our pipeline up to a ready-to-build stage to originate new projects, whenever we find opportunities under regulatory arrangements favourable to our profitable and sustainable growth. We will most likely participate in future public tenders that are expected in several countries where we are already present.

Last but not least, in Brazil, a market with strong fundamentals, the action plan is to prepare new projects to participate in the forthcoming PPA auction; and logically we are already on the path to complete the 237 MW awarded through PPAs back in 2011 and 2013. Mexico is another promising market with very strong potential that can fit in our global diversification growth plan while maintaining a low risk approach. We will be building our first project by 2016 with 180-200 MW awarded with a 25-year contract. We will continue to actively prospect further opportunities in these countries or in other emerging markets with these same strong fundamentals.

But again, our diversified worldwide presence and extensive portfolio of high quality projects will enable us to select the optimal mix of investments at each moment.

Q8 What about new technologies?

A8: Regarding technologies other than wind onshore, we have already somewhat diversified into solar photovoltaic (PV), but such investments are something more to be judged on a case-by-case opportunistic approach like the case of the 30 MW addition this year in U.S. (California). Yet with the expectable further reduction in the levelized cost of energy of this technology, we are reviewing options to reinforce in this area.

In offshore wind we are making investments in solid projects, with very strong partners such as Repsol in the UK and more recently GDF Suez and Neoen in France. The technology is not yet mature, there is a large scope for cost reduction and we believe we can leverage our core competencies in wind onshore. Wind offshore in clearly a very promising energy source and will be part of the European renewable energy growth particularly in markets where onshore development is limited.

Q9 Is the company going to maintain its low risk profile?

A9: Yes, absolutely. A low risk profile is in our genetic material, and naturally it is one of the key pillars our strategy since we consider essential to maintain a competitive cost of capital. This culture of controlled risk is observed in our strict risk management practices, reflected most noticeably in our hedging from any material exposure to wholesale market prices, either through regulation or via bilateral PPAs. Only about 10% of our generation is exposed to market spot prices, a level considered adequate for a low risk profile.

It is also reflected in our management of financial debt, with 86% at fixed cost and maturing in three years or later -, in our hedging of foreign exchange risk, and just to highlight a few of our risk management principles.

We will continue to follow a rigorous financial policy, only assuming financial commitments when we have the means secured to do so. This is particular relevant in our business particularly capital intensive and moreover observing our current investment plan amounting to €2.5 billion over the four years started in 2014.

Q10 How does EDPR plan to finance such large investment plan?

Q10: As you may know, we have committed ourselves to what we call a self-funding model, in which we limit the financing of our investment plan exclusively to our internal free cash flow from operating assets as well as the sale of

Always a key concern is to deliver the planned growth, on time and on budget, and we have a strong track record in doing just that, which we intend to maintain

minority stakes in our projects. Bringing forward the cash flow from our assets allows us to increase our value and growth through its reinvestment while still preserving a balance sheet discipline that maintains the company under a low risk and cost competitive financing environment. Our business plan embraces the goal of raising €700 million from such asset rotation proceeds that complement an amount of €1.8 billion of operating cash flow to finance our total €2.5 billion investment plan. With 2014 transactions alone, over 60% of this target has already been completed, through three deals involving assets located in different countries with different pension funds and infrastructure funds as counterparties. Also worth mentioning here is another agreement closed under EDP's strategic partnership with China Three Gorges at the end of 2014, this time for the 49% sale of our operating and under development capacity in Brazil. This follows the first transaction in Portugal which included assets where EDPR was majority shareholder, as well as a Memorandum of Understanding for the sale of a minority stake to be executed subsequent to the splitting of assets at the ENEOP consortium that will take place in 2015.

Our business plan embraces the goal of raising €700 million from asset rotation proceeds that will help finance our €2.5 billion investment plan.

It is also clear that our company will keep finding external financing sources such as equity partnerships, typical in the U.S., or the project financing most common in Brazil and in Europe, namely in Poland. We have been successful in raising funds over the last several years, and again in 2014, we raised a total of €366 million.

Most importantly, the primary source of funds will still be the operating cash flow generated from the existing assets, expected to amount to €3.5 billion in 2014-17 period, which will remain to a significant extent available to fund the new investments.

Q11 What else can still be done to increase profitability?

A11: We have set a target for ourselves to increase EBITDA and Net Profit respectively by 9% and 11% annually on average from 2013 over the next four years. To do that, we will invest in projects with higher load factor, which will generate stronger output than our assets in operation, and we will deliver increased operational efficiency. These objectives will allow for an increase in electricity output of 9% and cut OpEx/MW by -2% on average per year from last year up to 2017.

It is always a key concern to deliver the planned growth both on time and on budget, and we have a strong track record in doing just that, which we intend to maintain.

On the operations side, we will make continuous improvements in availability levels as well as small but important boosts in load factors thanks to productivity enhancements that we are implementing in turbines already in operation. We will also reduce costs through the dissemination of best practices and leaner approaches, as well as through the internalization of value adding activities in maintenance.

Q12 Finally, as the CEO of EDPR, what are your feelings toward the company?

Q12: It has been a great privilege to be CEO for the last three years leading a team of what I frankly feel to be an outstanding group of people - over 900 now – contributing their great work to our mission as a corporation, and doing this with dedication above expectations and great enthusiasm. It makes my job a lot easier to be in such good company of competent professionals and adaptable individuals. In its essence, a company is its people, and it is a great competitive advantage for us to have here a great team of very experienced experts, who are in fact the pioneers of the wind industry, working together with very qualified younger professionals whom we have brought on board along the way. Our business has been shaken by numerous challenges, and I am personally grateful for the adaptability, both functional and geographical, demonstrated by many of our employees.

I am also thankful to the support to our shareholders, always providing a solid backing to our strategy and stimulating myself and my colleagues at the Executive team to accomplish our mission in the company even better and better.

In its essence, a company is its people. Our business has been shaken by numerous challenges and I am personally grateful for the adaptability of our employees.

01

THE COMPANY

1.1. THE COMPANY IN BRIEF

1.1.1. VISION, VALUES AND COMMITMENTS

VISION:

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

MISSION:

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

VALUES:

Initiative
through behaviour and attitude of our people

Trust
of shareholders, employees, customers, suppliers and other stakeholders

Excellence
in the way we perform

Innovation
to create value in our areas of operation

Sustainability
aimed at the quality of life for current and future generations

1.1.2. BUSINESS DESCRIPTION

Our renewable energy business grossly comprises the development, construction and operation of fully controlled wind farms and solar plants to generate and deliver clean electricity.

DEVELOPMENT...

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

Landowner agreement
Contact local landowners and negotiate leasing agreement

Renewable resource analysis
Install meteorological equipment to collect and study wind profile and solar radiance

...DEVELOPMENT

Obtain consents and permits
Engage with local public authorities to secure environmental, construction, operating and other licenses

Project evaluation and funding
Evaluate potential operational and financial risks and find appropriate finance to the project

CONSTRUCTION...

Layout design and equipment choice
Optimize the layout of the farm and select the best fit of equipment model based on the site characteristics

...CONSTRUCTION

Construction
Build access roads, prepare foundations, assemble wind turbines or solar panels,construct substation

OPERATION...

Opening ceremony
Celebrate the benefits of renewable energy with local communities, authorities and other stakeholders

Wind and solar plant operation
Complete grid connection and start to generate renewable electricity

...OPERATION

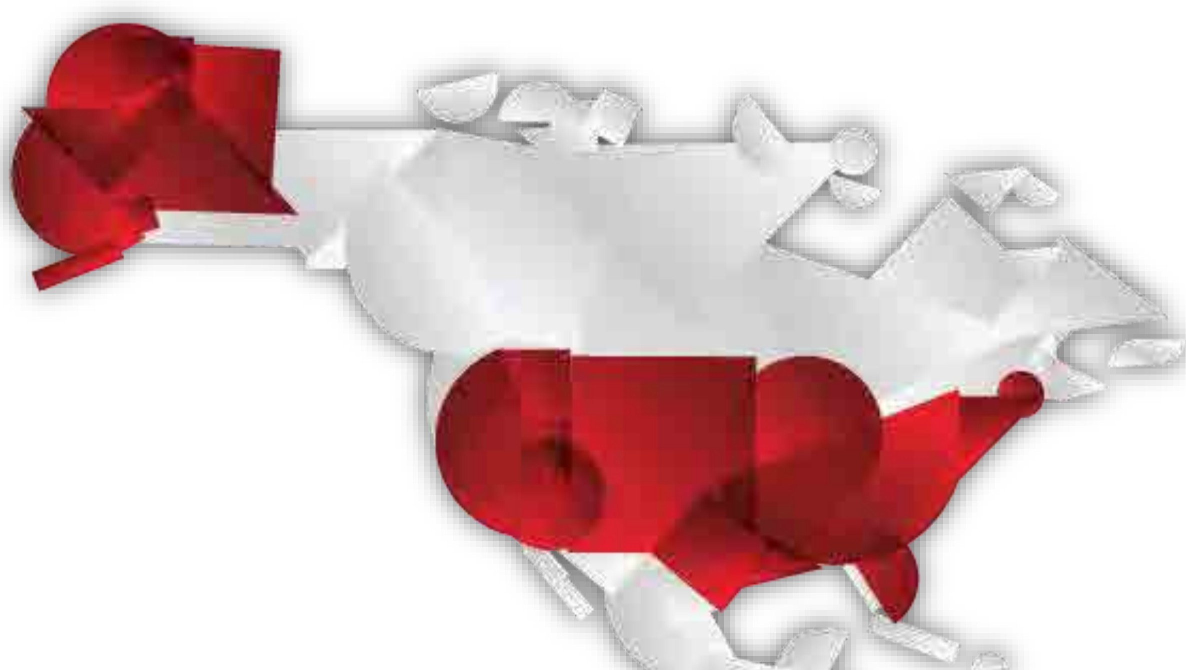
Data analysis
Monitor real-time operational data, analyse performance and identify opportunities for improvement

Ongoing maintenance service
Keep availability figures at the highest level possible and minimise failure rates

Generate and deliver clean energy
A better energy, a better future, a better world!

1.1.3. WORLD PRESENCE

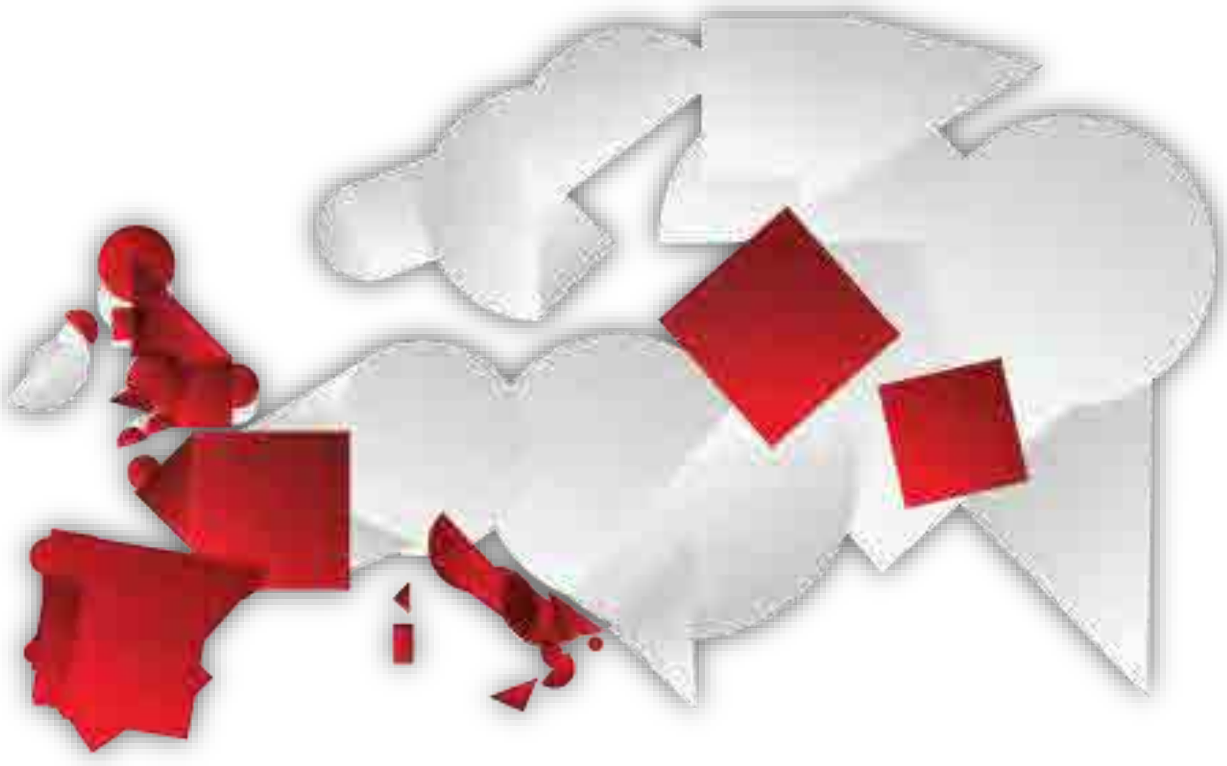
EDPR is a world leader in renewable energy, present in 12 countries in Europe and the Americas, managing a global portfolio of 9.0 GW of capacity installed, 443 MW under construction and much more in pipeline development, employing over 900 employees



EDPR North America **316 employees**	
(USA)	**3.984 MW operating** +299 MW under construction +956 MW in pipeline with PPA
(Canada)	**30 MW operating**
(Mexico)	180 MW in pipeline with PPA

EDPR Europe
577 employees (includes 143 employees in EDPR Holding)

2.368 MW operating +2 MW under construction	**1.157 MW operating** +6 MW under construction
340 MW operating +430 MW of offshore wind in pipeline development with PPA	**71 MW operating**
392 MW operating +6 MW under construction	**521 MW operating**
90 MW operating +10 MW under construction	1.4 GW (max) of offshore wind in pipeline under development



EDPR produced 19.8 TWh of clean energy in 2014, of which 47% in Europe, 52% in North America and 1% in Brazil

EDPR Brazil
26 employees

84 MW operating +120 MW under construction +116 MW in pipeline with PPA

1.1.4. STAKEHOLDERS

Involving the stakeholders in our business is a strategic priority, by maintaining an open and transparent dialogue, to build and strengthen trust, share information and knowledge, anticipate challenges and identify cooperation opportunities to create value.

We do so through four major guiding commitments: Comprehend, Communicate, Collaborate and Trust. These commitments underlie a policy that aims to go beyond mere compliance with the formal requirements of the law, thereby contributing to an effective and genuine engagement of our different stakeholders.

COMPREHEND

Include, Identify, Prioritize: We have dynamically and systematically identified the Stakeholders that influence and are influenced by the Company, and we analyse and try to understand their expectations and interests in the decisions that directly impact on them.

COMMUNICATE

Inform, Listen, Respond: We are committed to promoting two-way dialogue with Stakeholders through information and consulting initiatives. We listen, inform and respond to Stakeholders in a consistent, clear, rigorous and transparent manner, with the aim of building strong, durable close relationships.

COLLABORATE

Integrate, Share, Cooperate, Report: We aim to collaborate with Stakeholders to build strategic partnerships that bring together and share knowledge, skills and tools, thereby promoting the creation of shared value in a differentiating manner.

TRUST

Transparency, Integrity, Respect, Ethics: We believe that the promotion of a climate of trust with our Stakeholders is crucial to establishing stable, long-term relationships. Our relationship with stakeholders is based on values like transparency, integrity and mutual respect.

Who are the stakeholders of EDPR? All persons or entities that influence or are influenced by our activities. They are organized in four segments: Democracy, Value Chain, Market and Social and Territorial Context.

In 2014, the company has initiated in Spain its stakeholders management plan consisting of 5 main phases: 1) segmentation, 2) definition of stakeholders managers to follow up on the implementation of improvement initiatives, 3) quantitative analysis through a number of internal and external inquiries, 4) preparation of a conclusions report once the data relative to inquiries have been consolidated, and 5) action plan to be implemented by each of the stakeholder managers and coordinated by a steering committee.

This plan will be replicated in other countries in the future with the goal of obtaining a global vision of the company's relationships with stakeholders across its different locations.

The table below lists the different interested parties, aggregated by described four key segments of stakeholders, interacting with our business in Spain:

Segment	Stakeholder
Market	Financial Entities
	Investors
	Competition
Democracy	Energy Commission of Spanish Congress
	Spanish Euro Congressmen
	Political parties
Value Chain	Employees
	Suppliers
	Land Owners
Social and Territorial Environment	Associations
	Local Communities
	Universities
	City Councils
	Energy Council or Energy Commissioners
	Media and Opinion Leaders

EDPR organized a day of festivities in celebration of Global Wind Day at its Rabosera wind farm in Aragon (Spain) and in Leroy, Minnesota (USA)

Initiatives such as the celebration of Global Wind Day are an indication of the commitment to the local communities in the municipalities where EDPR operates

EDPR celebrated Global Wind Day, a worldwide event that occurs annually on June 15, with a day of festivities at the Rabosera wind farm, located between the towns of Luna (Zaragoza) and Gurrea de Gállego (Huesca) in Spain. To celebrate this day, the Rabosera wind farm opened their doors to the public for guided educational tours of the facilities, accompanied by technical personnel, and visits to a wind tunnel. The day also incorporated educational sessions for children and design competitions.

The event was attended by the head of the Energy and Mining Department of the Regional Government of Aragon, Marina Sevilla. She was accompanied by Ramón Tejedor, an advisor from the same department, and the director of the Huesca Local Industry and Innovation Service, Marta Patricia Rodríguez. Also present were a number of local representatives and officials from neighbouring cities. According to Rocío Sicre, Country Manager for EDPR in Spain, "initiatives like this are part of the sustainable philosophy of the company and a clear indication of our commitment to the local communities in the municipalities where we operate".

In the United States, the EDPR team in Leroy, Minnesota, was responsible for organizing events for Wind Day at the Pioneer Prairie and Prairie Star wind farms. In partnership with the LeRoy School, EDPR provided an afternoon of learning about science and engineering with a focus on wind energy. EDPR taught the students about the environmental impacts of renewable energies.

After the students left, it was the turn of congressional advisors, journalists and tax consultants from Iowa and Minnesota, who learned about the O&M (Operations and Maintenance) of wind farms. The trip ended with a reception on site which served as a networking opportunity

1.2. 2014 IN REVIEW

1.2.1. KEY METRICS SUMMARY

INSTALLED CAPACITY
9.0 GW
EBITDA + Net equity

TECHNICAL AVAILABILITY
97.6%
-0.1p.p. vs 2013

GENERATION
19.8 TWh
+3% vs 2013

NEW ADDITIONS
+0.5 GW
EBITDA + Net equity

LOAD FACTOR
30%
-0.2p.p. vs 2013

EMISSIONS AVOIDED
17.0mt CO_2
+4% vs 2013

CASH NET INVESTMENTS
€538m
+€105m capex YoY

NET DEBT
€3.3 billion
+0% vs 2013

12 COUNTRIES
1 new: Mexico

EBITDA
€903m
-2% vs 2013

OPEX/MW
€55k/MW
-8% vs 2013

919 EMPLOYEES
+3% vs 2013

OPERATING CASH-FLOW
€707m
+4% vs 2013

NET PROFIT
€126m
-€9m vs 2013

TRAINNING
83%
43hrs / employee

+471 MW OF CLEAN ENERGY COMMISIONED

In 2014 EDPR completed ten projects in five countries, including its first solar project in the US, located in California, and two more wind farms - Rising Tree North and 200 MW Headwaters

Project name	Country	MW	Technology
Estarreja	Portugal	2	Solar
Headwaters	US	200	Wind
Ilza	Poland	4	Wind
Lone Valley	US	30	Solar
Overpowering	Portugal	2	Wind
Preuseville	France	6	Wind
Radziejow	Poland	18	Wind
Rising Tree North	US	99	Wind
San Giovanni	Italy	20	Wind
Truc de L'Homme	France	12	Wind
EBITDA		393	
ENEOP	Portugal	78	Wind
2014		471	

Old and new wind power at Headwaters

HEADWATERS LOCATION, ENERGY OUTPUT AND ENVIRONMENTAL BENEFITS

Located in Randolph County in the state of Indiana (US), the Headwaters wind farm supplies emission free electricity to Indiana Michigan Power (a subsidiary of American Electric Power), through a long-term power purchase agreement. It employs the latest in turbine technology to generate 200 MW of domestic, renewable electricity enough to power more than 51,000 average Indiana homes with clean energy each year, preventing the annual emission of tons carbon dioxide - a contributor to climate change, nitrogen oxide which causes smog, and sulphur dioxide which causes acid rain. The annual environmental benefits of the 332,000 tons of CO_2 are equivalent to taking approximately 183,000 cars off of the road.

DEVELOPMENT

More than 200 supportive landowners were attracted to participate in long-term lease and easement agreements that cover turbines, access roads and transmission corridors. EDPR also performed wind measures at the site during years to design the best layout for the terrain.

CONSTRUCTION

Construction works started and finished during 2014. The wind farm has a total of 100 turbines, 94.5 meters tall. It is connected to the grid at 345 kilovolt transmission line through a new substation, 10 miles transmission line and interconnection station. The project includes maintaining 80 miles of public roads and more than 35 miles of private access roads to the turbines. More than 250 direct and indirect jobs were created at the peak of construction.

OPERATIONS

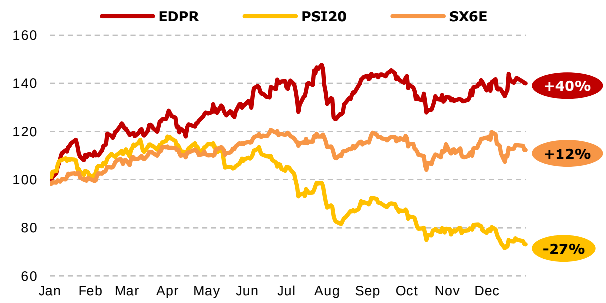
EDPR created 14 full time permanent jobs in the area to help operate the power plant at the highest efficiency standards. The Headwaters wind farm helps provide energy security to the United States by diversifying the electricity generation portfolio, protecting against volatile natural gas spikes and utilizing a renewable, domestic source of energy.

Headwaters wind farm does not impede land use for Indiana farmers

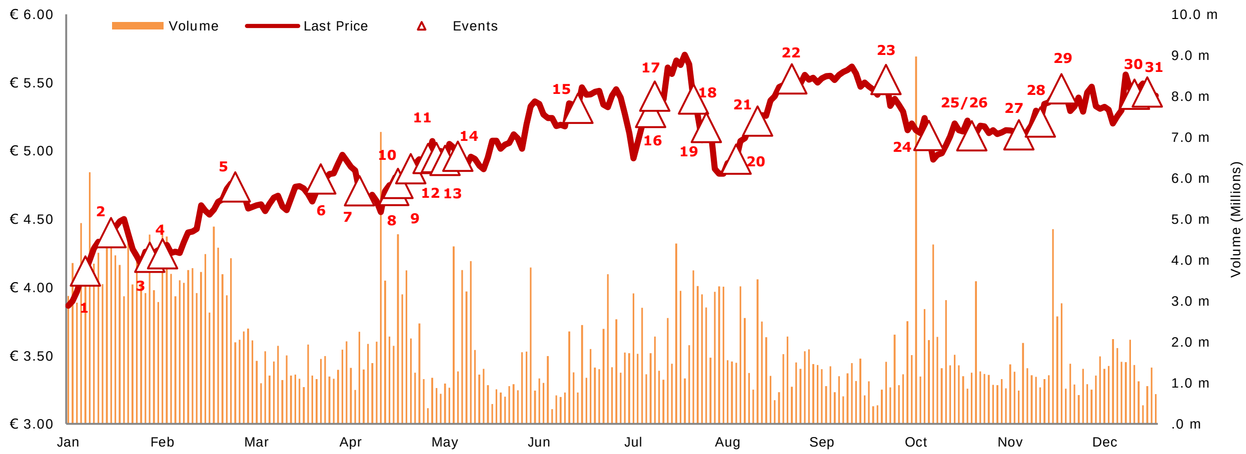
1.2.2. SHARE PERFORMANCE

Share price increased +40% in 2014, significantly outperforming NYSE Euronext Lisbon PSI20 and Dow Jones Eurostoxx Utilities SX6E

EDPR has 872.3 million of shares listed and admitted to trading in NYSE Euronext Lisbon. On December 31st 2014 EDPR had a market capitalization of 4.7 billion euro, +40% above from the 3.4 billion euro at previous year-end, equivalent to € 5.40 per share. In 2014 total shareholder return was 41%, considering the dividend paid on May 8th of € 0.04 per share.



EDPR in Capital Markets	2014	2013	2012	2011	2010
Opening price (€)	3.86	3.99	4.73	4.34	6.63
Minimum price (€)	3.87	3.58	2.31	5.25	3.72
Maximum price (€)	5.70	4.36	4.86	3.89	7.01
Closing price (€)	5.40	3.86	3.99	4.73	4.34
Market capitalization (€ million)	4,714	3,368	3,484	4,124	3,783
Total traded volume: Listed & OTC (million)	396.84	448.15	446.02	463.56	544.52
...of which in NYSE Euronext Lisbon (million)	149.48	200.29	207.49	232.29	311.46
Average daily volume (million)	1.56	1.76	1.74	1.80	2.11
Turnover (€ million)	1,976.41	1,759.20	1,525.56	2,098.58	2,695.41
Average daily turnover (€ million)	7.75	6.90	5.96	8.17	10.45
Rotation of capital (% of total shares)	46%	51%	51%	54%	63%
Rotation of capital (% of floating shares)	205%	229%	228%	239%	279%
Share price performance	+40%	-3%	-16%	+9%	-35%
Total shareholder return	+41%	-2%	-16%	+9%	-35%
PSI 20	-27%	+16%	+3%	-28%	-10%
Down Jones Eurostoxx Utilities	+12%	+9%	-9%	-25%	-15%



1 EDPR secures PPA for new 200 MW wind farm in the US, 8-Jan

2 EDPR executes project finance for its first project in Canada, 16-Jan

3 EDPR discloses 2013 provisional operating data, 29-Jan

4 Spain - published the renewables' standards for consultation, 3-Feb

5 EDPR discloses full year 2013 financial results, 26-Feb

6 EDPR executes project finance for 50 MW in Romania, 26-Mar

7 EDPR holds Annual Sharebolder's Meeeting, 08-Apr

8 EDPR discloses 1Q14 provisional operating data, 22-Apr

9 EDPR secures PPAs for new 150 MW wind farm in the US, 23-Apr

10 EDPR enters the Mexican wind energy market, 28-Apr

11 EDPR ex-dividend date (€0.04 per share), 5-May

12 EDPR consortium is awarded with 1 GW of wind offshore capacity in France, 7-May

13 EDPR discloses 1Q14 financial results, 9-May

14 EDPR presents in EDP Group Investor Day, 14-May

15 Spain fully approves the new remuneration framework for wind energy assets, 23-Jun

16 EDPR discloses 1H14 provisional operating data, 16-Jul

17 EDPR established institutional partnership structure for 200 MW in the US, 17-Jul

18 EDPR discloses 1H14 financial results, 30-Jul

19 EDP Renováveis executes project finance for 70 MW in Poland, 4-Aug

20 EDPR secures new PPA for capacity already in operation in the US, 13-Aug

21 EDPR executes a new asset rotation transaction in the US, 20-Aug

22 EDPR established its first institutional partnership structure for solar PV in the US, 1-Sep

23 EDPR executes a new asset rotation transaction in France, 1-Oct

24 EDPR discloses 9M14 provisional operating data, 15-Oct

25/26 EDPR established institutional partnership for 99 MW in the US & discloses 9M14 results, 29-Oct

27 EDPR was awarded with long term sale agreements for 155 MW in the US, 13-Nov

28 EDPR executes a new asset rotation transaction in Canada, 20-Nov

29 EDPR establishes a MoU with EDP Brasil for the acquisition of a 45% stake in EDPR Brasil, 27-Nov

30 Extension of key energy-related tax incentives applicable to EDPR in the US, 22-Dec

31 EDPR announces the sale of minority stakes in wind farms in Brazil to CTG, 29-Dec

1.3. ORGANIZATION

1.3.1. SHAREHOLDERS

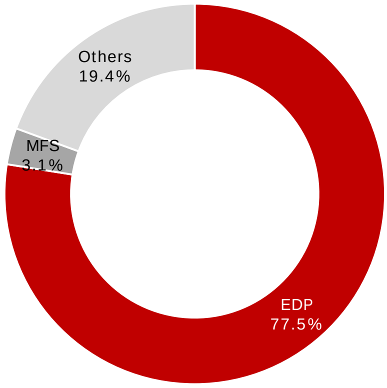
EDPR shareholders are spread across 23 countries. EDP ("Energias de Portugal") is the major one holding 77.5% of the share capital since launching the company's IPO in June 2008.

EDPR total share capital is, since its initial public offering (IPO) in June 2008, composed of 872.308.162 shares issued with a nominal value of five euros each, fully paid. All these shares are part of a single class and series and are admitted to trading on the NYSE Euronext Lisbon regulated market.

MAJOR SHAREHOLDER, THE EDP GROUP

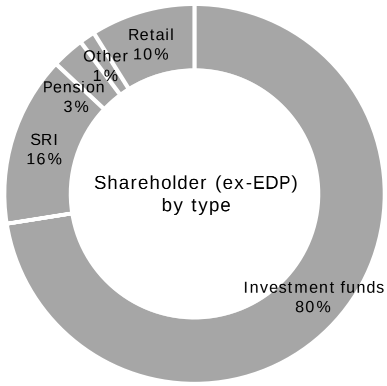
The majority of the company's share capital is owned by EDP Group, holding 77.5% of the share capital and voting rights, since launching the company's IPO in June 2008.

EDP ("Energias de Portugal") Group is a vertically integrated utility company, the largest generator, distributor and supplier of electricity in Portugal, has significant operations in electricity and gas in Spain and is the 4th largest private generation group in Brazil through its stake in Energias do Brasil. In the Iberian Peninsula, EDP is the third largest electricity generation company and one of the largest distributors of gas. EDP has a relevant presence in the world energy outlook, being present in 14 countries, with more than 9.8 million electricity customers and 1.3 million gas supply points and almost 12.000 employees around the world. In 2014, EDP had an installed capacity of 22.5 GW, generating 60.3 TWh, of which 33% come from wind. EDP has been recognised #1 worldwide in the Dow Jones Sustainability Index in the Utilities sector for the year 2013, and again in 2014, following the group performance in the economic, social and environmental dimensions. Its holding company, EDP SA, is a listed company whose ordinary shares are traded in the NYSE Euronext Lisbon since its privatization in 1997.



OTHER QUALIFIED SHAREHOLDERS

Besides the qualified shareholding of EDP Group, MFS Investment Management - an American-based global investment manager formerly known as Massachusetts Financial Services - communicated to CNMV in September 2013 an indirect qualified position, as collective investment institution, of 3.1% in EDPR share capital and voting rights.



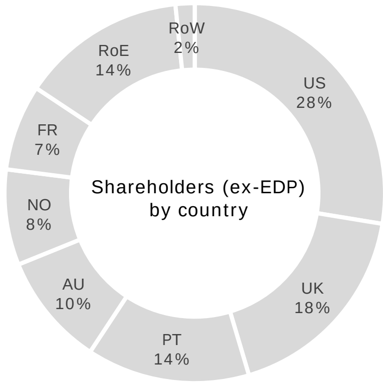
BROAD BASE OF INVESTORS

EDPR has a broad base of international investors. Excluding EDP Group, EDPR shareholders comprise about 81,000 institutional and private investors spread worldwide. Institutional investors represent 90% of EDPR investor base (ex-EDP Group), while the remaining 10% stand private investors, most of whom are resident in Portugal.

Within institutional investors, investment funds are the major type of investor, followed by sustainable and responsible funds (SRI). EDPR is a member of several financial indexes that aggregate top performing companies for sustainability and corporate social responsibility.

WORLDWIDE SHAREHOLDERS

EDPR shareholders are spread across 23 countries, being United States the most representative country, accounting for 28% of EDPR shareholder base (ex-EDP Group), followed by United Kingdom, Portugal, Australia, Norway and France. In Rest of Europe the most representative countries were Netherlands, Switzerland and Andorra.



1.3.2. GOVERNANCE MODEL

Corporate governance is about promoting corporate fairness, transparency and accountability. EDPR's corporate governance structure specifies the shareholders, board of directors, managers and other stakeholders' rights and responsibilities and spells out the rules and procedures for making decisions on corporate affairs. It also incorporates the organization's strategic response to risk management.

The corporate governance model of EDPR, as a listed corporation, is designed to ensure transparency and accountability through a clear separation of duties between management and supervision of the company's activities

The corporate governance structure adopted is the one in effect in Spain. It comprises a General Meeting of Shareholders and a Board of Directors that represents and manages the company. As required by the law and established in the company's articles of association, the Board of Directors has set up four specialized committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Committee on Related-Party Transactions. This governance structure and composition was chosen to adapt the company's corporate governance model also to the Portuguese legislation and it seeks, insofar it is compatible with the Spanish 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 a separate body, a Supervisory Board. EDPR's model attempts then to establish compatibility between two different systems of company law, through an Audit and Control Committee of independent members, although not exclusively separate from the Board of Directors.

The experience of institutional operation of this adopted governance model has been proving to be appropriate to the organizational development of the company's activities, because it still affords transparency and accountability between the management functions of the Executive Committee, the supervisory functions of the Audit and Control Committee and the specialized oversight by other different Board of Directors committees.

GENERAL MEETING OF SHAREHOLDERS:

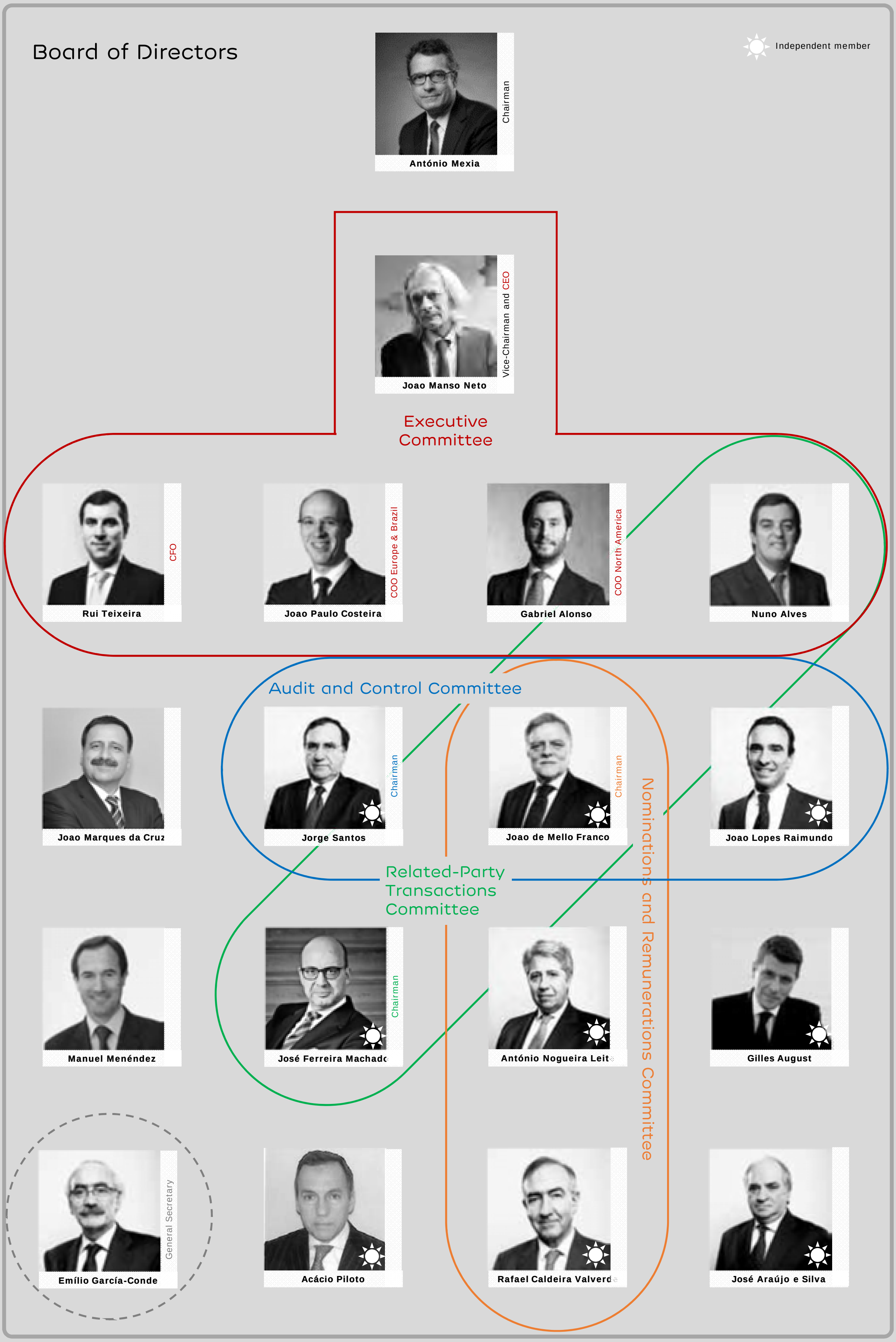
- is the body where the shareholders participate;
- has the power to deliberate and adopt decisions, by majority, on matters reserved by the law or the articles of association.

BOARD OF DIRECTORS (BOD):

- shall consist of no less than 5 and no more than 17 Directors, including a Chairperson; their term of office shall be 3 years, and they may be re-elected once or more times for equal periods;
- its Chairperson is appointed by the members of the BOD, unless this is done by the General Meeting of Shareholders; it is the Vice-Chairperson, who is appointed by the BOD on the proposal of the Chairperson, that replaces the Chairperson when he is unable to attend the meetings;
- has the broadest powers for the administration, management and governance of the company, with no limitations other than the responsibilities expressly and exclusively invested in the General Shareholders Meeting, in the company's articles of association or in the applicable law;
- may appoint, among the Directors, one Chief Executive Officers (CEO) or more, with a vote in favour of 2/3 of the Directors, after proposal of the Chairperson or 2/3 of the Directors; the competences of each CEO are those deemed appropriate in each case by the BOD, with the only requirement being that they are delegable under the law and the articles of association;
- may also delegate executive powers to the Vice-Chairperson;
- must meet at least 4 times a year, preferably once a quarter; nonetheless, the Chairperson, on his own initiative or that of 3 Directors, shall convene a meeting whenever he deems fit for the company's interests;
- its decisions are adopted by absolute majority among the Directors present in the meeting, where each Director has one vote and the Chairperson has the casting vote in the event of a tie;

The Chairperson of the BOD fully represents the company, using its name, implementing decisions of the General Meeting of Shareholders, Board of Directors and the Executive Committee. Without prejudice to the powers of the Chairperson under the law and the articles of association, he also has the powers of convening and presiding over the meetings of the BOD, establishing their agenda and directing discussions and decisions; acting as the company's highest representative dealing with public, sectorial or employers' bodies;

The BOD has set up four specialized committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Committee on Related-Party Transactions. The members of these committees shall maintain their positions in the respective committees for as long as they are Directors; nonetheless, the BOD may decide to discharge members at any time and the members may resign said positions while still remaining Directors.



Board of Directors
Independent member
António Mexia
Chairman
Joao Manso Neto
Vice-Chairman and CEO
Executive Committee
Rui Teixeira
CFO
Joao Paulo Costeira
COO Europe & Brazil
Gabriel Alonso
COO North America
Nuno Alves
Audit and Control Committee
Joao Marques da Cruz
Jorge Santos
Chairman
Joao de Mello Franco
Chairman
Joao Lopes Raimundo
Nominations and Remunerations Committee
Related-Party Transactions Committee
Manuel Menéndez
José Ferreira Machado
Chairman
António Nogueira Leite
Gilles August
Emílio García-Conde
General Secretary
Acácio Piloto
Rafael Caldeira Valverde
José Araújo e Silva

EXECUTIVE COMMITTEE (EC):

• shall consist of no less than 6 and no more than 9 Directors, including a Chief Executive Officer (CEO);

The CEO coordinates the implementation of the BOD decisions and the Corporate and General Management functions, partially assigning those to the other executive officers, namely: the Chief Financial Officer (CFO), the Chief Operating Officer for Europe and Brazil (COO EU & BR) and the Chief Operating Officer for North America (COO NA).

The CFO proposes and ensures the implementation of the financial policy and management, including financial negotiation, management and control, cash management optimization and financial risk management policy proposal; he also coordinates and prepares the business plan and the budget, manages the financial statements reporting analyses the operational and financial performance, manages the relations with shareholders, potential investors and market analysts to promote the value of the company in the capital markets, and coordinates procurement function and relations with key suppliers while ensuring the implementation of the procurement strategy and policy.

The COO EU & BR and the COO NA coordinate their platforms by developing, establishing and implementing the strategic plan for the renewable energy business in their respective platforms, in accordance with the guidelines set by the BOD; they are also responsible for planning, organizing and managing resources, controlling, measuring and improving the management of projects and subsidiary companies to achieve expected results to make EDPR a leader in the renewable energy sector in their respective platforms.

AUDIT AND CONTROL COMMITTEE:

• shall consist of no fewer than 3 and no more than 5 Directors, including a Chairperson;

• the majority of the members shall be independent;

• is a permanent body and performs supervisory tasks independently from the BOD;

• its members are appointed by the BOD;

• the term of office of its Chairperson is 3 years, after which he may only be re-elected for a new term of 3 years; nonetheless, chairpersons leaving the committee may continue as members.

• its competences are delegated by the BOD and include proposing the appointment of the company's auditors to the BOD for subsequent approval by the General Meeting of Shareholders, supervising the financial reporting and the functioning of the internal risk management and control systems, supervising internal audits and compliance, establish a direct contact with the external auditors, preparing an annual report on its supervisory activities and expressing an opinion on the management's report, the accounts and the proposals presented by the BOD; those responsibilities are all further detailed, among others, in the Corporate Governance section at the end of this report;

• shall meet at least once every quarter and additionally whenever its Chairperson sees fit.

NOMINATIONS AND REMUNERATIONS COMMITTEE:

• shall consist of no less than 3 and no more than 6 Directors, including a Chairperson, who must be independent;

• at least one of its members must be independent; / is constituted by independent members of the BOD;

• its members should not be members of the EC;

• is a permanent body with an advisory nature which recommendations and reports are not binding;

• has no executive functions;

• its main functions are to assist and report to the BOD about appointments, re-elections, dismissals and remunerations of the members of the BOD and their positions, as well as about appointments, dismissals and remunerations of senior management personnel; those responsibilities are all further detailed, among others, in the Corporate Governance section at the end of this report;

• shall also inform the BOD on general remuneration policy and incentives to Directors and senior management;

• shall meet at least once every quarter and additionally whenever its Chairperson sees fit.

RELATED-PARTY TRANSACTIONS COMMITTEE:

• shall consist of no fewer than 3 members, including a Chairperson;

• the majority of its members shall be independent;

• is a body belonging to the BOD;

• performs the duties of ratifying transactions, above certain thresholds defined, between EDPR and EDP or its related parties, qualified shareholders, directors, key employees or his relatives; those responsibilities are all further detailed, among others, in the Corporate Governance section at the end of this report;

• shall meet at least once every quarter and additionally whenever its Chairperson sees fit;

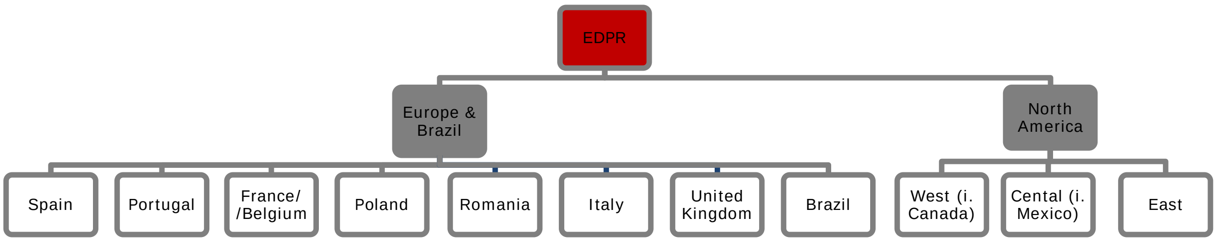
should this committee not ratify any transaction in its duties, said transactions require the approval of 2/3 of the members of the BOD.

For further detailed information regarding the responsibilities and roles of the different social bodies, as well as 2014 activity, please refer to the Corporate Governance section, at the end of this report. The company also posts its up-to-date articles of association and regulations at www.edpr.com.

1.3.3. ORGANIZATION STRUCTURE

The organization structure is designed to accomplish the strategic management of the company but also a transversal operation of all the business units, ensuring alignment with the defined strategy, optimizing support processes and creating synergies.

EDPR organizational structure is divided in 3 key elements: a corporate center at the Holding and 2 platforms - Europe & Brazil and North America. Within EDPR Europe & Brazil platform, there are 8 business units, one for each of the countries where the company operates, namely Spain, Portugal, France/Belgium, Italy, Poland, Romania, UK and finally Brazil. Similarly in the EDPR North America platform, there are 3 business units, that represent the operational regions in the continent: West (includes Canada), Central (includes Mexico) and East.



ORGANIZATIONAL MODEL PRINCIPLES

The model is designed with several principles in mind to ensure optimal efficiency and value creation.

Accountability alignment	Critical KPIs and span of control are aligned at project, country, platform and holding level to ensure accountability tracking and to take advantage of complementarities derived from end-to-end process vision.
Client-service	Corporate areas function as competence support centers and are internal service providers to all business units for all geographical non-specific needs. Business priorities and needs are defined by local businesses and best practices are defined and distributed by corporate units.
Lean organization	Execution of activities at holding level are held only when significant value is derived, coherently with defined EDPR holding role.
Collegial decision-making	Ensures proper counter-balance dynamics to ensure multiple-perspective challenge across functions.
Clear and transparent	Platforms organizational models remain similar to allow for: - Easy coordination, vertically (holding-platforms) and horizontally (across platforms); - Scalability and replicability to ensure efficient integration of future growth.

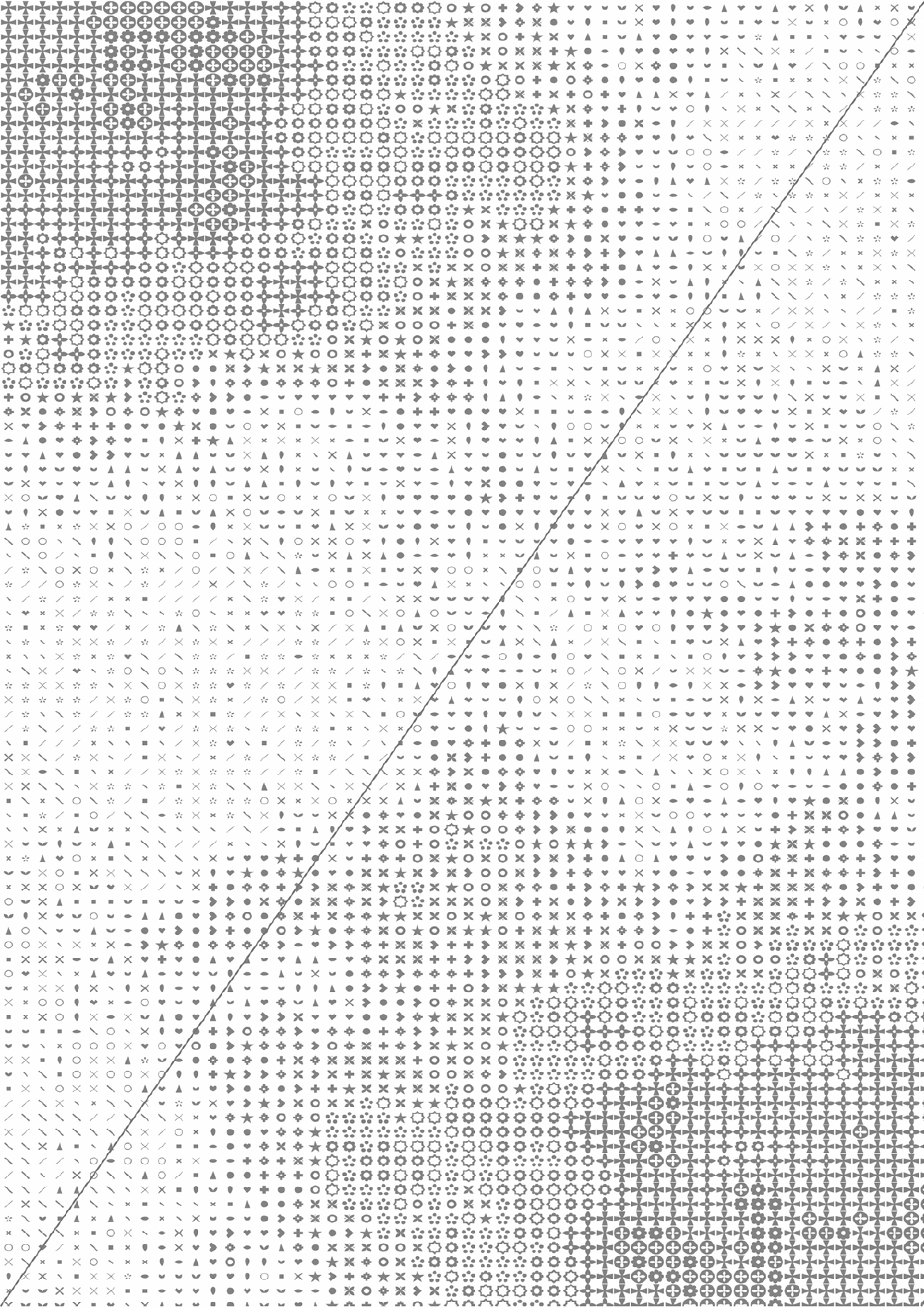
EDPR HOLDING ROLE

EDPR Holding seizes value creation, through the dissemination of best practices in the organization and the standardization of corporate processes to the platforms and the business units to improve efficiency. Its internal coordination model and interface with EDP group impacts both the company's processes - activities performed, processes steps, inputs and outputs, and decision-making mechanisms -, and the company's structure, with an alignment of functions and responsibilities with the processes configuration.

The EDPR Holding structure was designed to accomplish two fundamental roles: **Strategic Management** and **Transversal Operation**.

Strategic Management covers to a) adopt a coordination model within the group, supporting the Executive Committee in the definition and control of the strategy policies and objectives; b) define specific strategic initiatives; c) review the accomplishment of the company's business plan; d) define transversal policies, rules and procedures; e) control key performance indicators.

Transversal Operation deals to i) ensure the alignment of all the platforms with the defined strategy; ii) capture synergies and optimize support processes; and iii) systematically and progressively concentrate supporting activities in shared service business units with the group.



02

STRATEGY

2.1. BUSINESS ENVIRONMENT

2.1.1. RENEWABLE ENERGY BENEFITS

Renewable energy is helping improve energy security, reduce greenhouse-gas emissions and push electricity prices down, it is also triggering high returns for the domestic economies by generating local added value and job creation.

The evolution of renewable energy over the past decade has surpassed all expectations. Global installed capacity from all renewable technologies have increased significantly; costs for most technologies have decreased considerably.

In 2013, renewables accounted for more than 56% of net additions to global power capacity and represented far higher shares of capacity added in several countries. Renewable energy provided an estimated 19% of global final energy consumption in 2013 and continued to grow in 2014.

Markets, manufacturing, and investment expanded further across the developing world, and it became increasingly evident that renewables are no longer dependent upon a small handful of countries. By early 2014, at least 144 countries had renewable energy targets and 138 countries had renewable energy support policies in place.

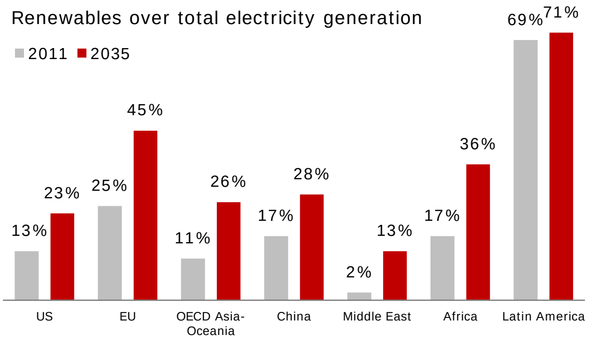
According to the International Renewable Energy Agency (IRENA), the global renewable energy share can reach and exceed 30% by 2030 and the technologies are already available today to achieve this objective and around 40% of the total renewable energy potential in 2030 is in power generation. IEA 2014 Energy Outlook expects the share of renewables in total power generation to rise from 21% in 2012 to 33% in 2040, and to supply nearly half of the growth in global electricity generation. Renewable electricity generation, including hydropower, is expected nearly triple over 2012-2040, overtaking gas as the second-largest source of generation in the next couple of years and surpassing coal as the top source after 2035.

Within renewables, wind onshore is clearly the leader. The most remarkable recent development is that in an increasing number of markets, wind power is the least cost option when adding new generation capacity to the grid, and prices continue to fall. Wind is today one of the biggest, cheapest, and fastest way to reduce emissions of carbon dioxide and other harmful air pollutants, and simultaneously uses no water. There are now commercial wind power installations in more than 90 countries with total installed capacity of close to 370 GW at the end of 2014, providing about 3% of global electricity supply in 2013.

Analysts from Bloomberg New Energy Finance predict that wind will account for the largest share of the 30% of new renewables added to the global power grid by 2030.

The GWEC Moderate scenario envisages wind would meet between 7.2% and 7.8% of global electrical demand in 2020, and between 12.9% and 14.5% in 2030.

Growth in wind installations will lead to a substantial reduction in CO_2 emissions, create jobs for hundreds of thousands of people and contribute to GDP growth. Wind energy also offers major advantages for geopolitical reasons: wind is widely available throughout the world and can help reduce energy and fuel import dependency and improves the security of supply, stabilizing and reducing the cost of power generation over the long term.



IEA New Policies Scenarios (central scenario, takes into account existing policy commitments and assumes that those recently announced are implemented, albeit in a cautious manner)

RENEWABLE ENERGY EFFECT ON THE ENERGY SYSTEM

REDUCTION IN WHOLESALE PRICES

Renewable generation bid their output in wholesale markets at zero cost as wind energy has no marginal cost. As power prices are determined by the intersection of power supply and demand, bids at zero displace more expensive technologies shifting, consequently, the supply curve. For a same level of demand, when wind production is available, the market price goes down (the so-called "merit order effect"). An increasing supply of renewable energy in Europe is pushing down wholesale electricity prices in most markets.

According to EWEA's "Wind energy and electricity prices" report prepared by Pöyry this merit order effect caused by wind results in electricity price reductions of 3 to 23 € per MWh. In Germany, with a share of 27.3%, renewables took first place, replacing lignite for the largest share in energy consumption in 2014. As a result, the wholesale price for power decreased to a record low of €33 per MWh (€38 in 2013). This allowed the German energy market to export to neighbour countries a record 5.6% of energy produced.

IMPROVE ENERGY SECURITY

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

During 2011 Europe spent €406 billion on importing fossil fuels rising to €545 billion in 2012.The EU is highly dependent on fossil-fuel import from Russia, particularly natural gas. Current political conflict between Ukraine and Russia may risk supply and is opening again Europe's energy independence discussions.

According to the European Commission, in 2010 renewables avoided €30 billion in imported fuel costs.

During the same year, the IEA estimates that cost of support for renewable energy in the EU was €26 billion, highlighting that the cost of supporting renewable energy is offset by the avoided costs of importing fossil fuels alone. EWEA states in their "Avoiding fossil fuel costs with wind energy" report that in 2012 wind energy avoided €9.6 billion of fossil fuel costs. Depending on the decarbonisation scenario they assume for the future, they estimate wind energy will avoid between €22 billion and €27 billion of fuel costs annually in 2020. Wind power also provides a valuable hedge against fuel price volatility, protecting both utilities and consumers. Utilities are able to lock in fixed, long-term contracts with wind power, protecting consumers against price spikes by providing a long-term hedge against volatile future prices for fuel. In particular in US, financiers are conscious about the volatility in US gas prices and the likelihood that they will rise.

RENEWABLE ENERGY EFFECT ON THE ENVIRONMENT AND THE ECONOMY

COMBAT CLIMATE CHANGE

The power sector is responsible for more than 40% of all carbon dioxide emissions, and about 25% of our total greenhouse gas emissions. Emissions need to peak and decline in this decade to meet climate change goals.

Despite efforts to the decarbonisation of the energy sector and the various measures announced by governments, the main scenario of the IEA forecasts an increase in emissions by about 20% by 2040. This increase in emissions is consistent with a global temperature increase of 3.6°C in the long run, which is beyond the 2°C limit (internationally accepted to avoid the most severe consequences of climate change).

Promoting a shift from conventional fossil fuels to renewable energy is one of the most effective and feasible near-term ways of mitigating climate change. Wind and solar power's scalability, speed of deployment and falling costs make them the best choice to achieve the emissions reductions. These sources are not only carbon free, but also do not emit harmful SOx, NOx or mercury pollution, protecting valuable air and water resources.

Reducing emissions is also beneficial for the economy. According to IRENA Average health benefits due to the mitigation of air pollution from fossil-fuel use are in the range of USD 2-5 per GJ, while carbon dioxide mitigation benefits are in the range of USD 3-12 per GJ. The total of cost and benefits results in net savings of at least USD 123 billion, and as high as USD 738 billion by 2030.

JOB CREATION

Renewables play an important role in employment creation and growth in the global economy. In 2013, approximately 6.5 million people were already employed in the renewable energy industry worldwide, expanding from 5.7 million in 2012, a new study by the International Renewable Energy Agency (IRENA) reveals.

According to the Global Wind Energy Council (GWEC), for every new MW of capacity installed in a country in a given year, 14 full-time equivalent jobs per year are created through manufacturing, component supply, wind farm development, construction, transportation, etc.

CONTRIBUTION TO GDP GROWTH

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

Wind industry development is today a key contributor to the GDP of many economies worldwide. According to a study conducted by the EWEA "The impact of wind energy on jobs and the economy" published in April 2012, the direct contribution of the wind energy sector in the EU's GDP was 17.6 billion Euros in 2010, which corresponds to 0,26% of the European GDP. The same year, the industry's net export were worth 5,7 billion euros and it´s worth noting that only 9,9% of the wind energy inputs were imported, which illustrates the European wind competitiveness. Besides, the growth of the wind industry's contribution of the EU's GDP is greater over 2007-2010 period, than the overall growth of the EU's GDP during this same period, thus the wind sector remains strong in periods of recession.

Ernst&Young report "Analysis of the value creation potential of wind energy policies", commissioned by EDPR and Acciona in 2012, shows wind energy triggers higher returns for European economies than CCGTs power generation. The study shows that the higher initial capital expenditures associated with wind energy are more than compensated by the economic benefits generated by wind energy in terms of job creation, tax revenues, energy security and abatement of CO_2 emissions.

In particular Ernst&Young report concludes that (i) wind energy provides a high contribution to GDP in most European countries, (ii) wind energy has significant job creation potential. In Spain and France, for example, wind power creates twice as many jobs than CCGT per million euros invested, (iii) wind energy generates more tax revenues than CCGT. Every Euro invested in wind generates between 27 and 52 euro cents in tax revenues in Europe, depending on local tax policies.

In the US, according to the AWEA data, wind bolsters America's economy through a supply chain of nearly 500 manufacturing plants and over 2.500 companies investing in all stages of American wind power.

WIND OFFSHORE IN FRANCE

EDPR, in a consortium, was awarded 1 GW of offshore wind energy in France, enlarging and diversifying its long-term profitable growth options into a top economy and an innovative technology that may represent about ¼ of the company's capex by 2020.

THE PROJECTS

EDPR partnership created with GDF Suez, Neon Maritime and AREVA, in which EDPR holds a 43% non-controlling stake, was selected by the French government, following a national public tender process ended last May, to develop, construct and operate two offshore wind farms in the areas of Tréport, Haute-Normandie (0.5 GW) and the Isles of Yeu and Noirmoutier, Pays de la Loire (0.5 GW).

The projects aim to build a local industrial ecosystem to form the emergence of robust offshore wind power sector which will generate economic activity and jobs and lay the foundations for further offshore wind energy expansion, and, at the end, are estimated to provide enough renewable energy to supply 1.6 million people when they become operational by 2021 while contributing to fight against climate change.

TECHNOLOGY, INNOVATION AND THE ENVIRONMENT

The choice of the new AREVA 8MW wind turbine will maximize the site production while reducing up to 40% the number of turbines needed for the wind farms and therefore also reducing the time of construction and optimizing maintenance. An optimized jacket foundation technical solution is to be installed at the two sites, allowing for the free passage through them of ocean swells and fish and thus providing an environmentally-friendly operating installation.

THE PARTNERSHIP

The partners complementary experience was key to their proposal competitiveness outstanding for its exceptional concern to sustainability and local stakeholders.

GDF Suez (47%) and EDPR (43%) possess a strong expertise in renewable energy, large scale industrial projects and offshore work, with combined operating assets of 36 GW and close to 7 GW under construction worldwide and involved in the development of 19 offshore wind projects representing 5 GW.

Neon Marine (10%) provides the consortium its recognized experience as a local developer in the Yeu-Noirmoutier region with great technical and environmental expertise; since its foundation in 2008 it has invested more than € 6 million in development projects along the French coastline.

AREVA is the industrial partner in the consortium in regard to its unique track record in the design and construction of offshore wind turbines thanks to its operation in the offshore field Alpha Ventus in the North Sea since 2009 as well as the ongoing development of 600 MW offshore projects.

NEXT STEPS

2014-15: Ongoing information and dialogue with the public and local stakeholders, technical and financial feasibility studies and detailed environmental studies
2014: Beginning of the Research & Development activities in the AREVA's new R&D centre in Rouen
2015-17: Selection of suppliers, principally of foundations, substations and installation and maintenance services
2018: Manufacturing of 8MW AREVA wind turbines to begin in Le Havre
2019-21: Construction of the wind farms in the two areas
2021: Commissioning and start of operation and maintenance

2.1.2. COMPETITIVENESS OF WIND ENERGY

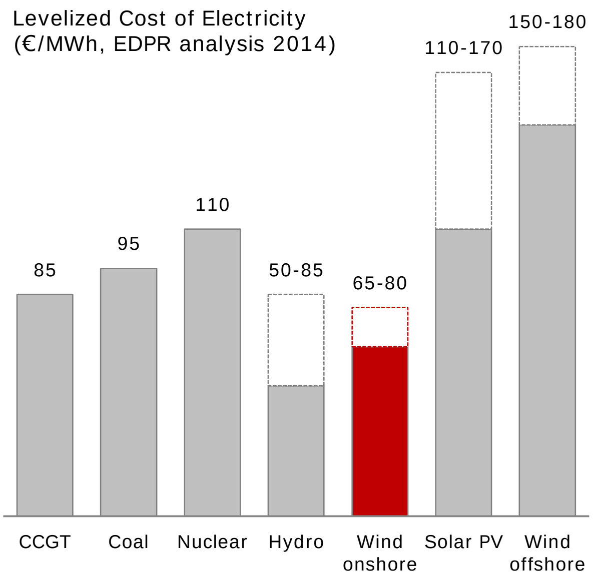
It is more and more clear that wind energy is good, not only because it is green... but because it is competitive, it is in fact cheaper

Wind is quickly approaching competitiveness with conventional power generation in all key global markets as cost-competitiveness continues to improve, driven by new, incremental technology improvements related to turbine size and the evolution of blade and tower technology. The financial advisory firm Lazard recently estimated that wind energy is more affordable than new natural gas or coal generation even without subsidies. Lazard's numbers show the 'levelized cost of energy' (hereinafter abbreviated as LCoE) for wind power has decreased 58% since 2009, and 15% in the last year alone.

LEVELIZED COST OF ENERGY IS THE RELEVANT BENCHMARK

To assess the competitiveness of various power sources the levelized cost of electricity is the relevant benchmark.

The LCoE determines the average cost of producing a unit of electricity over the lifetime of the generating source. It considers, on one hand, the total quantity of electricity produced by the source, and on the other hand, all the costs incurred by the source over its lifetime, including the original capex and ongoing opex, maintenance costs, the costs of fuels and any carbon emissions costs. It also takes into account the financing costs of the project, both deducting the cost of debt, for an appropriate level of debt financing, and considering a reasonable internal rate of return.



To assess the LCoE of a wind project, the key factors include wind turbine costs and financing costs. The costs of operation are minimal. There are only geographic limitations about finding available locations with favourable wind resource conditions. Wind turbine costs have declined over the years, with the average price of turbines per MW much lower on larger turbines than smaller ones. Costs decline as the trend toward larger turbines continues. Financing costs have also improved, as the asset class for wind continues to grow and mature, and the financing vehicles rely on stable cash flow generating contracts, interest rates are at historic lows also contributing to reduce the cost of capital. The outlook for wind is thus dependant on the wind levels of the areas it will be built and the cost of baseload alternatives. According to an internal analysis at EDPR, wind onshore with load factor levels of 21-26% produces a LCoE of €65-80 per MWh and is competitive to all other power generation alternatives (both conventional and renewable), with the only exception of hydro in some cases.

With gas prices expected to rise over the long term, given the large expected increase in demand for gas, the threshold for renewables to beat is becoming lower, and the LCoE of wind gets competitive with CCGT alternatives. In addition, natural gas price volatility reduces the reliability and ability to predict future power prices and further decreases the attractiveness for new gas plants. Moreover, for countries with no abundant local gas resources, wind is an attractive option not to depend on exogenous sources for their electricity supply.

Regulatory environment is challenging for coal, related to the compliance of environmental requirements involving emissions and water use, and therefore coal has a LCoE that is materially higher than the CCGT baseload generators, despite the rise in gas prices.

With extremely high initial investment and operating expenses, nuclear LCoE is unattractive today. For example, EDF awarded contract for difference for a new power plant in the UK expected to start operation by 2023 included a price per MWh in 2012 of GBP 92.5 and GBP 279 in 2058, as stated in a report by the European Commission. Also nuclear fleets are aging and facing shutdown decisions about security concerns following the recent Fukushima disaster.

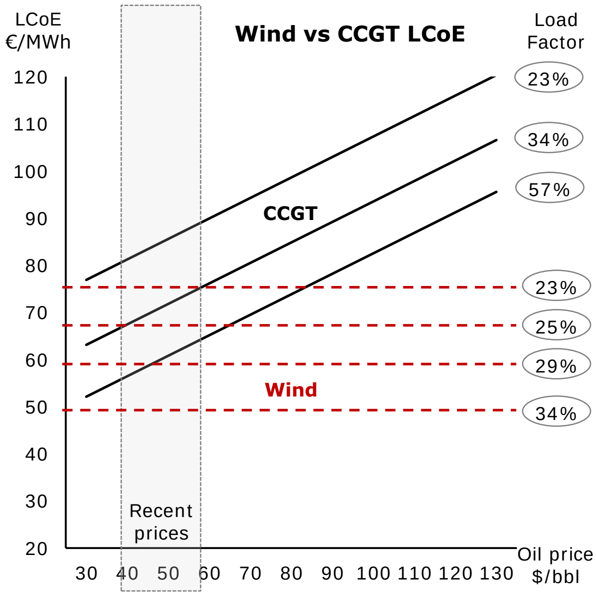
Hydro generation is a viable fuel source that is competitive today, the return economics are sensitive to construction costs and capacity factor but expansion of hydro is dependent on finding suitable locations.

Insolation is an important metric for solar LCoE and newer more efficient panels may capture more sunlight over time, while module costs are expected to decline due to lower material and production costs.

Wind offshore energy is at the start of the learning curve and is not competitive on a LCoE basis today, but according to MAKE Consulting, wind offshore shows potential to reduce LCoE by over 40% by 2025 through innovation and development of scale economies. Existing pipeline in Europe will help the industry achieve this scale making offshore more and more competitive.

WIND IS COMPETITIVE

Wind energy is competitive vis-à-vis CCGTs at different oil prices and load factors, even at currently low oil prices of $40-60 per oil barrel (CCGTs competitiveness dependent on oil prices as usually utilities' long-term gas contracts are oil-indexed).



According to an internal analysis at EDPR, wind onshore with a capex of €1.3M per MW, is competitive with CCGT at LCoE basis for example with a wind load factor of 23% and a CCGT load factor of 34% and an oil price of $60 per barrel, or with a wind load factor of 25% it is already competitive with a CCGT load factor of 34% and an oil price of $40 per barrel. This highlights the importance of wind resource availability, with just a lower than 10% increase in wind load factor offsetting 1/3 reduction in the oil price to the CCGT.

Also a strong case can be made for wind farms with robust load factors, for example of 34%, that competes with conventional CCGT power plants on LCoE running at standard levels of utilization, like 57%, and for any price level of fuel.

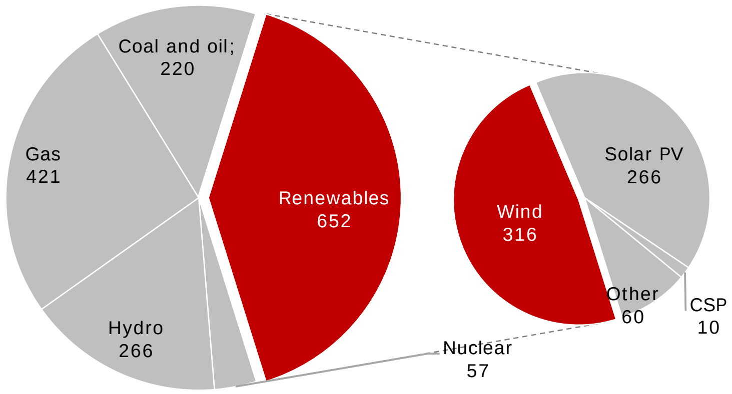
And for a wind farm running at an average level of 29% load factor, it is competitive with a CCGT running at standard level of 57% load factor from an oil price above $50 per barrel.

Moreover, wind energy cost is unrelated to oil and gas prices, and thus allows for long-term cost predictability and visibility.

RENEWABLES AND WIND ONSHORE ENERGY AS THE KEY GROWTH DRIVERS OF 2012-2020 WORLDWIDE ADDITIONS

According to IEA World Energy Outlook 2014, renewables will account for c. 40% of worldwide capacity additions of 1.618 GW in the period of 2012-2020, and of that, wind onshore will represent nearly 50%, amounting to 316 GW.

2012-2020 Worldwide Additions (GW)



This worldwide growth, excluding China, is expected to come in ¾ from areas where EDPR is already present, namely Europe (36%), North America (22%) and Latin America (16%).

ENTRY IN THE MEXICAN ENERGY MARKET

In 2014 EDPR has entered the Mexican energy market signing a long-term electricity supply agreement, for the energy of a 180 MW wind farm to be installed in 2016, representing a sizeable entry in a low risk and attractive opening.

THE PROJECT:

The project is a wind farm to be located in a region with very strong wind resource in the state of Coahuila, in northern Mexico. The plant should start construction this year of 2015 to be in operation during 2016, being currently in a medium stage of development in terms of permitting and having a clear path to interconnection to the grid. The expected load factor for its capacity, currently designed for 180 MW, is above 40%.

THE PARTNERSHIP:

The project with operate in partnership with *Industrias Peñoles,* a well-known Mexico-based mining group – renowned for its high creditworthiness and knowledge of the local market – with who EDPR signed a supply agreement for the electricity from this project to be delivered in self-supply regime. The contract has a duration of 25 years and the price is set in US dollars.

The deal was formalised in last June in front of the Presidents of the countries of Portugal and Mexico, respectively Mr. Aníbal Cavaco Silva and Mr. Enrique Peña Nieto. At the occasion, the CEO of *Peñoles* also paid a visit to EDPR's Serra d'el Rei wind farm in Portugal to get a first-hand look how the company harvest the wind.

STRATEGIC FIT:

Mexican energy market meets the strategic fit criteria for EDPR, in terms of selective growth, self-funded and at increased profitability. The country is home to some of the strongest winds in the world so much that wind energy technology is competitive to shale-gas fired combined cycle thermal plants, with the plus of avoiding the exposure to gas prices volatility, which furthermore must be imported. An emerging economy with fast increasing electricity demand including from energy-intensive industries looking for competitive and long-term stable factor energy costs that generate an active market for PPAs to result from bilateral negotiations or competitive bids. Under adequate conditions, there is a local financial sector capable of providing non-recourse project financing at competitive costs.

One of EDPR's goals is to have 20% of its new growth in emerging markets, therefore this deal is a specially relevant achievement. Mexico is a country close to Houston in the US where EDPR has a strong base and shares the same language with Spain where EDPR has headquarters.

The success of EDPR in securing new long term energy supply agreements reinforces the company's low risk profile while providing solid visibility over the company's growth prospects.

OUTLOOK:

EDPR is trustful this entry will provide a platform for further growth in the Mexican market.

2.1.3. MARKETS CONTEXT

Wind economics, energy policies and regulatory schemes/incentives drive wind energy globally. Europe should see lower, but still dynamic growth while the Americas should became the biggest growth engine.

EUROPE GROWTH TO NORMALISE

INCENTIVES-DRIVEN GROWTH

Europe was a first mover and was the first region to see a real take-off in wind additions and share of wind output in total power mix.

In 2014 renewable power installations accounted for 21 GW (or 79%) of new power capacity installations of 27 GW, according to EWEA. With nearly 12 GW of new capacity, wind accounted for 44% of new installations, totalling a cumulative installed capacity of 120 GW. About c. 7% of the power produced in Europe is now derived from wind energy. This has mostly been achieved through suitable remuneration schemes.

The main reason for putting in place such incentives was originally a political push mainly motivated by environmental and security of supply concerns. This translated into the ambitious European '20-20-20' targets to be reached by the end of 2020:

- a 20% reduction in greenhouse gas emissions from 1990 levels;
- a 20% share of renewables in total energy mix;
- a 20% improvement in energy efficiency.

Renewables as a % of primary energy consumption – achieved and 2020 targets:

Country	2004	2006	2008	2010	2011	2012	2013	2020E
Germany	6%	8%	9%	11%	12%	12%	13%	18%
Spain	8%	9%	11%	14%	13%	14%	15%	20%
Italy	6%	6%	7%	11%	12%	14%	15%	17%
U.K.	1%	2%	2%	3%	4%	4%	5%	15%
France	9%	10%	11%	13%	11%	13%	14%	23%
EU (28)	8%	9%	11%	13%	13%	14%	15%	20%

According to the European Renewable Energy Council, the UE is in the trajectory to meet with its 2020 targets, but the situation varies for each country. Italy is expected to meet its target while France, Poland and Spain are expected to lag behind.

Progress towards the 2020 targets will continue with a new set of targets for 2030, The EU emissions trading system (ETS) reform and an increase in competitiveness as the main drivers.

In October 24th European Council reached an agreement on 2030 Climate and Energy Policy Framework. A binding renewable energy target of at least 27% was set at European level, a binding EU target to reduce domestic greenhouse gas emissions by 40% compared to 1990 levels and a non-binding energy efficiency target of 27% (to be re-visited by 2020). The framework does not mention individual targets for state implementation so it is not clear how efforts will be conducted at the national level. European Institutions have now to work in the governance system to set the framework to reach this 2030 targets.

	Renewable energy	CO_2 emissions reduction	Energy efficiency
2020 targets	20%	20%	20%
2030 targets	At least 27%	At least 40%	At least 27%

In the past, incentives mostly took two forms:

1) a fixed feed-in tariff (most common) or an incentive on top of the achieved power price (e.g. pool + premium)

2) a green certificate on top of power price

The underlying idea was that market (merchant) power prices would not be enough to generate a reasonable return for renewable producers over the life of the assets. Granting incentives to enhance or even lock-in the achieved returns over the life of the a project is a way to foster growth in renewable additions.

The regulatory push has been a success from the perspective of wind development and penetration. However, in the context of a worldwide recession, which triggered an increasing focus on costs efficiency and competitiveness we have seen as a consequence some remuneration schemes reduced over the recent years.

This reorientation and rationalisation of renewables support is likely to restrain wind development in Europe. This now that penetration has reached c. 12% of the region's capacity. The adjustment of remuneration schemes is taking place throughout several European markets, with previous dependence on administratively set feed-in tariffs or even pool + incentives changing mostly to fixed price auctions.

In **Spain**, following the new remuneration framework introduced in 2013, standard remunerations were defined following the definition of typified parameters, published in February 2014, which classified all possible wind farms by their year of first operation. In order to calculate the standard remuneration, the regulation takes into account the revenues that were generated in the past and estimate the premium that is necessary to achieve a 7.4% return pre-tax, throughout the whole regulatory life of the wind farms. The standard parameters that define this remuneration can be modified every three and six years.

In **U.K.** during 2014 the Electricity Market Reform came into effect, introducing the CfD mechanism that establishes an auction system for renewables. The first contract for difference allocation round was announced and the allocation framework was disclosed. The first allocation round was expected for October but delayed until February 2015 due to third party appeals. The budget for this round is 155 M£ in 2016/17 and 235 M£ until 2020/21 for pot 2 of 'less established technologies' (among which offshore wind is included). The Department of Energy & Climate Change (DECC) has also indicated that it intends to hold the second allocation round in October 2015. The size of this budget has raised concerns that many offshore projects may not be able to secure funding.

In **France**, the government began to prepare a new comprehensive law in 2014 meant to completely reshape the energy sector. The Government is considering moving from current fixed feed-in tariff scheme to a more market-oriented scheme. The draft establishes a system whereby generators could receive a premium support payment on top of the market price for electricity (CfD type scheme as in UK). However, the implementation of this new support system will require consultations by the ministry and the process is unlikely to produce quick results.

In **Poland**, a draft proposal to change the GC scheme into fixed price scheme granted through tenders was approved by the government in April 2014 and is currently under the parliamentary approval process – expected to be approved in 2015 Q1. The new tender scheme will apply for assets entering operation from January 1st 2016. Besides, this new regulation foresees a transitory process for already-operating wind farms. Under this process they would be entitled to switch into a fixed price scheme through a tender (or series of tenders) specific for operating projects.

In **Italy** an auction system based on capacity quotas has been established where tender winning projects receive a 20 year fee-in tariff. A third tender for onshore wind received applications for 1.3 GW with only 365 MW awarded, meeting the available capacity but leaving potential wind power in an indeterminate state. There is uncertainty on future development as current regulation does not foresees additional tenders and the cap on support set by law in 2012 for non PV RES in close to be met.

GROWTH STILL, ALBEIT AT A SLOWER PACE

Overall, Europe should continue to grow consistently, even if at a slower pace. Improving wind economics and still stimulating green targets partially offset a less substantial regulatory support and an already sizeable installed base and penetration. On top of that, security of supply concerns will put more emphasis on a greater reliance on endogenous sources of energy, after the recent developments in Ukraine/Russia crisis.

The focus has now shifted to growth at reasonable cost from a system cost competitiveness perspective, with also a reintroduced emphasis on security of supply, aiming to combine:

- cost competitiveness and affordability;
- reliability and security of supply;
- energy efficiency and ambitious green targets.

Wind power will remain a key technology in reaching these goals. Growth in installed capacity can still nearly 95 GW of additions are needed up to 2020, representing nearly 50% of total global capacity additions ex Asia-Pacific, and this justifies Europe should remain a core market for wind.

U.S. TO LEAD THE WAY

Growth in the US expected at c. 6.5 GW per year until 2017, will come from the need to meet environmental (RPS) targets and wind energy competitiveness. Incentives as PTCs and the prevalence of PPAs also play a key role.

Historically, the typical framework of wind development in the US has been decentralised, with no national feed-in tariff. It involves the combination of two key drivers of the top line:

- **PPAs**: long-term bilateral power purchase agreements by which a wind developer can sell its output at a fixed price, usually adjusted for inflation or a negotiated escalator. Demand for PPAs has been very strong, driven mainly by the need to meet renewable portfolio standards (RPS) targets but also from increasing improving relative competitiveness of wind energy.
- **PTCs**: production tax credits are the dominant form of wind remuneration in the US, and represent an extra source of revenue per unit of electricity ($23/MWh in 2014), over the first 10 years of the asset's life. There are other mechanisms as well, such as ITCs, investment tax credits equal to 30% of the initial capex usable in lieu of PTCs.

The PPA + PTC combination allow wind energy companies to 'lock-in' a return over the life of the assets. The final goals targeted by the application of this framework involve cost competiveness and affordability, security of supply and environmental concerns.

RPS DEMAND

The renewable portfolio standards (RPS) are designed to require power suppliers to provide a minimum share of electricity from renewable sources, on a state-by-state basis. Over the last decades such standards have increased and by 2015 a total of 31 states have binding RPS objectives (of which 26 with targets above 8% of electricity from renewable sources), as shown in the table below, which excludes the 7 states with voluntary goals. Although those are implemented by states all-round the US, however a strong cluster is observed in the west/pacific cost and the north east. This typically represents 10% to 25% to be reached by 2020-25 for most states, and often foreseeing a gradual increase in the mandated percentage.

This framework drives many utilities to setup auction systems (RFPs) to seek long-term power purchase agreements with renewable energy generators. Due to the competitiveness of wind energy, this technology has received the largest share of awarded PPAs.

RPS objective	2015	2020+
Arizona	4.5%	15%
California	23%	33%
Colorado	17.3%	28.8%
Connecticut	16%	27%
Delaware	13%	25%
District of Columbia	9.5%	20%
Hawaii	15%	25%
Illinois	10%	20.5%
Iowa	0.7%	0.7%
Kansas	15%	20%
Maine	8%	13%
Maryland	13%	20%
Massachusetts	8%	15%
Michigan	10%	10%
Minnesota	20%	30%
Missouri	8%	15%

RPS objective	2015	2020+
Montana	15%	15%
Nevada	20%	22%
New Hampshire	13.8%	23.8%
New Jersey	12.2%	20.5%
New Mexico	15%	20%
New York	9.3%	9.3%
North Carolina	8%	12.5%
Ohio	3.5%	8.5%
Oregon	15%	20%
Pennsylvania	14%	18.5%
Rhode Island	9.2%	16%
Texas	5%	8.6%
Vermont	8%	10.5%
Washington	3%	15%
Wisconsin	10%	10%

Moreover, the U.S. administration has also recently (June 2014) demonstrated increased disposition to establish climate change policies, such as the Clean Power Plan by the U.S. Environmental Protection Agency (EPA), a plan to help cut carbon pollution from the power sector by 30% by 2030 (against 2005 levels). Power plants are responsible for about one-third of all US greenhouse gas emissions. This plan implies greater reliance on gas (CCGTs account for c. 40% of the planned reduction emissions), but also on alternative energy sources (c. 25% of the planned reduction emissions), and especially wind.

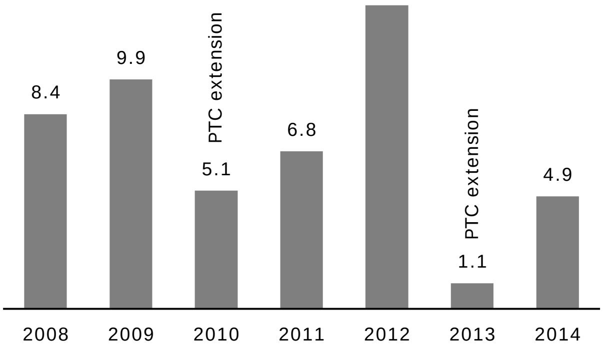
WIND ENERGY COMPETITIVENESS

The improving wind energy economics include decreasing capex and opex per MW, and even more per MWh due to the increase in load factors via technology improvements in wind turbines and also overall excellent wind resources in the US, especially in the regions with best resource available. In the west and east states, load factors are typically within 25-30%, while in the central states those are typically of 30-45%. This naturally makes wind energy further more competitive from a fundamental standpoint, even without incentives.

INCENTIVES TO REMAIN

Also in the US, there are concerns regarding the cost of renewable energy incentives to tax payers and final energy consumers, mostly the PTCs. Since their inception, eligibility for these incentives has been made possible for a couple of years at a time, over a limited period, without any visibility on any further extensions. Until now, there have been always extensions, but this 'stop and go' approach limits visibility on the investment horizon for wind energy companies.

US wind energy additions (GW)



U.S. Congress has recently approved, in the mid of December 2014, a one-year tax extension of the federal production tax credits for wind power through the end of 2014. As a result of this, wind energy projects that begin construction until January 1st 2015 qualify for 10 years of PTCs of $23/MWh on the electricity output. Previous to this extension, PTCs were available for wind energy projects that had begun construction until January 1st 2014. Wind projects also have the option to choose, in lieu of the PTC, 30% as investment tax credits of the project cost.

This regulatory support is efficient, albeit visibility over the long-term extension of the incentives in place, PTCs mostly, is limited. It would be valuable to have at least a medium-term view on these deals, even if including a progressive phasing out, as it would allow for improved planning and better value for consumers. The situation as it is creates a volatile growth market as off-takers typically take the years when PTCs are available to sign new agreements.

PTCs are currently crucial, but their relative importance is likely set to decrease over time. The economics of wind power in the U.S. are rapidly improving, necessitating lower and lower PPA prices, to the point where wind is competitive on its own in some areas against other traditional technologies, on a 'new-build' basis. The various RPS and other environmental goals will still represent a substantial incentive, PTCs notwithstanding.

GROWTH PROSPECTS

Even absent the PTCs extension, demand growth in the U.S. market could still be motivated by other existing forces, primarily the planned coal capacity retirements, wind energy competitiveness as well as RPS compliance in several states. Approximately 42 GW of coal capacity has been announced to retire through 2020 of which we expect wind to absorb a significant share in the replacement of such retirements. Furthermore, renewable energy generation becomes more competitive as a direct result from coal retirement. A higher penetration of energy generated from natural gas can lead to more flexible grids, benefitting intermittent resources such as renewables.

Regarding RPS targets in place to encourage renewable energy demand, we estimate 22 GW of wind will need to be added until 2020 in order to fulfil compliance with targets already established. From wind energy competitiveness alone, we believe an additional 7 GW can be added.

A pipeline of 19 GW is known to exist as assets under construction eligible under the previous PTC expiration in December 2013 to be installed in the period of 2014-16, and we estimate some additional 14 GW may be added until 2020 from further PTC extensions, of which 6 GW from the last PTC expiration in December 2014, according to MAKE Consulting.

LATIN AMERICA WITH GOOD POTENTIAL

Latin America has not been a global driver of wind energy growth in the recent past, with only c. 8.5 GW of capacity installed as of the end of 2014. However, it will expectably see its installed base almost quintupling by 2020.

The expected growth will be driven by the following key factors:

- large power generation capacity needs, due to fast growth in electricity consumption and increasing concern over potential chronic hydropower shortfalls (e.g. droughts) as hydro represents c. 60% of the region's output;
- excellent wind resource, translated into best-in-class load factors, even higher than North America on average, therefore providing relatively low cost wind energy;
- low current penetration, with only just 0.5% of total electricity derived from wind;
- limited access to cheap gas, with expensive imports helping the relative competitiveness of wind vs CCGTs.
- growing regulatory support, mostly through organized tenders and preferable financing;

The region is also a natural extension of the accelerating development that has been seen in the U.S. over recent years, given it is already a key market for large integrated European utilities (conventional generation and distribution, mostly).

Brazil and Mexico are the main emerging wind hubs in the area. The regulation and remuneration of wind energy is a diverse mix of national schemes:

- In **Brazil**, regulation initially focused on the PROINFA framework, established in 2002, which set a target in terms of capacity additions, with the selected projects getting a 20-year PPA with Eletrobras as off-taker, at a price defined by the government. The policy then evolved to embrace competitive but regulated auctions, with long-term PPAs reserved for wind only. Some preferential financing is provided by Brazilian development agencies and tariff incentives are put in place for some end-users to contract wind energy directly. Since 2009, new laws, including incentives for the establishment of local supply chains, gradually allowed wind to compete against other technologies, including thermal, through regulated auctions. The winning projects secure long-term PPAs with distribution companies. This new round of regulation is widely credited with being responsible for the recent take-off in Brazilian wind.
- In **Mexico** there are no large-scale incentives or feed-in tariffs, but some tax incentives as the assets are allowed to be fully depreciated in their first year of operation. The current system is similar to the U.S. framework, and relies on bilateral PPAs between independent power producers and off-takers, typically over 15-20 years. At the end of 2013, the authorities of the country started a reform process to end the historical power monopoly and move closer to a liberalised energy market. This is also an opportunity for a new framework for wind remuneration, along with other needed reforms (such as the unbundling of the transmission system operator and the setting up of an independent regulator). Currently, the government now targets 10 GW to be installed by 2022 and 2 GW additions per year.

MOVING TOWARDS MARKET AUCTION-BASED ARRANGEMENTS

One key feature of wind energy is the ability it affords to secure some visibility on the top line from its predictable and stable load factors over the long-run. Yet given that wind is a very capital-intensive technology, ensuring a guaranteed revenue stream is key to achieve a risk/return balance and allow value creation.

There are differences in remunerations based on administratively set incentives (feed-in tariffs, green certificates, production tax credits) and market-based remunerations involving a certain degree of competition ex-ante (power purchase agreements, auctions). The following table summarizes the type of remuneration framework for wind and solar energy in key markets of EDPR:

Country	Type of remuneration	Comments
US	PPAs + PTCs + RECs	Possibility of using Investment Tax Credits instead of PTCs
Spain	Pool + incentives	Recently switched from centralised feed-in-tariff
Portugal	Feed-in tariff	
France	Feed-in tariff	Recently held auctions for several offshore concessions
Belgium	Pool + green certificates	
Poland	Pool + green certificates	To introduce a new framework based on auctions by 2016
Romania	Pool + green certificates	
Italy	Auctions	Recently switched from green certificates to competitive tenders
UK	Pool + incentives	To switch to auctions by 2017
Germany	Feed-in tariff	To switch to auctions by 2013
Brazil	Auctions	
Mexico	PPAs	

Given the growing affordability concern about renewables to consumers, and recent cuts in remuneration, there is a shift towards market auction-based systems.

This different regulatory framework can still achieve the needed renewable capacity additions that is an all-round best solution for the energy system as a whole and, in the end, to the consumer that benefits from lower energy bills, in part due to the lower risk that this system represents to the energy companies that allow to bid lower prices. This shift is already evident with the number of countries turning to public competitive bidding or tendering auctions rising from 9 in 2009 to 55 as of early 2014.

The mechanism is already well developed in the Americas but not so much in Europe, where various schemes are in place in different countries, often based on feed-in tariff systems (e.g. Spain, Portugal, France) which were very effective in driving initial investments during the infancy phase of the technology, and contributing to a higher penetration of renewables.

A market auction-based system, the like of bilateral PPAs or public tenders:

- provides visibility (normally between 15 to 25 years) to the energy companies, making cash-flows and returns more secure, and attracting the required investment of very high front-loaded capital costs;
- limits the regulatory risks as no centralised scheme is needed (of national feed-in tariff for example), and can still be flexibly combined with various incentives (such as PTCs);
- allows ex-ante competition favouring the most efficient technologies and the most valuable projects, and sends price signals to the sector, while preventing under or over-remuneration of the assets.

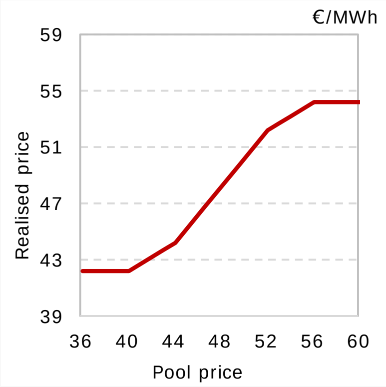
A strong element in favour of market auction-based systems is those are a highly adaptable structure, with all variables getting embedded in the bid prices and the most competitive bids are awarded the contracts or the capacities. Prices determined this competitively reflect the quality of the local wind resource.

SPAIN NEW REMUNERATION EXPLAINED

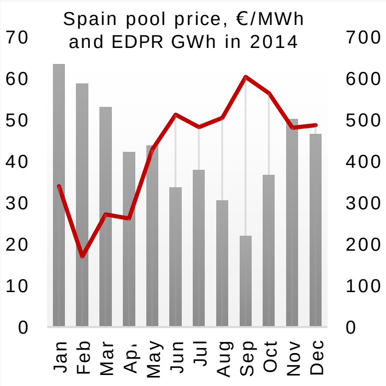
The new regulation enacted is estimated to cut about €30 million of the company's EBITDA on an average year, while opening a new exposure to wholesale prices to be stabilised through forward hedges in a comprehensive risk management approach.

SPAIN NEW REGULATION: The remuneration for the renewable energy assets is now structured so that over the regulatory life, which is 20 years for wind energy assets, the standard asset receives a pre-tax return defined as the yield of the Spanish 10-year bonds plus 300 basis points. In broad terms, under the new remuneration scheme, wind energy assets commissioned up to 2003 sell its output at the market pool price and in addition receives an annual capacity complement. The amount of complement per MW is set to achieve the designed target return over the 20-years regulatory life for standard wind energy assets, meaning assets with average operating parameters (for example load factor, capex, opex, etc). The framework also considers a mechanism of caps and floors in order to adjust for deviations from the market pool price reference. For 2014, the regulation sets the pool price reference at € 48.2 per MWh, creating a collar limiting the range of possible prices to be earned between € 42.2 and €54.2 per MWh as depicted in the chart. Wind energy assets commissioned until 2003 are not entitled to capacity complement, as those wind farms are expected to reach the designed target return through selling its production at the market pool price alone.

The new framework was announced in 2013 through the Royal Decree-Law 9 in July and included in the Law 24 in December. This regulatory modification is effective from July 12th 2013. In June 2014, the Spanish government published, in its Order IET/1045, the parameters for renewable energy assets under the new remuneration framework, approved the year before.



EXPECTED EBITDA IMPACT IN AN AVERAGE YEAR FOR EDPR: This regulatory change is calculated to negatively impact EBITDA by around € 30 million in an average year of wind energy electricity output for EDPR, when compared to the previous framework (RDL 2/2013) which provided a feed-in tariff regime.



THE YEAR OF 2014: The average market pool price in 2014 was €41.8 per MWh thus in the lower limit of the interval provided by the above-mentioned collar set in the new regulation. Furthermore, pool prices were lowest between January and April, when renewable energy output was at the highest in the year. In 2014 EDPR benefited from a higher output, when compared to the average production in a standard year. However this volume effect was more than offset by the low price effect and no hedging strategy in place. The new regulation parameters were only known during the second half of the year, which unfeasible the implementation of a hedging strategy for that period.

For the reasons above, this new regulatory change ended up negatively impacting EDPR's EBITDA by more than the normally expected € 30 million in an average year. This unfortunate exception, in the first year of the new regulation, will be naturally normalized with the risk management in place through the hedging approach described below.

RISK MANAGEMENT: Of the total 2.2 GW EBITDA consolidated by EDPR in Spain, only 9% is not entitled to capacity payment, corresponding to the capacity commissioned up to 2003. Of the total 5.1 TWh of electricity output by EDPR in an average year, about 20% is exclusively exposed to the market pool price, including not only the electricity output from the capacity without complement but also the premium production that EDPR consistently reaches in Spain.

In order to manage the market pool price risk for the exposed production, EDPR employs a hedging policy to guarantee prices whenever those are considered reasonable. With this hedging strategy, EDPR removes the volatility of future revenues, which may vary negatively from a possible spike in overall renewable energy production, while the opposing upside scenario may not hold so effectively.

2.2. BUSINESS PLAN 2014-17

EDPR's value creation strategic plan through 2017 remains in line with previous architecture, supported by three pillars with defined goals: Selective Growth, Increased Profitability and Self-funding Model.

On May 2014, EDPR presented to the financial community its Business Plan for 2014-17 at the EDP Group Investor Day held in London. In the event were present about 200 financial markets participants, including press, online participants, investors, analysts and rating agencies, demonstrating a great interest from the financial community in the group's equity story and strategy.

Since inception, EDPR has been performing a strategy focused on selective growth and seamless execution, supported by core competences that yield superior profitability, while observing a low risk profile, all embedded within a distinctive and renowned sustainability course of action. As a result of undertaking such strategy, at the same time flexible enough to accommodate to changing business and economic environments, EDPR remains today a global leading company in the renewable energy industry.

Selective Growth

Solid value creation, investing in quality projects with predictable prices through long term contracts

Investing in quality projects	>500 MW per year
Growing in projects w/ long-term contracts already awarded	>85% visible
Developing offshore: 1 GW awarded in FR and projects in the UK	post-2017 growth

Increased Profitability

Profitable growth supported by distinctive core competences and unique know-how

Maintaining high availability levels	>97.5%
Leveraging quality growth on distinctive wind assessment	31.5% Load Factor
Increasing efficiency, reducing OPEX/MW	-2% CAGR

Self-funding Model

Enhanced growth by an asset rotation program designed to accelerate value creation

Strong Operating Cash-Flow generation	€3.5bn
Asset Rotation to enhance value growth	€0.7bn (ex-CTG)
Net Investment supported by Asset Rotation Program	€1.8bn

By delivering on its strategy, EDPR expects to achieve solid growth targets...

Electricity Output	EBITDA	Net Profit	Dividend Pay-out
9% CAGR 13-17	**9%** CAGR 13-17	**11%** CAGR 13-17	**25-35%**

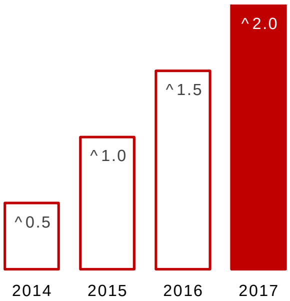
...and continue to lead in a green and competitive sector with increased worldwide relevance.

2.2.1. SELECTIVE GROWTH

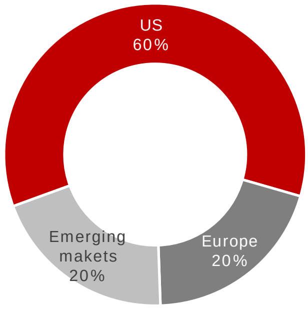
The company has a wide range of projects in its pipeline. Diverse investment options are crucial for ensuring the projects that are finally constructed have good strategic fit, meaning for EDPR a low risk profile at superior profitability. This is the case for the selective growth strategy as set up in its current Business Plan. For 2014-17 a growth target of +2 GW (>500 MW/year) has been set, in projects to share those two key guidelines:

1) A low risk profile through high visibility over future cash-flows, with most of the new capacity to be constructed under long-term PPAs already awarded or available regulated feed-in tariffs. This greatly allows to lock-in the project profitability.

2) High operational performance, with the projects identified to be built at above portfolio average operating metrics, namely in terms of load factors. This contributes to reduce the burden on remuneration.



EDPR to deliver >500MW/year in high quality projects: 60% in US, 20% in Europe and 20% from emerging markets



60% GROWTH FROM US, DRIVEN BY PPAS ALREADY SIGNED

Following a period of low growth in the United States, this market has been again chosen as the main growth driver for the company over the next four years period. EDPR's deep portfolio of projects in this market, maintenance of PTC tax benefits and strong demand for long-term PPAs from wind energy projects combined to provide this growth opportunity. Additionally, self-funding is available, through the availability of tax equity partnerships with the possibility of asset rotation transactions as well, given the strong interest from infrastructure and pension funds for equity stakes.

Project economics on all of the new investments in the US are strong, with average load factors of about 43%, earning average PPA prices in the first year of $48/MWh, leading to double-digit IRR percentages.

20% GROWTH FROM EUROPE, FOCUSING ON LOW RISK FRAMEWORKS

Certain European markets continue to provided good growth opportunities supported by regulatory frameworks that provide a low risk environment.

In France, EDPR maintains 60-70 MW of projects under development in its pipeline to be available for construction and benefit from the existing feed-in tariff regime. In Italy, EDPR will build the 30 MW awarded in 2013, and participate in future energy auctions to generate new possible additions for 2015-17. In Poland, further growth is contingent to the approval of a new energy law, expected to be based in energy auctions, where EDPR maintains competitive projects in pipeline. Finally, in Portugal, the total capacity awarded back in 2006 to the ENEOP consortium will be completed, and the consequent asset splitting expected in 2015, and by then EDPR will acquire the control and full consolidation of the MW corresponding to its 40% stake.

20% FROM SELECTED EMERGING MARKETS, IN PROJECTS WITH LONG-TERM PPAS

In Brazil, EDPR will install in 2015-17 the projects with PPA awarded in 2011 and 2013 for a total 236 MW, thus representing a significant increase in capacity from current portfolio of 84 MW.

In 2014 EDPR has entered the Mexican energy market signing a long-term electricity supply agreement, for the energy of a 180 MW wind farm to be installed in 2016, representing a sizeable entry in a low risk and attractive opening. Mexico is as a country with great potential for wind energy and this entry can provide a solid platform for further growth in this market.

Additionally, EDPR is to remain actively prospecting opportunities in new markets with strong fundamentals, namely high growth of electricity demand, robust renewable resources and availability of long-term energy supply agreements awarded through competitive schemes.

+1,255 MW FOR US GROWTH UNDER PPA

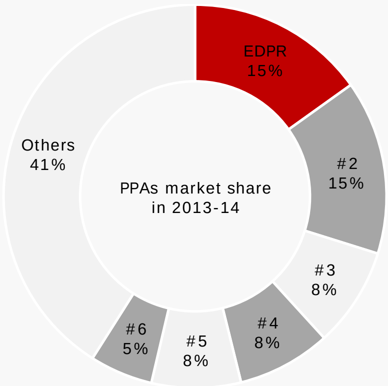
Since 2013 EDPR has signed 1,530 MW in long-term sale agreements becoming the market leader and providing full visibility to its 1.2 GW growth target in US for 14-17 and to the profitability of our existing fleet with 275 MW of new PPAs for operational projects

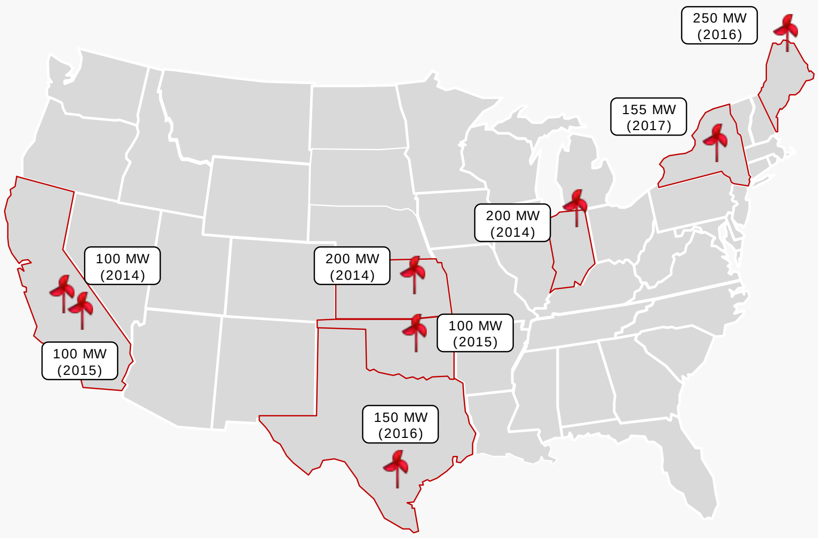
Signing	Project name	Location	Year	MW	Off-taker	Duration (years)
Nov-14	2 projects	New York	2017	155	NYSERDA	20
Apr-14	Hidalgo	Texas	2016	150	(undisclosed)	15-20
Jan-14	Waverly	Kansas	2016	200	Kansas City Power & Light Co	20
Sep-13	Number Nine	Maine	2016	250	Connectict L&P and United Illuminating	15
Jul-13	Arbuckle Mountain	Oklahoma	2015	100	Lincoln Electric System	20
Oct-13	Rising Tree South	California	2015	100	Southern California Edison	20
Oct-13	Rising Tree North	California	2014	20	Pacific Gas and Electric	20
Aug-13	Rising Tree North	California	2014	80	Southern California Edison	20
Jun-13	Headwaters	Indiana	2014	200	Indiana Michigan Power Co	20
	New projects:			**1,255**		
Aug-14	Rail Splitter	Illinois		25	Hoosier Energy	15 (f/ 01.12.14)
Apr-13	Blue Canyon II	Oklahoma		151	Georgia Power	20 (f/ 01.01.16)
Apr-13	Blue Canyon VI	Oklahoma		99	Georgia Power	20 (f/ 01.01.16)
	Op. projects:			**275**		

Since the one-year extension of the PTCs in early 2013, EDPR has moved rapidly securing new PPAs for future projects in the US, but also for operating projects.

These long term sale agreements demonstrate not just EDPR's skill in closing these commercial deals but foremost the company's strong ability to position effectively a pipeline of quality projects, in suitable locations and stages of development as a key success factor to capture growth opportunities on-time.

During the uncertainty about the PTC extension in 2014 two 20-year sale agreements for Renewable Energy Credits ("RECs") were also signed with the New York State Energy Research and Development Authority ("NYSERDA"), subject to a new extension of the Production Tax Credits, that actually materialized one month after, in a clear move of anticipation by EDPR.





EDPR secured long-term sale agreements for new growth in 7 US states

LOW RISK GROWTH:

The effectiveness of these agreements increases the visibility over the growth prospects and reinforces the company's low risk profile. In May 2014, EDPR presented its 2014-17 Business Plan including a growth strategy of 2 GW, of which 60% in the US, to be based from projects with long term sale agreements. The PPAs already signed for 1,255 MW provide now full visibility to this target.

2.2.2. INCREASED PROFITABILITY

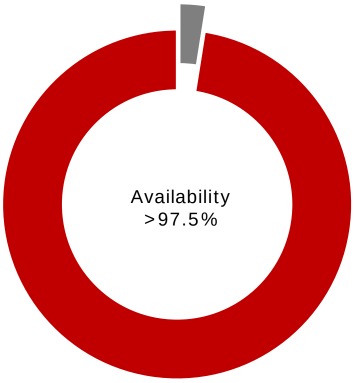
One of the strategic pillars and that has always been a keystone of the company, setting it apart in the industry, is the drive to maximize the operational performance of its wind farms and solar plants. In this area, EDPR's teams, namely in operations and maintenance, have established a strong track record that support challenging targets in 2014-17 Business Plan. For this period, EDPR has set targets in three key metrics: Availability (technical hourly availability), Load Factor and Opex/MW. These three metrics provide an overall view of the progress in our operations and maintenance, wind assessment and cost control efforts. They also serve as good indicators for the overall operational efficiency of the company.

As part of the 9% annualised increase target for EBITDA up to 2017, EDPR is implementing new technologies to improve the productivity of its wind farms, innovative O&M solutions and leaner approaches.

MAINTAINING HIGH LEVELS OF AVAILABILITY >97.5%

Availability measures the percentage of time the fleet is fully operational. If an equipment has a 97.5% availability metric this means that, in a given period, it was available to generate energy 97.5% of the time, which leaves only 2.5% for preventative maintenance or repairs. Availability is a clear indicator of performance of the company's operations and maintenance practices as it focuses on reducing to a minimum any malfunctions and performing maintenance activities in the shortest possible timeframe.

The company always maintained high levels of availability, and registered above 97.5% in 2014, and has set a target of overcoming this already top mark in the period of 2014-17. EDPR will continue to look for further increases in availability through new predictive maintenance optimization measures supported by the 24/7 control and dispatch centre, in reducing damages most common during extreme weather and improving the scheduling of planned stops. Also a new spare parts warehousing strategy will be key in reducing downtime during unexpected repairs.

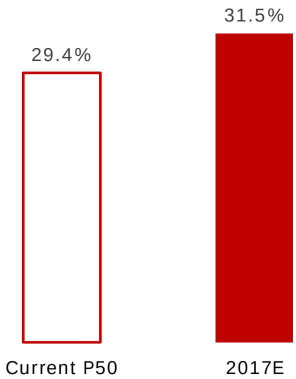


LEVERAGING QUALITY GROWTH ON DISTINCTIVE WIND ASSESSMENT TOWARD 31.5% LOAD FACTOR

Load factor (or net capacity factor) measures the speed and quality of the renewable resource at the wind turbines or solar panels. A load factor of 31.5% means the percentage of maximum theoretical energy output with an equipment working at full capacity, in a given period. For example, for 1 MW over a year, it equals to the production of 2.759,4 MWh (31.5% x 1 MW x 24 hours x 365 days).

Ensuring the assets generate the maximum amount of energy possible is a key success factor. With regards to the operating portfolio, optimizing load factor is strongly linked to improving availability as described and, if possible, introducing productivity enhancement retrofits that boost production by setting older equipment models with the most up-to-date technological improvements available to increase efficiency in the utilization of renewable resources available. With regards to wind farms and solar plants under development, maximizing load factor is mostly the expert work of energy assessment and engineering teams, designing an optimal layout of the plant, by fitting the positioning and choice among different equipment models with the characteristics of the site, specially the terrain, from the collected resource measurements and their estimated energy outputs.

The company has consistently maintained levels of load factor in the range of 29-30%, having registered 29.8% in 2014, which is slightly above the 29.4% P50 (mean probability) assessment for the current fleet, and has set a target of 31.5% until the end of the 2014-17 period.



INCREASING EFFICIENCY, REDUCING OPEX/MW -2%

In parallel with the top-line initiatives, the company focuses on strict cost control efforts to improve efficiency and gain additional profitability. Leveraging on the experience accumulated over time and its past performance (Opex/MW -5% CAGR 2010-2013), EDPR has set an ambitious to further reduce Opex/MW by -2% CAGR 2013-2017, despite the natural aging of its installed asset base. To achieve this target EDPR has developed a plan to tackle the main manageable costs in its costs structure. With regards to O&M, representing c. 30% of total Opex, EDPR expects to continue to obtain gains from its M3 system once wind farms are not subject to initial warranty contracts. With regards to SG&A and Personnel Costs, representing c. 50% of total Opex, the focus is to maintain a strict control plant to fully benefit from the economies of scale of a growing company. Levies, representing c. 20% of total Opex is basically non-manageable and increased in recent years, mostly penalised by the introduction of new taxes in some countries.

M3 program and self-performance

As EDPR's fleet becomes more mature the initial Operations and Maintenance (O&M) contracts with the turbine suppliers expire. When that happens the company needs to decide between renewing the maintenance service or taking the risk and operate the wind farm on its own, whilst maintaining high levels of availability.

The M3 (Modular Maintenance Model) program answers that question. Based on EDPR's expertise, our O&M teams will decide on the optimal balance between external contractors and in-house maintenance. Usually, EDPR keeps control of high value-added activities such as maintenance planning, logistics and remote operations while outsourcing, under direct supervision, people intensive tasks.

This methodology resulted in estimated savings of around 20% in the wind farms where the M3 system was implemented, which account for 40% of Europe's fleet.

On its turn, in the US the Blue Canyon V wind farm started its own pilot O&M program and is now fully operated by EDPR without any external help, immediately showing savings in operational expenses. Following this success other American plants will follow this model.

An extraordinary example of the new efficiency achieved by the M3 program is the time needed to replace major components, which have being reduced from 5 months to 3 days.

A new 2,000 square meter warehouse located in Castejón, Spain, is serving all the European countries.

Increasing turbine production

EDPR is also creating value by improving its assets implementing new technologies on the turbines to boost the power output without requiring major component changes. EDPR's Performance Analysis teams are collaborating with the manufacturers to determine the best practices to apply this new technology.

By monitoring real-time conditions, the rotational speed of the generator can be increased while staying within the existing loads envelope, thus increasing the power output. The extra output increases the revenues of the wind farm, without major investments needed. This technology has successfully being applied on many turbines and it will keep being developed in the following years.

LEAN program

Launched in 2011, EDPR's Lean program focuses on optimizing process across the company's business using the lean six sigma methodology. The objective is to leverage front-line personnel ideas and experience to improve the company's revenues and costs, improve safety and reduce environmental impact.

Within this strategy EDPR has implemented two programs, "Daily Lean" and "Lean improvement". The first, "Daily Lean" applies continuous improvement to the day-to-day activities at our wind farms, with the objective of reducing repetitive and non-value added tasks. The last, "Lean Improvement", developed by our performance engineers and our field personnel, identifies and solves issues that are common to a fleet of turbines or part of a fleet. This program implemented changes that help reduce the impact of lightning damage and reduce gearbox overheating, among others.

2.2.3. SELF-FUNDING MODEL

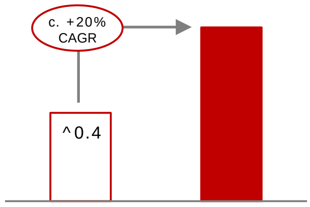
First presented in the May 2012 Investor Day, EDPR's self-funding model has been one of the three supporting pillars of the company's strategy thereafter. This self-funding model excludes any increase in corporate debt, and therefore relies on the combination of cash-flow from operating assets, external funds from tax equity and other structured project finances as well as proceeds from asset rotation transactions to finance the profitable growth of the business.

OPERATING CASH-FLOW

The primary source of funds for the company is the operating cash flow generated from the existing assets, that is firstly used to pay for the debt service and capital distributions to equity partners, while the excess is available to fund to pay dividends to the shareholders of EDPR or to fund new investments.

A strong operating cash-flow generation of about € 3.5 billion is expected for the period 2014-17. Cash-flow available for dividends and new investments, of about € 400 million in 2014, is expected to increase annually, on average, by about 20% until the end of the current business plan period in 2017.

EDPR has indicated a dividend pay-out ratio policy in the range of 25-35% of its annual net profit, thus allowing that most of the cash-flow available to fund growth. The dividends paid in 2014 amounted to about € 35 million corresponding to low end of the range relative to the net profit of the previous year, representing only a small share of the available cash-flow generated in the period.



US TAX EQUITY AND OTHER PROJECT FINANCE STRUCTURES

EDPR always aims to find external financing to its projects, namely through tax equity structures, typical of the US, and through other project finance structures, available in other geographies. The use of such structures fit in the self-funding model because they substitute the need of corporate debt.

Moreover, the case of tax equity in the US also enables an efficient utilization of the tax benefits provided by the project thus improving its economics. In a simple view, under the tax equity partnerships, tax equity investors contribute a sizable part of the initial project investment, receiving in return almost all of the PTCs granted to the project for first ten years of operation.

In the case of project finance, it is also a means to contract long-term debt in local currency at competitive costs in order to mitigate the refinancing risk and to reduce the foreign exchange risk by having a natural hedge between revenues and expenses.

In 2014 EDPR closed three tax equity transactions relating to the total 329 MW capacity added in the US this year, and corresponding to tax equity financing proceeds of US$ 332 million (c. EUR 250 million). These transactions bring total tax equity financing proceeds ever raised by EDPR close to US$ 2.9 billion.

Signing	Project name	Location	MW	Million	Timing	Counterparty
Oct-14	Rising Tree North	California	99	USD 109	4Q14	MUFG Union Bank
Set-14	Lone Valley	California	30	USD 33	4Q14	(undisclosed)
Jul-14	Headwaters	Indiana	200	USD 190	4Q14	BofA Merrill Lynch
	US Tax equity:		329	EUR 250		
Aug-14	Korsze	Poland	70	PLN 220	3Q14	Bank of China
Mar-14	Solar PV plants	Romania	50	EUR 30	3Q14	EBRD + BSTDB
Jan-14	South Branch	Canada	30	CAD 49	1Q14	(undisclosed)
	Project finance:		150	EUR 116		

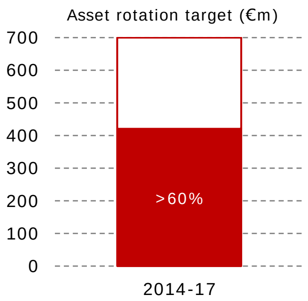
On the other hand, during 2014 EDPR also closed three more project finance deals, in Canada, Romania and Poland, amounting to project financing proceeds of c. € 116 million. In Eastern Europe alone, EDPR closed a total of eight project finances for a total of c. € 558 million, providing strong evidence of the company's competences in developing top quality projects that allow to establish solid financial structures meeting the requirements of partners with very rigorous investment criteria.

ASSET ROTATION

Proceeds from asset rotation transactions are also important sources of funds to the self-funding model of EDPR in financing its profitable growth of the business. Such model enables the company to advance the value yet to be realized from the future cash-flows of its existing projects over their long remaining lifetime, and reinvest the corresponding proceeds in the development in additional new value accretive projects, with superior returns to the costs of the asset rotation proceeds themselves. These transactions involve the company selling minority stakes at the level of the projects (typically of 49%), and still maintaining full management control over these projects. Moreover, the scope of projects for these transactions tend to be mature projects, generally already operating and thus significantly de-risked, with a high quality in its future cash-flows, that can be attractive to low risk institutional investors from who EDPR can then source a competitive cost of finance.

First asset rotation deal was signed in late 2012, and since then a total eight transactions have been closed, bringing the total amount raised to € 1.2 billion.

In 2014, three transactions have been closed, involving assets located in three countries: the US, France and Canada, with different infrastructure funds as counterparties. Also at the end of the year, in the context of the ongoing strategic partnership between EDP and China Three Gorges, one additional transaction was signed, this time relating to wind farm wind farms and projects in Brazil.



With 2014 transactions alone, over 60% of the € 700 million asset rotation target for 2014-17 period is already completed and closed at competitive multiples

About the above mentioned strategic partnership between EDPR's major shareholder, EDP, and CTG, apart from the transaction closed at the end of 2014, involving 49% of the 84 MW operating and the 237 MW under development from EDPR Brazil, for a total of R$ 365 million with financial closing expected by the mid of the following year, it is worth recalling EDPR received in the mid of 2013 the sum of € 368 million from the 49% sale of 615 MW in operation and 29 MW ready-to-build in EDPR Portugal, and signed at the end of that same year, a MoU envisaging the future sale of 49% of what the scope to be owned by EDPR in ENEOP after the asset splitting process of this consortium in Portugal, expected to occur in 2015. For the record, the referred strategic partnership was established at the end of 2011 and entered into force in May 2012, foreseeing a total € 2 billion investment by CTG until 2015 (including co-funding capex) in operating and ready-to-build renewable energy generation projects, that may include wind energy assets from EDPR and, as after agreed, selected hydro power plants from other EDP business units.

Signing	Location	Scope MW	Stake	Million	Million EV/MW	Timing	Partner
	Asset rotation:						
Nov-14	Canada	30	49%	-	CAD 3.3 (3.3)		Northleaf Capital Partners
Oct-14	France	270	49%	-	EUR 1.3 (1.9)		EFG Hermes
Aug-14	US	801+300	25-49%	-	USD 1.5 (2.3)		Fiera Axium Infrastructure
Oct-13	France	100	49%	-	EUR 1.3 (1.7)	1Q14	Axpo
Sep-13	US	97	49%	-	USD 1.0 (2.0)		Fiera Axium Infrastructure
Nov-12	US	599	49%	-	USD 1.3 (2.4)	4Q12	Borealis Infrastructure
				^EUR 719			
	Strategic partnership:						
Dec-14	Brazil	84+237	49%	BRL 365	-	2Q15	China Three Gorges
Dec-13	Portugal, ENEOP	^543	49%	(MoU)	-	2Q15	“”
Dec-12	Portugal	615+29	49%	EUR 368	EUR 1.6 (2.4)	2Q13	“”
				EUR 481			

2.2.4. SUSTAINABILITY ROADMAP

EDPR, as a renewable energy company, creates great expectations in its stakeholders about Sustainability. Responding to these expectations the company keeps committed to excel in all three pillars of sustainability – namely the economic, the environmental and the social – defining a strategy of best practices.

Following a culture of continuous improvement, 10 Sustainability goals were defined within the 2014-2017 Business Plan. This roadmap brings together the three sustainability pillars and is laid down in 10 different areas: Operational growth, Risk controlling, Economic value creation, Environment, Value circle, People, Governance, Stakeholder Engagement, Innovation and Society. Defined goals make performance measurable to help drive the company as a growing leader in value creation, innovation and sustainability.

1	Maintain leadership position in RENEWABLE ENERGY PRODUCTION	• Installed capacity: > 2,000 MWs additions • Avoided CO_2: +7% (CAGR vs. 2013) • < 1% emitted / avoided CO_2
2	CREATE VALUE while maintaining a LOW RISK profile	• EBITDA: +9% (CAGR vs. 2013) • Net Profit: +11% (CAGR vs. 2013) • OPEX/MW: -2% (CAGR vs. 2013)
3	Optimize ENVIRONMENTAL MANAGEMENT	• 100% Certified MWs (ISO 14001)
4	Maintain CIRCULAR ECONOMY in the internal management of the operations	• Maintain hazardous wastes and used water per GWh ratios aligned with previous years • > 90% Hazardous wastes recovered
5	Ensure high SAFETY STANDARDS for employees and contractors	• 100% Certified MWs (OHSAS 18001) • Zero accidents mind-set
6	Ensure a high standard ETHICAL PROCESS	• Zero tolerance for unethical behaviours
7	Broaden and harmonize the mechanisms of periodic consultation of STAKEHOLDERS	• Stakeholders plan development in 3 geographies
8	Invest in employees development of CORE COMPETENCIES and ensure continued compromise with society through VOLUNTEERING	• >80% of employees in training activities • >30% of employees in volunteering activities
9	Promote INNOVATION in operation phase increasing assets efficiency	• c. €10 million investment
10	Support SOCIAL AND EDUCATIONAL INITIATIVES through Fundación EDP	• c. € 500 thousand per year investment

2.3. RISK MANAGEMENT

In line with EDPR's controlled risk profile, Risk Management process defines the mechanisms for evaluation and management of risks and opportunities impacting the business, increasing the likelihood of the company achieving its financial targets, while minimizing fluctuations of results without compromising returns.

RISK MANAGEMENT PROCESS

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

The purpose of the Risk Management process is to ensure the alignment of EDPR's risk exposure with the company's desired risk profile. It consists in the identification and prioritization of risks, the development of adequate risk management policies and their implementation. Risk management policies are aimed to mitigate risks, without ignoring potential opportunities, thus, optimizing return versus risk exposure.

Risk management is endorsed by the Executive Committee, supported by the Risk Committee and implemented in day-to-day decisions by all managers of the company. It is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller):

- RISK PROFILER: Responsible for identification and analyses of risks, defining policies and limits for risk management within the company;
- RISK MANAGER: Responsible for day to day operational decisions and for implementing approved risk policies;
- RISK CONTROLLER: Responsible for follow up of the result of risk taking decisions and for verifying alignment of operations with general policy approved by the Executive Committee.

These three Risk Functions work together and meet in the Risk Committee, the forum to discuss global risk policies to be implemented and to control the risk exposure of the company.

In order to separate business decisions from strategic analyses and the definition of new policies, EDPR created two distinct meetings of the Risk Committee with different periodicity:

- RESTRICTED RISK COMMITTEE: Held every month, it reviews the risk of new transactions such as new power purchase agreements, new investments, energy price and FX hedges, along with pipeline status and EBITDA @Risk. It helps to control the implementation of defined policies and the exposure to most important risk factors.
- RISK COMMITTEE: Held every quarter, it is the forum where new strategic analyses are discussed and new policies are proposed for approval to the Executive Committee. Additionally, EDPR´s overall risk position is reviewed.

RISK AREAS AND MAIN RISK FACTORS

Risk Management at EDPR is focused on covering all market, credit and operational risks of the company. In order to have a holistic view of risks, they were grouped in Risk Areas covering the entire business cycle of EDPR. The following list summarizes Risk Areas defined within EDPR:

- COUNTRIES & REGULATIONS: Changes in regulations may impact EDPR's business in a given country;
- REVENUES: Revenues received by EDPR's projects may diverge from what is expected;
- FINANCING: EDPR may not be able to raise enough cash to finance its planned Capex; or to fulfil its financial obligations due to changes in exchange rates or bankruptcy of counterparties;
- WIND TURBINE CONTRACTS: Changes in turbine prices may impact projects' profitability; or there may not be sufficient turbine supply to build planned wind farms;
- PIPELINE DEVELOPMENT: EDPR may deliver an installed capacity different from its targets or suffer delays and/or anticipations in its installation;
- OPERATIONS: Projects may deliver a volume different from expected due to turbine availability; financial results can be impacted by human errors.

Within each Risk Area, risks are classified in Risk Groups and finally into Risk Factors. Those are the source of the risk and the purpose of Risk Management at EDPR is to measure, control and eventually mitigate all risk factors that affect the company.

The following table summarizes the Risk Areas, Risk Groups and main Risk Factors of the company's business and the Risk Management mitigation strategies, general and specific to the year 2014.

The full description of the risks and how they are managed can be found in the Corporate Governance chapter.

RISK AREA

- RISK GROUPS AND RISK FACTORS
  - Risk Management mitigation strategies at EDPR

COUNTRIES & REGULATIONS

- COUNTRY RISK (Macroeconomic, Political, Natural disasters)
- REGULATORY RISK (Incentive system, Incentive level, Tax, Operations)
  - Careful selection of energy markets based on country risk and energy market fundamentals
  - Diversification in markets and remuneration schemes
  - Active involvement in all major wind associations in all markets where EDPR is present

REVENUES

- MARKET PRICE RISK (Electricity, Green Certificates, REC, Basis)
- PRODUCTION RISK (NEH uncertainty, Wind volatility, Generation profile, Curtailment)
  - Regulated remunerations schemes in many markets in which EDPR operates
  - Hedge of market exposure through long term power purchase agreements (PPA) or short-term financial hedges

FINANCING

- FINANCIAL MARKETS RISK (Exchange rate, Interest Rate)
- COUNTERPARTY RISK (Credit, Operational)
- LIQUIDITY RISK
  - Natural hedging, maintaining debt and revenues in same currency
  - Execution of FX forwards to eliminate exchange rate transaction risk
  - Fixed interest rates
  - Counterparty credit analysis and compliance with policy
  - Alternative funding sources such as Tax equity structures and Multilateral/ Project Finance agreements

WIND TURBINE CONTRACTS

- TURBINE PRICE RISK (Demand/offer, Macroeconomics and commodity prices)
- TURBINE SUPPLY RISK
  - Signing of medium term agreements with turbine manufacturers to ensure visibility of turbine prices and supply
  - Relying on a large base of turbine suppliers to ensure supply and signing contracts before engaging in tender auctions

PIPELINE DEVELOPMENT

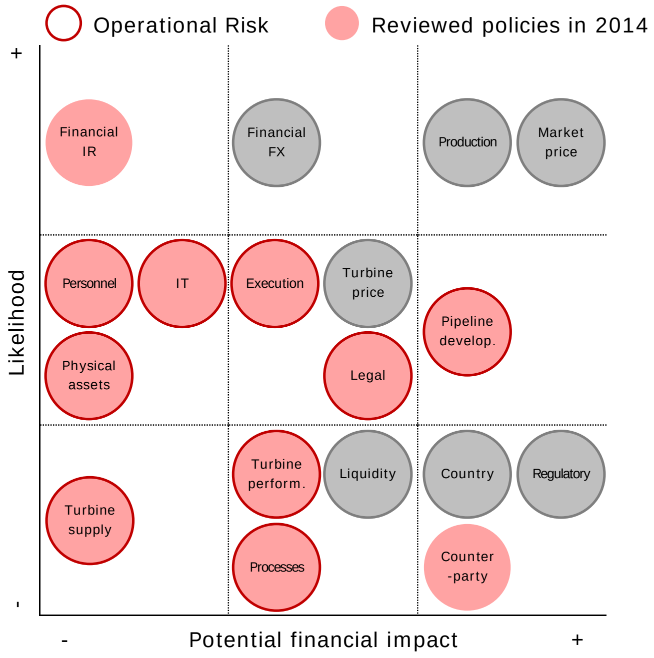
- EXECUTION RISK (Construction, Installation, Supply chain)
- DEVELOPMENT RISK (PPA contract, construction + environmental + interconnection permits)
  - Counterparty credit and technical analysis
  - Supervision of EDPR's engineering team
  - Flexible CODs in PPAs to avoid penalties
  - Employment of a "buffer" to ensure targets are achieved
  - Partnerships with strong local teams
  - Track recurrent operational risks during construction and development

OPERATIONS

- WIND TURBINE PERFORMANCE (Technology, Availability)
  - Closure of technical warranties and medium term full – scope maintenance agreements with suppliers
  - Adequate preventive and scheduled maintenance
- PHYSICAL ASSETS
  - Insurance against physical damage and business interruption
- PERSONNEL (Turnover, Health and safety)
  - Attractive remuneration packages and training
- LEGAL (Compliance, Fraud)
  - Revision of all regulations that affects EDPR activity (environmental, taxes…)
- PROCESSES
  - Control of internal procedures
- INFORMATION TECHNOLOGIES (Technical network, Corporate network)
  - Redundancy of servers and control centres of wind farms

During 2014, EDPR reviewed or defined three Global Risk Policies: Counterparty Risk Policy, Interest Rate Risk Policy and Operational Risk Policy. These policies are already implemented or will be implemented throughout 2015. They tackled those Risk Groups with highest impact in EDPR's financial results.

EDPR RISK MATRIX BY RISK GROUP



FOCUS ON OPERATIONAL RISK AT EDPR

WHAT IS OPERATIONAL RISK?

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

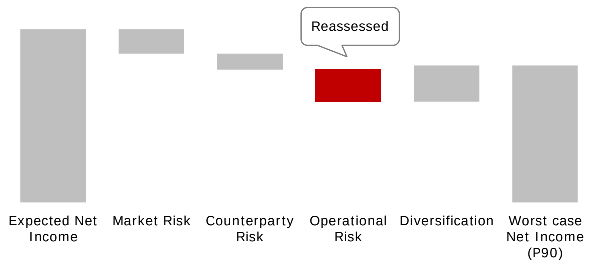
AREAS WITH OPERATIONAL RISK

From an operational perspective, EDPR classifies its risks in seven different categories: Development, Construction, Operation, IT, Legal, HR and Processes.

LIMITS OF NET INCOME @RISK

EDPR monitors Net Income @Risk, which consists on the worst case Net Income (measured as Expected-P90 of Net Income distribution) considering deviations from market, counterparty (credit) and operational.

The new analysis performed during 2014 on operational risk at EDPR has permitted a more accurate measure of Net Income @Risk within EDPR.



03

PERFORMANCE

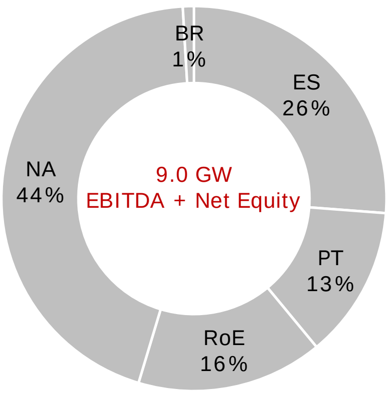
3.1. ECONOMIC

3.1.1. OPERATIONAL PERFORMANCE

2014 was a year of firsts as EDPR built its first project in California, first solar project in the United States and Portugal, and realized the completion of ENEOP

	MW			NCF			GWh		
	YE14	YE13	Var.	FY14	FY13	Var.	FY14	FY13	Var.
Spain	2,194	2,194	-	28%	29%	-1pp	5,176	5,463	-5%
Portugal	624	619	+4	30%	29%	+1pp	1,652	1,593	+4%
Rest of Europe	1,413	1,353	+60	24%	25%	-1pp	2,495	2,132	+17%
Europe	4,231	4,167	+64	27%	28%	-1pp	9,323	9,187	+1%
US	3,805	3,476	+329	33%	32%	+1pp	10,145	9,769	+4%
Canada	30	30	-	27%	-	-	59	-	-
North America	3,835	3,506	+329	33%	32%	+1pp	10,204	9,769	+4%
Brazil	84	84	-	32%	31%	+1pp	236	230	+3%
EDPR: EBITDA	8,149	7,756	+393	30%	30%	-	19,763	19,187	+3%
ENEOP	533	455	+78						
Other equity consolidated	353	353	-						
Spain	174	174	-						
United States	179	179	-						
EDPR: EBITDA + Net Equity	9,036	8,565	+471						

EDPR CONTINUES TO DELIVER SOLID SELECTIVE GROWTH



With a top quality portfolio present in ten countries, EDPR has a strong track record and proven capability to execute superior projects and deliver on targets. The installed asset base of 9.0 GW is not only young, on average 5 years, it is also mostly certified in terms of environmental and health and safety standards.

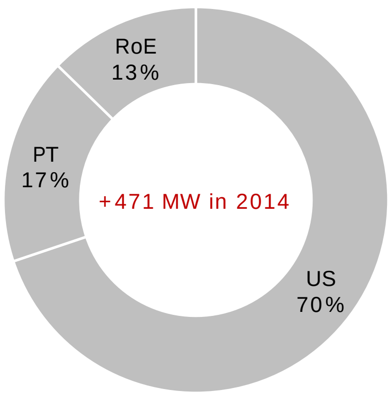
Since 2008, EDPR has doubled its installed capacity with the additions of 4.6 GW, resulting in a total installed capacity of 9,036 MW (EBITDA + Net Equity). As of year-end 2014, EDPR had installed 4,938 MW in Europe, 4,014 MW in North America and 84 MW in Brazil.

During 2014 EDPR added 471 MW to its installed capacity, of which 329 MW were in North America and 142 MW in Europe.

2014 INSTALLATIONS CONCENTRATED IN THE UNITED STATES

Project name	*Country*	*MW*	*Tech*
ENEOP	Portugal	78	Wind
Estarreja	Portugal	2	Solar
Headwaters	US	200	Wind
Ilza	Poland	4	Wind
Lone Valley	US	30	Solar
Overpowering	Portugal	2	Wind
Preuseville	France	6	Wind
Radziejow	Poland	18	Wind
Rising Tree North	US	99	Wind
San Giovanni	Italy	20	Wind
Truc de L'Homme	France	12	Wind
EDPR		471	

The largest growth in MW occurred due to the completion of 329 MW in the U.S., including 30 MW of their first solar project and 99 MW in California, which represents an entry into a new state for EDPR. All of the MW had previously secured long-term power purchase contracts, thus providing long term stability and visibility on the revenue stream. Total EBITDA + Net Equity installed capacity surpassed 4.0 GW in the U.S..



In Europe, half of the growth in capacity came from the completion of the ENEOP project resulting in an additional 78 MW to reach a grand total of 533 MW, which corresponds to EDPR's 40% participation in the Eólicas de Portugal consortium. In addition to the first solar project installed in the U.S., in 2014 EDPR also installed its first solar project in Portugal of 2 MW. All in all, Portugal installed 82 MW (78 MW ENEOP + 2 MW Solar + 2 MW Wind overpowering).

In Poland, EDPR continues to see positive growth with the installation of 22 MW, 18 MW from the Radziejow wind farm located in the central region and 4 MW from Ilza, which brings that project's total capacity to 54 MW.

EDPR added 18 MW to its installed capacity in France with the completion of the Truc de l'Homme wind farm of 12 MW and 6 MW from the Preuseville project. Truc de l'Homme presented numerous developmental challenges that were eventually overcome. Preuseville is an extension of an existing wind farm in north-west France.

After success in the 2014 auctions in Italy, EDPR was able to deliver on 20 MW with the San Giovanni project. Located in the Basilicata Region, the project also represents the installation of the first Vestas V110 2MW 95 meter hub height wind turbines in EDPR's fleet, in a very complex orography with huge slopes and earthworks.

NEARLY 90% OF 2015 EXPECTED CAPACITY ADDITIONS ALREADY UNDER CONSTRUCTION

By the end of 2014, EDPR had over 443 MW under construction all related to projects to be delivered in 2015.

In the U.S., EDPR had 299 MW under construction related to two wind farms with PPAs already secured, Waverly (200 MW in Kansas) and Rising Tree South (99 MW in California). In addition to the capacity already under construction, during 2015 EDPR will also start construction on the Arbuckle wind farm (100 MW in Oklahoma, US), which has a secured PPA.

Although no new capacity was added during the year in Brazil, EDPR has 120 MW under construction, related to the Baixa do Feijão projects after successfully bidding in the A5 auction for 20 year PPAs schedule to start in 2016.

In Europe, 24 MW were under construction: 10 MW in Italy, 6 MW in Portugal, 6 MW in Poland and 2 MW in Spain related to a turbine prototype.

88% OF EDPR'S INSTALLED CAPACITY IS COVERED BY ISO 14001 CERTIFICATION

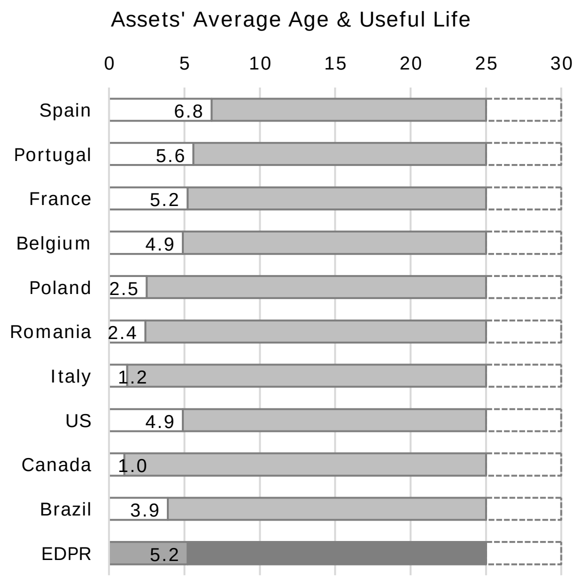
The Environmental Management System (EMS) is developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization. These consensus standards are considered the world's benchmark for EMS Management Systems and is a guarantee that EDPR sites, regardless of its regulatory environment are aligned and at the same level of compliance.

In addition to operating high quality and safe assets, EDPR also has a young portfolio with an average operating age of 5 years, with an estimate of at least 20 years of useful life remaining to be captured.

In Europe, EDPR's portfolio had an average age of 5 years, in North America 5 years, and in Brazil 4 years.

Throughout the entire process, from development to operations, EDPR maintains the highest standards in construction quality, integrity, and sustainability.

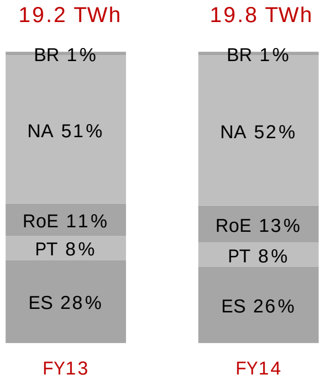
Considerable efforts were conducted to restore the land and biodiversity to either its original state or an improved state, for example by removing hazardous wastes uncovered during construction in California or burying high voltage lines underground to diminish visual impact. During the construction of the solar plants in the U.S., nearly 35 acres of conservation lands for preserving habitat for desert species were created. In Indiana, over 120 kilometres of public county roads were maintained and nearly half of those were strengthened.



However, environmental sustainability is not the only concern. In Italy, an archaeological area was found by the archaeological surveillance team resulting in a very deep campaign to discover and catalogue all the archaeological findings and protect them against the earthworks to be performed. Similarly in California, palaeontologists sifted through over 100 cubic yards of soil in an area of potential significance and all finds will be curated in a museum.

All in all, the total value created by the installation of nearly 0.5 GW is greatly positive.

3% INCREASE IN YOY GENERATION



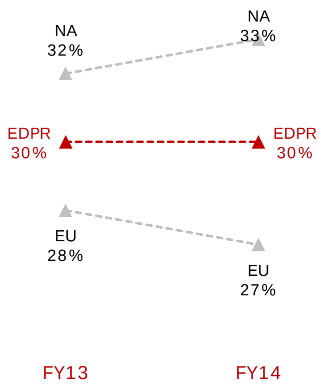
EDPR generated 19.8 TWh during 2014. When adding the over 1 TWh produced from our equity projects, enough clean energy was produced to serve nearly 50% of the electricity demand of Portugal.

The 3% year over year increase in the electricity output benefited from the capacity additions over the last 12 months and the strong wind resource in North America throughout 2014.

EDPR achieved a 30% load factor during 2014, which is in line with last year, maintaining its leading position within the wind sector and reflecting the intrinsic quality of the wind farms.

EDPR also achieved a stellar 98% availability. EDPR continues to leverage on its competitive advantages to maximize wind farm output and on its diversified portfolio to mitigate the wind volatility risk.

PREMIUM PERFORMANCE AND DIVERSIFIED PORTFOLIO DELIVERS BALANCED OUTPUT



EDPR's operations in North America were the main driver for the electricity production growth in 2014, increasing by +4% YoY to 10.2 TWh and represented 52% of the total output (51% in 2013). This performance was driven by EDPR's unique ability to capture the strong wind resource available and the contribution from new additions. EDPR achieved a 33% load factor in North America, +1pp vs. 2013, further reflecting the high quality assets.

Production growth in Europe was mainly due to reaping the benefits from the installed capacity in 2013, which help offset the decline in year over year load factor. All countries deliver positive growth except for Spain where 2013 was considered an above average year.

Iberia delivered a 28% load factor (vs. 29% in 2013), although a decline YoY, the efficiency achieved was above normal expectations and 2013 was an exceptional year for Spain. Moreover, EDPR delivered once again a solid premium over the Spanish market average load factor (+2pp).

The Rest of Europe operations delivered a 24% load factor (25% in 2013) and posted higher year over year generation. Poland increased its production by 253 GWh as new capacity and a solid resource contributed to the strong performance. Higher production in Italy was mainly due to a full year of operations for capacity installed in 2013. The remaining countries delivered stable growth of 28 GWh.

In 2014, EDPR's output in Brazil increased 3% YoY to 236 GWh, as a result of a higher wind resource during the year, and led to a higher load factor of 32%. The Tramandaí wind farm continues to deliver above average load factors.

CARBON FREE EMISSIONS

The 19.8 TWh of electricity produced has zero carbon emissions, thus contributing to the world's fight against climate change. Based on each countries' thermal emission factors, an estimate of 17 million tons of CO_2 equivalent emissions were avoided that would have otherwise been emitted by burning fossil fuels to generate the same amount of electricity in the geographies where EDPR is present.

3.1.2. FINANCIAL PERFORMANCE

Revenues totalled 1.3 billion euros and EBITDA summed 903 million euros

In 2014, EDPR revenues totalled 1,277 million euros, a decrease of 40 million euros when compared to 2013 mainly driven by the lower selling price but mitigated by the 3% output increase. EDPR's average selling price decreased 6% as the result of the lower average selling price in Europe and partially offset by the higher average selling price in North America and Brazil. In Europe, revenues evolution was mainly impacted by EDPR operations in Spain, following the change in assets remuneration framework with the approval of RDL 413/2014 in June 2014 in addition to the unfavourable pool prices, and minimized by EDPR's younger assets and load factor.

EBITDA decreased 17 million euros year on year to 903 million euros, as a result of the top-line evolution and partially offset by lower net operating costs. EBITDA margin increased from 70% to 71%, demonstrating EDPR control over costs and strong efficiency levels.

Financial Highlights (€m)	2014	2013	▲% / €
Income Statement			
Revenues	1,277	1,316	(3%)
EBITDA	903	921	(2%)
Net Profit (attributable to EDPR equity holders)	126	135	(7%)
Cash-Flow			
Operating Cash-Flow	707	677	+4%
Net investments	515	548	(6%)
Balance Sheet			
Assets	14,316	13,058	+1,258
Equity	6,331	6,089	+241
Liabilities	7,986	6,969	+1,017
Liabilities			
Net Debt	3,283	3,268	+14
Institutional Partnerships	1,067	836	+230

Net Profit reached 126 million euros

Impacted by the top line evolution, Net Profit decreased 7% year over year to 126 million euros, while Adjusted Net Profit decreased 25% to 105 million euros, adjusted for non-recurring events, forex differences and capital gains.

Robust Cash-flow

Operating Cash-Flow increased 4% to 707 million euros, higher than the net investments of the period. In 2014, EDPR received 215 million euros related to the financial closing of the asset rotation transactions signed in October 2013 with Axpo Group, and in October and November 2014 with EFG Hermes and Northleaf respectively. In August 2014, EDPR structured an additional asset rotation transaction with Fiera Axium for a portfolio of wind farms in the United States, which final financial close is expected to occur in the first quarter of 2015. Additionally, in 2014, a cash grant of 22 million euro was collected in Poland.

Capital expenditures (Capex) totalled 732 million euros reflecting the capacity additions in the year and the capacity under construction, leading to Net Investments of 515 million euro. As a result of forex translation (impact 170 million euros), investments done in the period, robust cash-flow generation, the execution of the asset rotation strategy and close monitoring of operating costs, Net Debt increase by 14 million euros.

Note: 2013 figures are restated for comparison purposes with IFRS 11 (mandatory from Jan 1st 2014)

INCOME STATEMENT

Solid top line performance despite regulatory changes

EDPR revenues totalled 1,277 million euros, a 3% decrease on the back of a lower average selling price and forex depreciation, mitigated by the positive impact from higher volumes. The impact in the average selling price is mainly driven by changes in Spanish remuneration for renewable assets and negatively magnified by the low market price in the period.

Other operating income increased by 4 million euros, while Operational expenses (Opex) – defined as Operating costs excluding Other operating income - decreased by 18 million euros, leading to a 8% decrease in the Opex per average MW. Excluding levies and write-offs, Opex per average MW decreased by 6% and Opex per MWh by 5%, showing strict control over costs and strong efficiency levels.

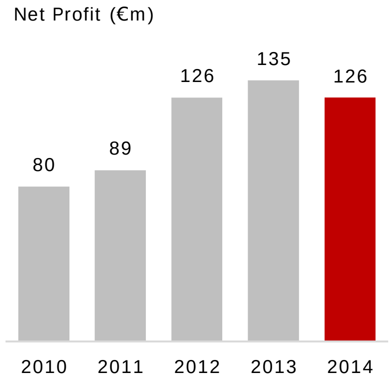
Impacted by the top line, EBITDA decreased 2% to 903 million euros, while EBITDA margin improved to 71% versus 70% in 2013.

Operating income (EBIT) summed 422 million euros, reflecting the 8% higher depreciation and amortisation costs. In 2014, impairments had an impact of 27 million euros in EBIT, mainly as a consequence of a new long-term scenario with more conservative assumptions for EDPR operations in Romania.

At the financing level, Net Financial Expenses decreased 5%. Net interest costs increased 3% due to higher average net debt (+123 million euros versus previous year) along with a stable 5.2% cost of debt. Institutional Partnership costs in 2014 were 7% lower, while capitalised expenses increased by 11 million euros. Forex differences and derivatives had a negative impact of 5 million euros, as the positive impact from Leu was offset by the US dollar appreciation and Zloty depreciation.

Share of profits of associates increased by 7 million euros to 22 million euros, mainly reflecting EDPR's interest in ENEOP, the positive performance of United States associate companies and a Purchase Price Allocation post the acquisition of a company in Mexico, offsetting the negative performance of Spanish associate companies.

Pre-Tax Profit amounted to 194 million euros and income taxes decreased to 16 million euros, due to the positive effect of the approved corporate tax reform in Spain (income tax will be reduced to 25% in 2016 and beyond) impacting deferred assets and liabilities. Non-controlling interests in the period totalled 52 million euros, an increase of 18 million euros on the back of the non-controlling interests sold to CTG in the context of the EDP strategic partnership, to Fiera Axium, Axpo Group, EFG Hermes and Northleaf as part of the execution of the asset rotation strategy. All in all, Net Profit decreased to 126 million euros.



Consolidated Income Statement (€m)	2014	2013	▲%
Revenues	**1,277**	**1,316**	**(3%)**
Other operating Income	46	41	+10%
Supplies and services	(257)	(255)	+1%
Personnel costs	(66)	(66)	(1%)
Other operating costs	(96)	(116)	(17%)
Operating Costs (net)	**(374)**	**(396)**	**(6%)**
EBITDA	**903**	**921**	**(2%)**
EBITDA/Net Revenues	*71%*	*70%*	*+1pp*
Provisions	(0.0)	(1.3)	(98%)
Depreciation and amortisation	(500)	(465)	+8%
Amortization of government grants	19	18	+3%
EBIT	**422**	**473**	**(11%)**
Financial Income / (expenses)	(250)	(262)	(5%)
Share of profits of associates	22	15	+48%
Pre-tax profit	**194**	**226**	**(14%)**
Income taxes	(16)	(57)	(71%)
Profit of the period	178	169	+5%
Net Profit Equity holders of EDPR	**126**	**135**	**(7%)**
Non-controlling interest	52	34	+53%

BALANCE SHEET

Total equity increases by 242 million euros

Total Equity of 6.3 billion euros increased by 242 million euros during year, of which 131 million euros attributable to non-controlling interests. The increased equity attributable to the shareholders of EDPR by 111 million euros is mainly a result of the 126 million euros of Net Profit, reduced by the 35 million euros in dividend payments.

Total liabilities increased 15% by +1,017 million euros, mainly in accounts payable (+549 million euros), financial debt (+236 million euros) and institutional partnerships (+231 million euros).

With total liabilities of 8.0 billion euros, the debt-to-equity ratio of EDPR stood at 126% by the end of 2014, which is an increase from the 114% in 2013. Liabilities were mainly composed of financial debt (49%), liabilities related to institutional partnerships in the US (13%) and accounts payable (24%).

Liabilities to tax equity partnerships in the US stood at 1,067 million euros, and including +217 million euros of new tax equity proceeds received in the 2014. Deferred revenues related to institutional partnerships primarily represent the non-economic liability associated to the tax credits already realized by the institutional investor, arising from accelerated tax depreciation, and yet to be recognized as income by EDPR throughout the remaining useful lifetime of the respective assets.

Deferred tax liabilities reflect the liabilities arising from temporary differences between the accounting and the tax basis of assets and liabilities. Accounts payables include trade suppliers, PP&E suppliers, deferred income related to investment grants received and derivative financial instruments.

As total assets totalled 14.3 billion euros in 2014, the equity ratio of EDPR reached 44%, versus 47% in 2013. Assets were 77% composed of net PP&E - property, plant and equipment, reflecting the cumulative net invested capital in renewable energy generation assets.

Total net PP&E of 11.0 billion euros changed to reflect 749 million euros of new additions during the year of and 630 million euros from forex translation (mainly as the result of a US Dollar appreciation), and reduced by 487 million euros for depreciation charges, impairment losses and write-offs.

Net intangible assets mainly include 1.4 billion euros from goodwill registered in the books, for the most part related to acquisitions in the US and Spain, while accounts receivable are mainly related to loans to related parties, trade receivables, guarantees and tax receivables.

Statement of Financial Position (€m)	2014	2013	▲%
Assets			
Property, plant and equipment, net	11,013	10,095	918
Intangible assets and goodwill, net	1,405	1,301	104
Financial investments, net	376	346	30
Deferred tax assets	46	109	(63)
Inventories	21	15	6
Accounts receivable – trade, net	146	202	(56)
Accounts receivable – other, net	859	655	204
Financial assets at fair value through profit and loss	-	0	0
Collateral deposits	81	78	3
Cash and cash equivalents	369	255	114
Total Assets	**14,316**	**13,058**	**1,258**
Equity			
Share capital + share premium	4,914	4,914	-
Reserves and retained earnings	742	623	119
Net profit (equity holders of EDPR)	126	135	(9)
Non-controlling interests	549	418	131
Total Equity	**6,331**	**6,089**	**242**
Liabilities			
Financial debt	3,902	3,666	236
Institutional partnerships	1,067	836	231
Provisions	99	65	34
Deferred tax liabilities	270	367	(97)
Deferred revenues from institutional partnerships	735	672	63
Accounts payable – net	1,912	1,363	549
Total Liabilities	**7,986**	**6,969**	**1,017**
Total Equity and Liabilities	**14,316**	**13,058**	**1,258**

CASH FLOW STATEMENT

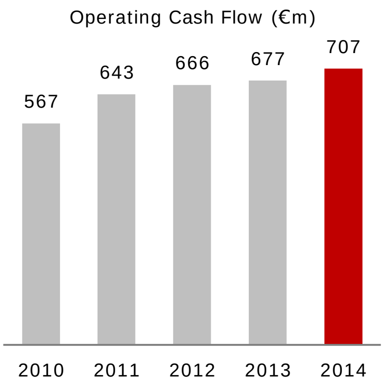
Strong Operating Cash Flow

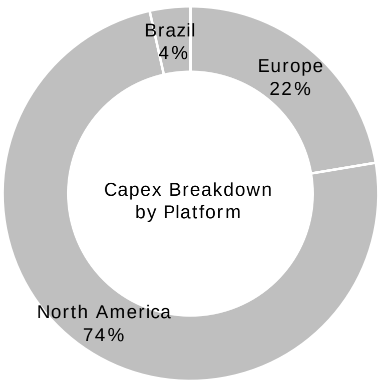
In 2014, EDPR generated Operating Cash-Flow of 707 million euros, a 4% increase from the prior year. EDPR continues to benefit from the strong cash-flow generation capabilities of its assets in operation.

The key items that explain 2014 cash-flow evolution are the following:

- Funds from operations, resulting from EBITDA after net interest expenses, share of profits of associates and current taxes, increased to 668 million euros;
- Operating Cash-Flow, which is the EBITDA net of income tax and adjusted by non-cash items (namely income from US institutional partnerships and write-offs) and net of changes in working capital, amounted to 707 million euros;
- Capital expenditures with the ongoing construction and development works totalled 732 million euros. In Europe capex totalled 164 million euros, mainly in Rest of Europe, while 543 million euros were invested in North America, the core growth of EDPR 2014-17 business plan. Other net investing activities amounted to +198 million euros, mostly reflecting equipment suppliers invoices already booked but not yet paid and a government grant for investments collected in Poland;
- Pursuing its asset rotation strategy, in 2014 EDPR signed agreements with Fiera Axium, EFG Hermes, Northleaf and CTG (in the context of EDP strategic partnership). In 2014 EDPR received 215 million euros of proceeds regarding EFG Hermes, Northleaf and Axpo Group (signed in October 2013) transactions. The settlement of Fiera Axium transaction is expected to occur in the first quarter of 2015;
- Net proceeds from Institutional Partnerships reached 148 million euros. In 2014, EDPR secured three institutional tax equity financing structures in the United States for a total of 332 million US Dollars. Proceeds received in 2014 from these transactions totaled 289 million US Dollars (217 million euros);
- Total net dividends and other capital distributions paid to minorities, including the payment of dividends to EDPR shareholders (35 million euros), amounted to 79 million euros. Forex & Other had a negative impact increasing Net Debt by 291 million euros, mainly explained by the impact from US dollar appreciation and other forex translation (170 million euros), and shareholder loans to associates.

All in all, Net Debt increased by 14 million euros, to 3,283 million euros by year end. In line with the self-funded business model and focus on operational excellence, EDPR continues to benefit from the solid free cash-flow generation capabilities of its premium assets.





Cash Flow (€m)	2014	2013	▲%
EBITDA	**903**	**921**	**(2%)**
Current Income Tax	(50)	(89)	(44%)
Net interest costs	(207)	(199)	+4%
Share of profits of associates	22	15	+48%
FFO (Funds from operations)	**668**	**648**	**+3%**
Net interest costs	207	199	+4%
Income from associated companies	(22)	(15)	+48%
Non-cash items adjustments	(130)	(125)	+4%
Changes in working capital	(16)	(30)	(44%)
Operating Cash Flow	**707**	**677**	**+4%**
Capex	(732)	(627)	+17%
Financial Investments	(19)	(47)	(58%)
Changes in working capital related to PP&E suppliers	192	(180)	-
Government Grants	22	91	(76%)
Net Operating Cash Flow	**173**	**(86)**	-
Sale of non-controlling interests and shareholders' loans	215	402	(47%)
Proceeds/(Payments) related to Institutional partnerships	148	(36)	-
Net interest costs (post capitalisation)	(180)	(183)	(2%)
Dividends net and other capital distributions	(79)	(58)	+37%
Forex & Other	(291)	(21)	-
Decrease / (Increase) in Net Debt	**(14)**	**19**	**-**

FINANCIAL DEBT

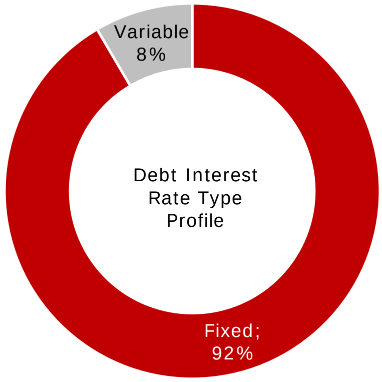
Long-term and stable debt profile

EDPR's total Financial Debt increased by 234 million euros to 3.8 billion euros, reflecting US Dollar appreciation, investments done in the period and the proceeds from the execution of the asset rotation transactions. Loans with EDP group, EDPR's principal shareholder, accounted or 76% of the debt, 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 2014, EDPR closed three project finance transactions: i) 49 million Canadian dollars for 30 MW of EDPR's first wind farm in Canada; ii) 30 million euros for 50 MW of solar power plants in operation in Romania; iii) 220 million Zlotys for 70 MW wind farm in Poland.

As of December 2014, 52% of EDPR's financial debt was Euro denominated, 39% was funded in US Dollars, related to the company's investment in the United States, and the remaining 9% was mostly related with debt in Polish Zloty and Brazilian Real.

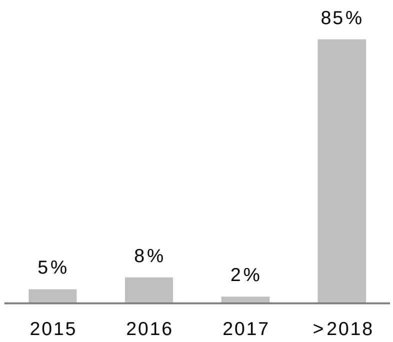
EDPR's debt has a long-term profile as 85% of the financial debt has a 2018 and beyond maturity. EDPR continues to follow a long-term fixed rate funding strategy, matching the Operating Cash-Flow profile with its financial costs and therefore mitigating interest rate risk. Accordingly, 92% of EDPR's financial debt has a fixed interest rate and, as of December 2014, the average interest rate was 5.2%, stable year on year.



Institutional Partnerships

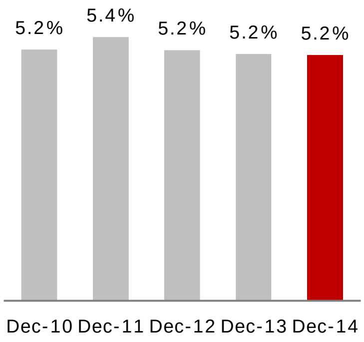
Liabilities referred to Institutional Partnerships increased 230 million euros to 1,067 million euros, due to US dollar appreciation in December 2014 versus December 2013, the benefits captured by the tax equity partners and the establishment of new institutional tax equity financing structures during the period.

Debt Maturity Profile



Financial Debt (€m)	**2014**	**2013**	**▲€**
Nominal Financial Debt + Accrued interests	3,902	3,666	+236
Collateral deposits associated with Debt	81	78	+2
Total Financial Debt	**3,821**	**3,588**	**+234**
Cash and Equivalents	369	255	+113
Loans to EDP Group related companies and cash pooling	170	64	+106
Financial assets held for trading	-	0.1	(0.1)
Cash & Equivalents	**538**	**319**	**+219**
Net Debt	**3,283**	**3,268**	**+14**

Cost of Debt

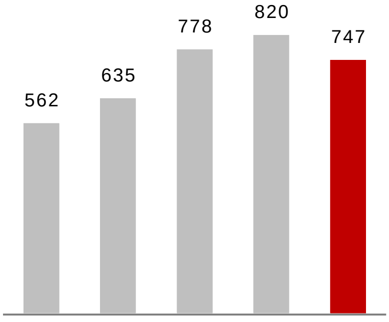


EUROPE

Revenues

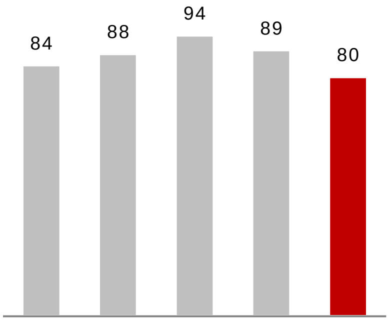
In Europe, EDPR delivered revenues of 747 million euros, a decrease of 73 million euros versus 2013, reflecting the impact from the lower average selling price of 93 million euros, that offset the positive effect from the increase in output, of 21 million euros.

In detail, the decrease in revenues was a result of lower revenues in Spain (-93 million euros), mitigated by the increase in revenues in Portugal (+5 million euros) and Rest of Europe (+16 million euros). Consequently, the contribution from Spain decreased from 53% to 46%, while contribution from Portugal and Rest of Europe increased from 20% to 22% and 27% to 31%, respectively.



Average Selling Price

The average selling price in Europe decreased 10% to 80 euros per MWh, mainly driven by Spanish changes in the remuneration framework for renewable assets, and in Rest of Europe by the lower realised price in Romania, with green certificates being sold at the floor of the regulated collar.



Net Operating Costs

Net Operating Costs decreased 12% year on year, to 202 million euros, as a results of 12 million euros decrease in Operating costs and a 15 million euros increase in Other operating income, mainly due to a price adjustment in the sale of Portuguese assets to CTG following lower corporate taxes in Portugal. EDPR strict control over costs and high level of efficiency is reflected in the 11% decreased of Opex per average MW in operation ratio, reaching 57.3 thousand euros.

All in all, EBITDA in Europe totalled 544 million euros, leading to an EBITDA margin of 73%, while EBIT reached 275 million euros.

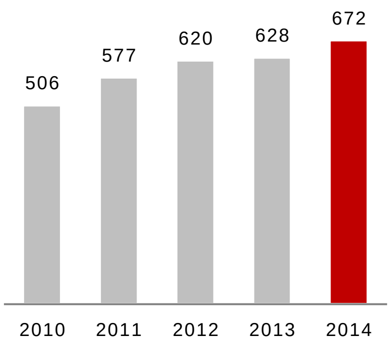
Europe Income Statement (€m)	2014	2013	Δ€
Revenues	**747**	**820**	**(9%)**
Other operating income	27	12	+128%
Supplies and services	(141)	(138)	+2%
Personnel costs	(22)	(26)	(12%)
Other operating costs	(65)	(78)	(16%)
Operating Costs (net)	**(202)**	**(230)**	**(12%)**
EBITDA	**544**	**590**	**(8%)**
EBITDA/Net Revenues	*73%*	*72%*	*+1pp*
Provisions	(0.0)	(0.1)	(79%)
Depreciation and amortisation	(271)	(236)	+15%
Amortization of government grants	2	1	+46%
EBIT	**275**	**355**	**(23%)**

NORTH AMERICA

Revenues

In 2014, Revenues increased 7% to 672 million US Dollars, supported by 5% increase in the average selling price and 4% increase in production.

Revenues (US$m)



Average Selling Price

Average selling price increased by 5% versus 2013, to 51 US Dollars per MWh, propelled by higher output towards wind farms under PPA/Hedge. Selling prices for the production exposed to wholesale electricity prices also went up, from 32 US Dollars per MWh in 2013 to 41 US Dollars per MWh, benefiting from higher gas prices, due to low gas inventories and unusually cold winter in the first months of 2014, and an increase in REC prices.

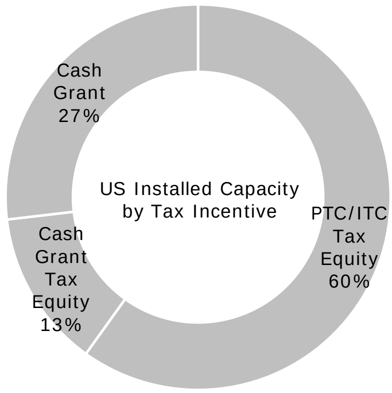
Net Operating Costs

Net Operating Costs increased 2% to 194 million US Dollars, mainly due to the lower Other operating income that offset the decrease in operating costs. The decrease in other operating income reflects the 18 million US Dollars from the restructuring of the off-taking volumes of a PPA for 200 MW in 2013. A strict control over costs and high efficiency levels resulted in 7% decrease in Opex per MW, to 61 thousand US Dollars.

Institutional Partnerships and Government Grants

Income from Institutional Partnerships totalled 164 million US Dollars. The projects that opted for the cash grant benefited from lower depreciation charges, booked in the income statement as amortisation of government grants, totalling 23 million US Dollars.

In 2014, EDPR established three institutional tax equity financing structures for a total amount of 332 million US Dollars, in exchange for an interest in the 200 MW Headwaters wind farm, 30 MW Lone Valley solar PV plant and 99 MW Rising Tree North.



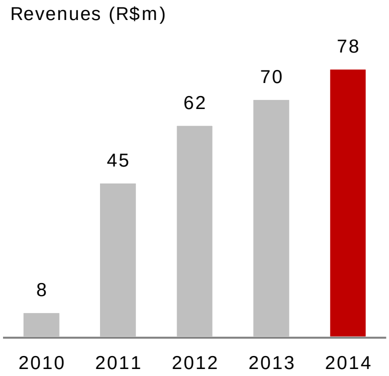
All in all, EBITDA went up 9% to 477 million US Dollars, leading the EBITDA margin to increase to 71%.

North America Income Statement (US$m)	2014	2013	▲%
Electricity Sales & Other	508	462	+10%
Income from Institutional Partnerships	164	166	(1%)
Revenues	**672**	**628**	**+7%**
Other operating income	23	40	(43%)
Supplies and services	(145)	(143)	+1%
Personnel costs	(37)	(38)	(3%)
Other operating costs	(36)	(49)	(27%)
Operating Costs (net)	**(194)**	**(190)**	**+2%**
EBITDA	**477**	**438**	**+9%**
EBITDA/Net Revenues	*71%*	*70%*	*+2pp*
Provisions	-	(2)	-
Depreciation and amortisation	(292)	(288)	+1%
Amortization of government grants	23	23	+0%
EBIT	**208**	**171**	**+22%**

BRAZIL

Revenues

In Brazil, EDPR reached revenues of 78 million reais, representing a year on year increase of 13%, mainly explained by the higher average selling price.



Average Selling Price

The average selling price in Brazil increased 12% to R$346 per MWh, basically reflecting the PPA update price according with inflation type adjustment.

EDPR installed capacity in Brazil, 84 MW, is fully under incentive programs for renewable energy development. These programs provide long-term visibility, setting long-term contracts to sell the electricity produced for 20 year, which translates into a stable and visible cash-flow generation throughout the projects' life.

Net Operating Costs

Net Operating Costs increased during the year by 3 million reais, mainly due to higher Other operating costs and at a lesser extend due to the increase in personnel costs, mitigated by lower supplies and services. Following the outstanding top line performance, in 2014, EBITDA reached 48 million reais, an increase of 15% versus previous year, with the EBITDA margin increasing to 61%.

Brazil Income Statement (R$m)	2014	2013	▲%
Revenues	**78**	**70**	**+13%**
Other operating income	0.0	-	-
Supplies and services	(19)	(22)	(15%)
Personnel costs	(4)	(3)	+27%
Other operating costs	(8)	(2)	+202%
Operating Costs (net)	**(31)**	**(28)**	**+9%**
EBITDA	**48**	**41**	**+15%**
EBITDA/Net Revenues	*61%*	*59%*	*+2pp*
Provisions	-	(0.1)	-
Depreciation and amortisation	(19)	(18)	+1%
Amortization of government grants	0.1	-	-
EBIT	**29**	**23**	**+27%**

3.2. ENVIRONMENT

3.2.1. ECOLOGICAL FOOTPRINT

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

Even though we are in a clean energy business, we go beyond our commitment with the environment by fostering a corporate culture in which initiatives and activities are consistent with environmental responsibility. Therefore we are committed to minimize the environmental impact of our operations and measure the footprint from our administrative activities and plants electricity consumption, representing 0.2% of the emissions avoided. Despite this low impact we encourage reducing these emissions by improving our practices. EDPR's small footprint regarding CO_2 emissions and water is due to administrative activities and plants electricity consumption.

ZERO EMISSIONS

- Zero carbon emissions
- Avoided 17.0 million tons of CO_2 emission

WATER FREE

- Virtually no water used in electricity generation
- 0.56 litres of consumed water per MWh

LOW WASTE GENERATION

- 26 kilograms of hazardous wastes per GWh
- 96% of hazardous wastes recovered

OVERALL POSITIVE IMPACT IN BIODIVERSITY

EDPR...

- Co-exists peacefully and abundantly with most wildlife
- Mitigates climate change; being a zero-emission company is the best way to protect biodiversity
- Respects biodiversity in all phases of the plant's life-cycle
- Seeks a positive biodiversity balance, defining initiatives to prevent, correct and compensate identified risks

3.2.2. BIODIVERSITY

In the long term, EDPR aims to contribute to an overall positive balance to the world's objective of reducing biodiversity loss due to human activity, one of today's greatest challenge.

In an effort to seek a positive balance in biodiversity, numerous initiative were performed in 2014:

Iberian wolf

The Iberian wolf is a species subject to particular attention as stated in the specific legislation for the protection and preservation of its habitat. It is estimated that there are nearly 300 specimens of Iberian wolf in Portugal whose habitat extends from the district of Viseu to the north of the country.

EDPR has several wind farms in this area, which have been developed with the contribution of specialists in Iberian wolf. Tracking programs were established in the most sensible areas, as well as mitigation and compensation measures for this species and its habitat.

Many of these measures are intended to reduce the conflict between the local population and the Iberian wolf, trying to direct the wolf towards the wild prey species existing in their habitat.

Rainwater collection systems

In 2014, as part of one of its environmental targets within environmental management system, EDPR has conducted a series of implementations of rainwater uptake systems in several Spanish substations.

The main objective is to reduce water consumption from other less sustainable sources in such a way that, taking advantage of rainwater, good environmental practice is done and a trend towards a self-sufficiency model is performed. Before the establishment of the target, there were already 14 installations using this system and, from the implementation to date, rainwater systems have been installed in further 17 substations. As a result of this measure, today 53% of the water consumed in Spain is rainwater origin.

During 2015 it is expected this system to be installed in another 5 substations, so that almost 80% of Spanish installations would benefit from this supply.

Additionally, this type of systems were implemented in other European geographies, 65% of the water used in Portugal and 100% in Belgium is rainwater collected.

Environmental restoration

EDPR has launched an environmental restoration program in several Spanish facilities. The aim of this measure is to prevent problems arising from erosion as well as improving the landscape integration.

Since 2013 and until late 2014, the actions that have been made, were plantations and hydro-seeding, slopes restructuring and drainage structures improvement. Furthermore, aged rock slope labors were carried out for optimal integration. After completion of each performance, environmental technicians along with the companies in charge of the environmental monitoring, keep tracking the evolution.

So far, 16.2 hectares have been hydro-seeded, 24,215 units were planted and 2.83 hectares have been integrated in landscape. Results to date are satisfactory and the development of more planned measures are expected for 2015.

Golden Eagle study

The golden eagle population status largely affects the manner by which EDPR develops and operates its wind projects in adherence with the Bald and Golden Eagle Protection Action (BGEPA).

EDPR has contributed funding to the Oregon Eagle Foundation (OEF) and the Washington Department of Fish and Wildlife (WDFW) to conduct state-specific efforts to understand population status of eagles in those states. Thus far, OEF has completed four years of surveys, and WDFW has completed two years. Results of these surveys are forthcoming, but initial results do not indicate that Washington and Oregon eagle populations are in large decline.

Bat curtailment story

Direct mortality at wind turbines is currently the greatest concern for bats in general at wind facilities

EDPR has instituted a conservation program that incorporates feathering* operational wind turbines below the manufacturer's operational cut-in speed from ½ hour before sunset to ½ hour after sunrise during the fall migration period (August 1st to October 15th).

Starting in 2014, seven of EDPR's wind facilities fully feathered all wind turbines below the manufacturer's operational cut-in speed for the fall migration season. EDPR will continue to implement this conservation plan in future years and will enhance the functionality at many sites for the 2015 season.

3.2.3. ENVIRONMENTAL MANAGEMENT

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

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

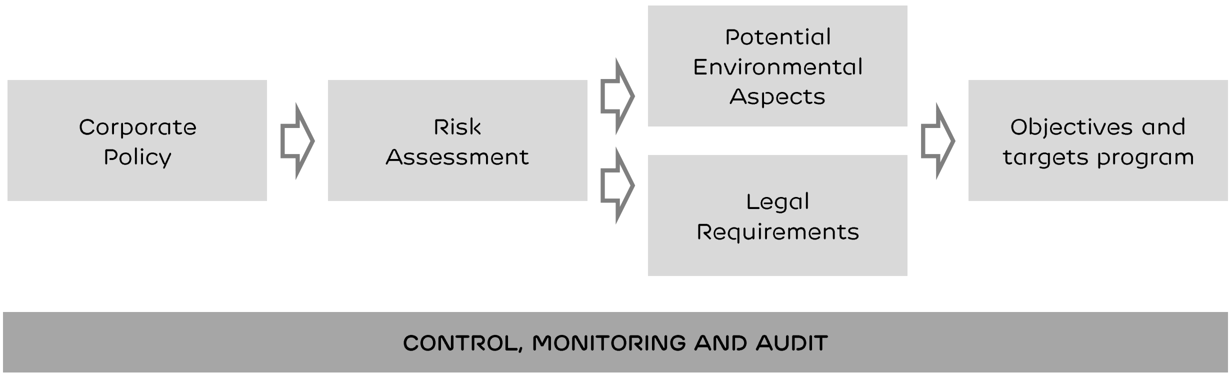
WHAT IS THE EMS?

EDPR's Environmental Management System (EMS) is a framework that helps the company achieve its environmental goals through consistent control of its operations, applicable to operations and maintenance phase of wind farms and solar PV plants, with the aim of improving its environmental performance.

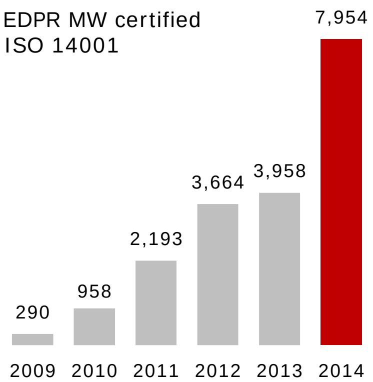
The system ensures focus on relevant environmental aspects, compliance with legal requirements while setting environmental objectives and targets to improve our environmental performance at country and platform levels.

HOW DOES THE EMS PROCESS WORK?

The implementation efforts of EDPR EMS started in 2008. All this is sustained by a continual improvement of the environmental performance mind-set and a qualified team aligned with the environmental strategy of the company. Both, our environment specialists and the network of external partners working with us, stand out for their extensive professional experience and knowledge of the environmental field.



HOW IS THE EMS CERTIFIED?



The EMS is developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization. These consensus standards are considered the world's benchmark for EMS Management Systems and is a guarantee that EDPR sites, regardless of its regulatory environment are aligned and at the same level of compliance.

In 2014, EDPR accomplished its target to have its EMS certified ISO 14001 in all its wind farms in the US, adding 3.655 certified MW to its portfolio of 100% European sites in operations certified in 2014 in Europe. **88% of EDPR's 9.0 GW installed capacity is covered by ISO 14001 certification,** including 7,649 EBITDA MW and 305 Equity MW.

3.3. STAKEHOLDERS

3.3.1. EMPLOYEES

To attract, develop and retain talent is a main goal of EDPR's Human Resources strategy. At EDPR, our people are very important and we, as a responsible employer, want to retain them by offering quality employment that can be balanced with personal life.

Despite a difficult macroeconomic environment, our employee base increased by three percent over last year to reach 919. New employees have the opportunity to join a company with a strong work culture that emphasizes team work within a diverse environment represented by 24 nationalities.

We strive to offer our workforce with opportunities to develop professionally and to assume new roles to reach the company's goals. Our employees are distributed globally as 21% of our employees work at EDPR Holding, 46% within the European Platform, 30% within the North American Platform and 3% in Brazil. All are encouraged to take advantage of the functional and geographic mobility opportunities so they can assume more responsibilities.

HIRING

As part of the employee recruiting strategy, EDPR is committed to hiring the brightest people and seeks potential employees attending top universities and business schools. We have carried out different initiatives to enhance employer branding by participating in different Employer forums and hosting visits from top-tier universities. EDPR offers an internship program aimed at giving young professionals work experience and potentially identifying future employees with growth potential who can contribute to the future development of the business.

EDPR hires talented individuals who are passionate about the industry and share our vision and purpose. When hiring, the company takes into account not only the specific job skills for a certain position but also the behavioural skills, which are at the base of the organisational culture. As a company devoted to sustainability, EDPR aims to combine career goals with company values.

- Team Oriented Environment: EDPR promotes an environment based on team building.
- Career Development: EDPR recognizes the importance of career development, helps employees acquire knowledge to master the business, 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.

At EDPR, we hire top talent ensuring a non-discriminatory selection processes. This is confirmed in the Code of Ethics which contains specific clauses of non-discrimination and equal opportunities in line with the company's culture of diversity.

In 2014, EDPR hired 120 employees, 29% of which are women. EDPR additionally offered 69 long term internships and 22 summer internships.

INTEGRATION

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

Our Welcome Day, a three day event for new hires, allows new employees to obtain basic knowledge of the company, our business, and depending on the employee's profile, a visit to one of the wind farms or the remote control dispatch centre. In 2013, EDPR introduced a new integration tool called the Induction Plan that was further developed in 2014. New hires spend a few days at the corporate headquarters and are guided by colleagues from different areas to learn key aspects of their job and gain a better understanding of their work and how it contributes to the mission of EDPR.

SAFE ENVIRONMENT

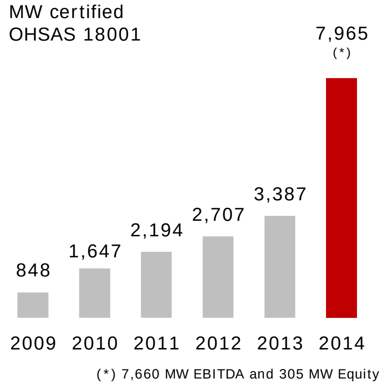
Guaranteeing a healthy and safe work environment for our employees and contractors is fundamental in all aspects of the business. EDPR's Health and Safety policy, available on our website, reflects the company's commitment to the prevention of occupational risks associated with our activities.

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

The Management System is being certified OHSAS 18001:2007. During 2014, EDPR achieved an important milestone with the implementation of the Environmental Management System in the United States. With the implementation, almost 88% of EDPR's capacity is now OHSAS 18011 certified.

During 2014, EDPR registered an injury rate of 4.50 and a severity rate of 140. The increase in the injury rate is mainly driven by an increase in the number of accidents with short-term absences; however, the average duration of the absence was lower versus 2013. Additionally, the severity rate increased due to a long-term absence coming from 2013.

Overall, the trend improves despite the increase in the number of accidents recorded. In 2015, greater focus on communicating the policies and the realization of benefits from OHSAS certification achieved during 2014 will help drive improvements in the ratios.



BENEFITS AND WORK LIFE BALANCE

EDPR is committed to offer a competitive compensation and benefits package to recognize the work and talent of our employees. The compensation policy addresses the needs of local markets and provides flexibility to adapt to the specifics of each region. In addition to a fixed base compensation, there is a variable component that depends on a performance evaluation measured against the company's performance, area and individual KPIs.

Our performance based compensation is an important tool to promote a greater focus from our employees on not only the company's objectives but personal and team objectives as well. In order to be competitive in the marketplace and recruit the best talent, EDPR reviews and benchmarks itself against local markets in order to offer the most attractive benefits packages.

At EDPR, we understand the importance of maintaining a balance between work and personal commitments. This understanding has led to an increase of employees' satisfaction, while boosting productivity, and morale.

EDPR has work-life balance programs and aims to constantly improve and provide the most suitable benefits to employees. Often specific benefits are only applicable to certain countries in which EDPR is present. As an example of normalizing key benefits across the countries, EDPR employees in the United States and non-Iberian European countries can now enjoy extended time off when they get married. Additionally, employees in the United States can now enjoy their birthday as paid leave.

Since 2011, EDPR's practices have been recognized with the Family Responsible Employer Certification (EFR- Empresa Familiarmente Responsable) by the MásFamilia Foundation, in Spain. This certification reflects EDPR's commitment to promote a healthy work-life balance for its employees. EDPR stood out for its effectiveness in terms of scheduling flexibility, family support, equal opportunities and its ambitious policy of continuous improvement.

DEVELOPMENT & TRAINING

€1.6 million invested in training

43 hours of training per employee

€1,755 in training per employee

POTENTIAL APPRAISAL

Assessing the potential of our talented pool of employees is a fundamental tool in people management. The purpose of the annual Potential Appraisal is to prepare employees to achieve his/her top potential development based on a set of strategic skills. All of EDPR's employees, regardless of their professional category, are evaluated yearly to determine their development potential by providing the most suitable training. EDPR creates tailored development plan to address specific needs. The potential assessment process is independent from performance appraisal and is based on a 360 degree evaluation model which considers feedback from oneself, peers, subordinates and the manager.

In 2014, in order to reinforce communication and transparency, EDPR carried out meetings, led by the executive team and directors, with employees explaining the 2014 Transversal area objectives that apply to each platform.

TRAINING PLAN

Each year a customized Training Plan is created based on the results of the potential performance assessment. The plan provides a framework for managing training within the company, in close alignment with the business strategy. When defining our strategy for the future, we strive to align current and future demands of the organization with our employees' capabilities while fulfilling their professional development expectations and supporting their continuous improvement. EDPR is committed to offer employees an attractive career plan, as well as advanced education and training opportunities.

In 2014, the number of training hours increased to 38,298, representing 43 hours of training per employee. Almost 83% of our employees received training during 2014.

During 2014, EDPR introduced the Executive

Development Program in collaboration with the Instituto de Empresa (IE), a top ranked global business school in Madrid, Spain. The MBA style program, offered 34 participants advanced education in subjects ranging from Strategy and Leadership to Finance and Operations Management. The multi-month program culminated in a group presentation of a solution to several business challenges in front of members of the Executive Committee, the HR Director, and an IE Director.

Expanding upon the Coaching Program, initially developed for the High Potential Program (HIPO), one on one coaching sessions were provided by directors of the company to a wider pool of participants to advance professional development and soft skills. Since promoting talent from within is a strategic choice, the HIPO program was continued to further develop the skills of high potential employees. The program involves various modules focusing on communication, leadership, and analysis of market trends.

RENEWABLE ENERGY SCHOOL

The Renewable Energy School, which forms part of the corporate EDP University, is an established platform for internal capacity building and knowledge sharing.

In 2014, which corresponds to the third academic year of the School, the focus was on streamlining the training activities to ensure greater alignment between the training offers of the School and the needs of different employees. The School worked closely with managers and the Human Resources department to improve the process of selecting participants to ensure greater relevance and value creation. Significant effort was also dedicated to improving the existing courses through greater usage of EDPR specific case studies and practical exercises designed to enrich the employees' learning experience.

During the year, 30 training sessions were delivered in Europe, the United States, and Brazil, representing a total of 8,431 training hours and 730 attendances. The School engaged 80 internal experts in the preparation and delivery of the training courses.

Next year, EDPR plans to have a similar level of activity. To prepare the Training Plan for 2015, the School has developed individual training roadmaps for each of its employees in Europe in order to guide managers and their teams and to facilitate the selection of the most relevant courses.

Since the beginning of the project in 2011, the School has already reached 804 employees of EDPR in all the geographies.

PROMOTIONS & MOBILITY

All our employees are covered by our performance evaluation system that collects information from several data sources to evaluate employee performance.

In the context of fostering workers' growth through diversity of experience, EDPR encourages professional mobility. To support the 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.

During 2014, 73 employees had functional or geographical mobility including 8 new expatriates (expats). EDPR now has a total of 23 expats.

COMMUNICATION

EDPR is committed to provide employees with the best workplace experience. To help determine key drivers of employee satisfaction, EDPR ran a survey in 2013 to collect, analyse and act upon the results. After holding workshops to further discuss the results, an Action Plan was created to improve satisfaction during 2014. The plan was primarily focused on improving communication within the company. It is important to have open lines of communications with employees so in order to improve the channels, different measures were implemented:

- Meetings with the CEO: During these meetings, employees are given the opportunity to share their point of view of the business from their positions and learn about the strategy of the company and how this relates to their day-to-day tasks. This is a great opportunity for employees to better understand their impact on the business. Almost 85% of our employees already had the chance to meet the CEO.
- Meetings with HR: EDPR is keen on connecting with employees. HR regularly holds organized meetings with a small group of employees to discuss important issues via an open forum. Almost 85% of the employees have participated.
- HR Monthly: EDPR employees receive a monthly newsletter with human resources related news. The publication includes upcoming events, training and volunteering opportunities, social benefits, information on new hires, ongoing recruitments, and is an important tool to share the social initiatives with the employees.

In addition to open communication channels established for employees, satisfaction surveys are conducted every two years to gather opinions and gain an understanding of the motivation and satisfaction level of employees. The participation rate in the last survey reached 95% with a satisfaction score of 77%.

During 2014, the Great Place to Work (GPTW) organization named EDP Renewables in Poland the best place to work. EDPR also continued to be among the 50 best companies to work for in the GPTW Rankings in Spain and the UK.

EDPR's ability to attract, develop, and retain talent is a testament to its commitment to excelling in all areas. It's no wonder that EDPR continues to be among the 50 best companies to work for as determined by the Great Place to Work rankings. A motivated workforce aligned with the company's strategy is one of the key drivers behind our ability to deliver on results during 2014.

3.3.2. LOCAL COMMUNITIES

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

Therefore, we establish a relationship of trust and collaboration with the communities where we have presence from the very initial stages of our projects, organizing informative sessions, we hold open dialogs with these communities, to explain the benefits of wind and solar energy. We also organize volunteering activities to promote a sustainable development of the society.

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

FUNDACIÓN EDP

Fundación EDP's mission is to strengthen the commitment of the EDP Group in Spain, with special emphasis on those social, cultural, environmental and educational areas related to research that spearheads global sustainable development.

As such, Fundación EDP has promoted during 2014 a whole series of initiatives in Spain, funded by EDPR:

- In the educational area EDPR has kept and reinforced the previously existing initiatives, namely the trainees programme, the sixth edition of the University Challenge contest and the Green Education grants for young students. In addition to these, EDPR has implemented for its first time the initiative "Tu Energía", to explain primary education students the importance of renewable energy and the differences with fossil energy sources. The programme was attended by 3,862 students in Albacete province.
- In the environmental area Fundación EDP has been supporting, among others, two sounding projects carried out by the University of Málaga and by Fundación del Patrimonio Natural de Castilla y León, respectively. In both cases the programmes are studying and implement actions to protect several species of birds of prey.
- And in the social area EDPR together with Fundación EDP has supported several initiatives, some developed internally such as the volunteering programmes or the interrelation with the community activities, and many others developed by third parties such as Fundación Sociedad, Educación y Desarrollo, several food banks or Fundación Cerro Verde.

EDPR has devoted more than 0.5 million euros in 2014 to support the activities of Fundación EDP. For 2015 EDPR will keep supporting the activities of Fundación EDP, including the new social programme called "EDP Solidaria 2015" to contribute to improve the quality of life and the integration of social disadvantaged people.

Details of these activities can be obtained in the web page of Fundación EDP (www.fundacionedp.es).

EDPR devotes time and resources to local communities in all countries in which it operates. Therefore, and in line with EDP Foundation's strategy, its activities are focused on three pillars: education, social and environment. EDPR has several modalities of collaboration with communities, initiatives that only involve the company, others in which it does it along with their employees and others in which are EDPR employees who dedicate their resources or time to these activities . Thereby, EDPR shows that is a company concerned about one of its key stakeholders both at organizational and individual level.

SOLIDARITY TEAMBUILDING

In 2014, taking the opportunity that most of the employees in Europe were together in Madrid in order to assist to the Annual Meeting, a team-building event took place December 2014.

600 employees were challenged to spend one full morning assembling a large variety of furniture that EDPR then distributed to several Spanish non-profit organizations. Soñar Despierto, Espiral, Nuestra Señora de los Desamparados, Corazones Menudos and Afanias were the NGOs involved.

More than 2,400 hours dedicated together to a one same goal, collaborate with the disadvantaged. This activity reinforces the team spirit and EDPR's commitment with community.

CHRISTMAS CAMPAIGN IN POLAND

EDPR's support to local Community in Poland is increasing year by year. One of the most relevant actions this year was the collaboration between EDPR and the local authorities during the 2014 Christmas campaign. EDPR organizes this initiative each year in all the polish regions where the Company is present. The campaign was addressed to more than 500 kids aged between 3 and 14 years old, who received several packages with Christmas presents.

All this in addition to the enjoyment of a Christmas party that was specially organized for them in each of the towns, where kids enjoyed a memorable and festive day with colleagues and relatives.

These type of events receive high recognition by the community.

KILOS GLOBAL SOLIDARITY CAMPAIGN

Kilos Global Solidarity Campaign is a EDPR initiative that aims to collect food and products of first necessity. Food and products donated by EDPR employees are collected in each office and then distributed to local NGOs.

This initiative was developed in Spain, Romania, the UK, Italy, Poland and the US where more than 825 kilos were collected. Through this project, 9 NGOs of 6 countries will receive the solidarity impact of EDPR employees.

Moreover, in countries where EDPR has more presence, Spain and the US, employees also participated in volunteering activities with these NGOs. The possibility of being involved in all the process help employees to develop their volunteering capabilities.

GREEN EDUCATION

Green Education is a scholarship program launched by EDPR in 2011 with the purpose of offering financial support for the educational development of children and young ones coming from families with limited resources.

During 2014, EDPR has continued providing education grants to 107 students from Spain, Portugal, Poland, Romania, France, Italy and the UK based on their academic merits and financial situation.

The commitment with EDPR with society and the new generations is constant and growing. Proof of that is the number of Green Education program scholarships has increased respect to last year.

This program creates strong ties with the communities.

PARTE DE NÓS – IT'S UP TO US!

In June, the EDPR Group volunteering campaign "Parte de Nós" dedicated several activities across Europe and North America to the Environment. Employees were invited to participate as well as their families and friends.

In Spain, volunteers collaborated with non-profit organization "Fundación Oxígeno" in Tubilla del Lago (Burgos) by restoring the lagoon of Valcabadillo. In Italy volunteers worked together with Legambiente on cleaning an area that will be used as an urban garden. Also in Houston, volunteers met in the Urban Harvest to help maintaining a community garden. In the UK the organization Lothian Conservation Volunteers did environmental conservation works in Edinburgh. In the US, EDPR collaborated with Urban Harvest Community Garden. Volunteers helped harvest the garden's vegetables and improve the appearance of the garden.

The objective of "Parte de Nós" is to sensitize the community with the conservation of nature and biodiversity. During 2014, 67 volunteers in Spain, Italy and the US have collaborated in this Campaign with more than 500 hours contributions in their own time.

3.3.3. SUPPLIERS

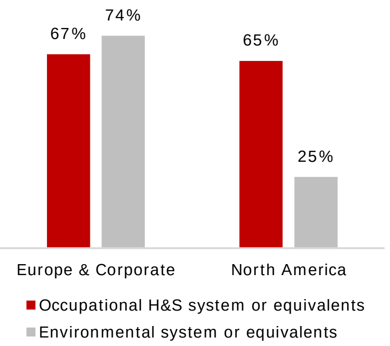
The performance of suppliers is essential for the success of EDPR. The company bases its relationship with suppliers on trust, collaboration and the creation of shared values shared, and this results in a joint capacity to innovate, strengthen sustainability policy and improve the quality of our operations. This significantly contributes to EDPR keeping the leadership in its areas of operation and it is a factor inducing competitiveness in the markets in which it operates.

The importance of sustainability in the supply chain is a key thing for EDPR. EDPR's Code of Ethics defines the core values that must be respected and the framework of the relationship with suppliers. Moreover, our Health & Safety and our Environmental Management Systems require our employees and all other individuals working on behalf of EDPR to follow a series of best practices in those areas, as required in our Environmental and H&S Policy.

EDPR Procurement Manual includes a chapter that guides each Purchasing Department to put our values and principles into practice, therefore when procuring and contracting goods and services EDPR appeals to all reasonable endeavours so that selected suppliers accept to comply with the UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption and the spirit of EDPR's Code of Ethics. Additionally, EDPR collects sustainability information for the main services provider to be used in the supplier's selection. In Europe, this is made by an independent partner and in the US by internal questionnaires.

In 2014, about 67% of EDPR's suppliers in Corporate and Europe had Occupation Health & Safety system and 74% Environmental system. In North America, 25% and 65% of the companies have safety and environmental management systems, respectively.

Certified suppliers



- Europe includes suppliers above 500k euros;
- North America started capturing Sustainability data as part of the supplier qualification in 2014;
- North America figures consider Biodiversity programs as Environmental Management System

SUPPLY CHAIN DEVELOPMENT IN THE UK

The development of offshore wind energy brings significant new markets and opportunities to Scotland and the UK. As a developing industry, offshore wind requires the development of new enterprises and diversification of existing enterprise to undertake the works associated with the deployment of infrastructure.

MORL a joint venture between EDPR and Repsol Nuevas Energias UK has worked with a variety of agencies to enable businesses local to the Moray Firth, Scotland and the UK to take advantage of the new offshore wind market.

As result of this work, new companies were created and also spurred the establishment of new joint ventures with broad-ranging capabilities. Since 2012 MORL's competitive tender process has driven the development of 7-8MW turbines suitable for deeper water, high wind sites which are capable of reducing the cost of energy. Where monopoles have been the industry standard in the past, MORL is driving competition between next generation substructures. Successful deployment will support the evolution of the industry, establishing the standard for the rest of R3 and opening new areas of seabed worldwide to development. Additionally, MORL has identified partners in both the public and private sector to identify the skills gap and develop strategies to fill it. Resolving the skills gap has already yielded benefits beyond the UK market. Skills which were established developing MORL's projects were successfully exported to France where EDPR won both sites of the French Round 2 tender.

3.4. INNOVATION

Innovation is about new technologies for more renewable energy - such as offshore wind - but that is not all: it is also about attitude, looking for ongoing improvement every day at what we do

INNOVATION IN DEVELOPMENT AND CONSTRUCTION

OPTIMIZATION OF WIND FARM LAYOUT AND CONSTRUCTION

During the construction of a wind farm, finding the optimal design for wind farm foundations is critical to control capex requests. Optimal superficial foundations are those that minimize the volume for the specific conditions of the site, while ensuring all applicable safety requirements. However, in the case of deep foundations (piloted ones), finding the optimal solution is more complex as it is a process of optimizing a number of different variables: shape of the foundation and the number, diameter, type and length of the piles. EDPR internally developed an algorithm to obtain the optimal design piloted foundation for a wind farm project once known the wind turbine weight and the geotechnical information of the site.

WIND FARM OPTIMIZATION MODEL

After three years of work, the Department of Energy Assessment EDPR created the edpWOM (Windfarm Optimization Model) program. It is a specific software for estimating annual energy production and optimization of layout adapted to the particularities of the company. This program has been the reference tool in the project offshore Moray Firth.

The programming environment allows simulations automatically and in a reduced period of time compared to other commercially available software. One of its strengths is that being a code generated internally, supports any modification or addition of new criteria according to the needs of the project at the time, without modelling the data again as with the other standard software marketed. It is able to optimize according to different adaptable and independent criteria according to the study to be performed (production, deep foundation costs, financial variables, offshore...)

INNOVATION IN OPERATIONS

REGULATION OF ACTIVE AND REACTIVE SEVERAL WIND FARMS ON THE SAME NODE

The topology of certain parks EDPR, evacuating several wind farms through the same node, creates a new challenge for EDPR, it is considered as a single wind farm for compliance with grid code proposes (regulation of active, reactive or voltage). There are no commercial tools to control grid code compliance in these specific situations when different technologies interact. EDPR developed a control system that depending on the data collected at the node and the data from each one of the difference sites, balance and send the appropriate instructions to each wind farm control system to guarantee grid code compliance. This requires some preliminary simulations of static and dynamic wind turbines and control systems behaviour for each site, to be able to define the balancing control algorithms.

MINIMIZING IMBALANCE COSTS

One of the main challenges at EDPR consist on minimizing the error in the energy estimates of the six intraday market sessions, and thus minimizing the imbalance costs. To do so, EDPR has developed an adaptive system based on a non-conventional technology in the energy sector that corrects the original estimates based on the historical errors committed in past predictions. These algorithm improvements not only reduce costs but also enhances the integration of wind energy in the national electricity system.

RESEARCH AND DEVELOPMENT

EDP Inovação is the EDP group company responsible for promoting innovation and research and development within the different business units within the group, EDPR among them. It operates in three distinct areas: 1) technological development; 2) innovation in products, organization and processes; 3) transversal support for R&D+i.

WINDFLOAT

The 'WindFloat' project is one of the flagstaffs of the renewable R&D project list at EDP, with a deep waters offshore prototype that has been reporting excellent results after three years in operation under harsh conditions, having to endure waves up to 15 meters high, off the coast of Aguçadoura in the north of Portugal.

This is the most ambitious innovation project on floating offshore technology conducted worldwide so far, the first wind energy turbine in open waters in the Atlantic ocean, and also the first time for a triangular semi-submersible floating structure supporting a 2 MW wind turbine allowing the utilization of offshore winds with great stability at water depths below 40 meters, existing at long distances from the coast. It is the first offshore wind energy project in the world not requiring the use of any heavy offshore lifting equipment. The whole process of final assembly, installation and commissioning preparation was performed on land, in a controlled environment. When the construction on land was completed in dry docks located in Setúbal, south of Lisbon, the structure was towed for about 350 kilometres in the open water. The capability to undertake the towing operation under such circumstances can be attributed to the performance and stability of WindFloat. These factors also allow any ready-to-use commercial wind turbines of any manufacturer to be installed on WindFloat. The project is a partnership between EDP, Repsol, Principle Power, A. Silva Matos, Vestas and InovCapital and is also supported by the Innovation Support Fund (FAI), involving more than 60 suppliers, more than two thirds are Portuguese.

In March, while the competition for the offshore wind energy capacity tender in France was ongoing, EDPR hosted French journalists to visit the 'Windfloat' project. The journalists met at the dispatch centre in Oporto, and were flown by helicopter to see from the sky, this project live and in action. In July, French mayors from 20 municipalities also paid a visit to this project, this time going on a boat out in the ocean to see the turbine operate. These visits were a great opportunity for EDPR to demonstrate how wind energy generation works offshore, while strengthening ties with key opinion leaders in France, a country that has historically relied greatly on nuclear energy.

Last October, Joao Manso Neto participated in an international conference held in Lisbon, organized by the Wave Energy Centre (WavEC) in partnership with the United States Embassy in Portugal, where companies, research centres, public agencies and political decision-makers gathered to discuss about the transatlantic efforts to create a technology cluster capable of leveraging the tremendous economic potential of the sea. Wind offshore renewable energy was highlighted at the event and EDPR solid commitment to developing technologies for offshore wind exploration showcased with the WindFloat case.

3.5. INTEGRITY AND ETHICS

Ethical behaviour is absolutely essential for the functioning of the economy. EDPR recognizes its importance and complexity, and is committed to address ethics and its compliance. But is employees' responsibility to comply with ethical obligations.

GOVERNANCE MODEL FOR ETHICS

Ethics are the cornerstone of EDPR strategy, to the extent that EDPR has a Code of Ethics that goes beyond just defining the company principles to be adopted, but also how employees and any other service provider working on behalf of EDPR should behave when dealing with the company stakeholders. The code of Ethics has its own regulation that defines a process and channels to report any potential incident or doubt on the application of the code. The Ethics Ombudsman is behind this communication channel, and to analyse and present to the Ethics Committee any potential ethical problem. The code is communicated and distributed to all employees and interested parties, and complemented with tailored training sessions.

CODE OF ETHICS

EDPR's Code of Ethics applies to all company employees, regardless of their position in the organization and working location, and they all must comply with. Our suppliers should be aligned with the spirit of our Code of Ethics, and this is reflected in our procurement policies.

During 2014, a revision of the code was approved, to reinforce some areas such as integrity, human rights, compliance with the legislation and transparency. In addition, the revised code, is divided into principles of action, engagement with stakeholders and ethical process. This division aims to clearly state which are the values and the behaviours with stakeholders that anyone representing EDPR should have, and how the process of overseeing the code compliance works.

After this revision, the code was announced and published on the Company's intranet and sent by e-mail by the General Secretary to all employees. All new hires find the Code of Ethics included in the welcome pack that each employee receives when entering the Company and are required to return it with a signed acknowledgment.

CODE OF ETHICS REGULATION

The Code of Ethics regulation, adopted by the Board of Directors in 2011, aims to regulate the application within EDPR of the Code of Ethics. Particularly, it defines the procedures for the reception, registration and processing of information received by the Company concerning violations of the Code in matters of legislation, ethics, conduct in the work environment, human rights, equal opportunities, integrity, relations with customers and suppliers, environment and sustainability. The Regulation of the Code of Ethics features aspects such as:

- Job description and responsibilities;
- Procedures;
- Confirmation, investigation and corrective measures;
- Confidentially and anonymity; Management supervision and revision.

ETHICS COMMITTEE

The Ethics Committee will receive, register, process and report to the Board of Directors all reports regarding violations of the Code in matters of legislation and ethics, establishing, if appropriate, corrective actions.

The Ethics Committee is composed of three members: the presidents of the Audit and Control Committee, the Related Parties Transactions Committee, and the Appointments and Remuneration Committee.

The Committee's main functions include:

- Proposing corporate ethics instruments, policies, goals and targets.
- Monitoring application of the Code of Ethics, laying down guidelines for its regulation and overseeing its proper application by the Company and its subsidiaries.
- Analysing reported violations of the Code of Ethics, deciding on their relevance and admissibility.
- Deciding if there is any need for a more in-depth investigation to ascertain the implications and persons involved.
- Appointing the Ethics Ombudsman.

ETHICS OMBUDSMAN

In the first meeting of the Ethics Committee held in 2011, EDPR's Ethics Ombudsman was nominated.

The Ethics Ombudsmen plays an essential role in the ethics process. He guarantees impartiality and objectivity in registering and documenting all complaints of ethical nature submitted to him. He monitors their progress and ensures that the identity of the complainants remains confidential, while entering into contact with them whenever appropriate, until the case is closed.

EDPR ETHICS PROCESS

EDPR stakeholders, both internal and external, can easily start an ethical process or resolve doubts through the Ethics Channel, either contacting via e-mail the Ethics Ombudsman or filling the form available in the corporate website. The Ethics Ombudsman guarantees transparency and professional secrecy throughout the entire process.

In addition, EDPR provides employees with a whistleblowing channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting or financial irregularity in their Company.

In 2014 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR and no communications regarding any irregularity with material impact at EDPR though the whistleblowing channel.

Identify an alleged violation of the code of ethics	Reports of alleged violations of the Code of Ethics must be submitted to the Ethics Ombudsmen, indicating personal data and a detailed description of the situation.
Ombudsman performs a summary investigation	Ethics Ombudsmen first confirms the events reported and submits a preliminary report on the initial confirmations to the Ethics Committee.
Ethics Committee decides if the complaint portrays a violation	Ethics Committee analyses every situation reported and decides as to whether it should be classified as a violation of the Code of Ethics.
When a violation is confirmed, the Committee opens an investigation	When conducting an investigation, the Company shall abide by the law and its own in-house rules. After the investigation is complete, the Committee decides whether any corrective or disciplinary action is required.

ETHICS PROGRAM

Our commitment to ethics is reflected in our Ethics Program. It was first launched in 2010 and in order to renew ethical behaviours within the company and transmit the new additions to the code, will be performed again during the first half of 2015. The Ethics program is an important tool to assess the current status and promote awareness on the issue internally. The Program consists of an interpretative guide of the Code of Ethics, a survey to assess how ethics is understood by EDPR's workers and a training program. During 2015, the training program will consist on a transversal online session, to transmit general concepts to all employees, and specific on-site sessions, tailored to the different work positions and associated risks.

ANTI-BRIBERY REGULATION

In order to ensure compliance with the standards of Anti-bribery Regulation in every geography where EDPR operates, the Company has developed an Anti-Bribery Policy of application to all EDPR Group, which was approved by its Board of Directors on December, 2014. This Anti-Corruption Policy will involve a series of new procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. This Policy will be implemented in the Group throughout 2015.

A full description of the Ethics governance model can be found in the Corporate Governance Report.

EMPLOYEE RELATIONS

EDPR is committed to respect freedom of trade union association and recognise the right to collective bargaining

Our commitment is reflected in the Code of Ethics, and its compliance is controlled through the Ethics Channel, where stakeholders can anonymously report on any infraction.

At EDPR, from 919 employees, 21% were covered by collective bargaining agreements. Collective bargaining agreements apply to all employees working under an employment relationship with and for the account of the some companies of EDPR group, regardless of the type of contract, the professional group into which they are classified, their occupation or job. However, matters relating to the corporate organization itself, the laws of each country or even usage and custom in each country result in certain groups being expressly excluded from the scope of collective bargaining agreements.

The collective bargaining agreements that are applied at EDPR are usually negotiated at state level or regional level, and EDPR may be just one of the players among other leading sectorial companies in the negotiation with employees' representatives, and in some cases, governmental representatives. In Portugal and Brazil, EDP negotiates its own agreements with employees, and those apply to all employee working for companies of the group, including EDPR.

Despite not taking an active part in the negotiations, EDPR wants to facilitate the broadcast of any update in those agreements. For example, in Portugal, during 2014 a new collective bargaining agreement was negotiated. EDPR organized training sessions for its employees to inform about the results of those negotiations.

During the last years, EDPR has performed different benchmark analysis of the benefits stated at the different collective bargaining agreements that apply to our employees, comparing them against the benefits offered by the company and, in general terms, the company offers a more competitive benefits package compared to what is stated in the collective bargaining agreement.

During 2014, representatives of the company held different meetings with employees' representatives to deal with some critical topics that affect EDPR, such as the health and safety of its employees, or the bonus payment that is being done in Brazil. In France, EDPR representatives defined a roadmap with the elected employees' representatives with the actions to follow in the short term.

3.6. EXECUTIVE REMUNERATION

REMUNERATION STRUCTURE

EDPR's remuneration policy approved by the General Shareholders Meeting on April 8th 2014 (with 99.6% votes in favour), submitted by the Board of Directors after a proposal of its Nominations and Remunerations Committee (that composed of three non-executive and independent Directors), defines a structure with a fixed remuneration for all members of the Board and a variable remuneration, with annual and multi-annual components, for the members of the Executive Committee.

Fixed base (cash) remuneration ⊕ Variable remuneration (cash bonus) ▷ Annual / Multi-annual

The maximum annual variable remuneration approved by the General Shareholders Meeting for all the executive members of the Board of Directors was € 1 million per year. EDPR has not incorporated any share remuneration or share purchase options plans as components of remuneration of its Directors. Variable annual and multi-annual remuneration are a percentage of fixed annual component, with a superior weight for multi-annual vs annual component. The value of variable annual remuneration may range between 0% and 85% of the 80% of annual fixed remuneration. The value of variable multi-annual remuneration may range between 0% and 85% of the 120% of annual fixed remuneration.

For the CFO and COOs there is a qualitative evaluation by the CEO about the annual performance, weighting 20% in the calculation of the annual variable remuneration and 32% of the multi-annual variable remuneration. The remaining is calculated based on the KPIs and respective weights indicated below.

The Key Performance Indicators (KPIs) used to determine the amounts of the annual and multi-annual variable are aligned with the strategic grounds of the Company: growth, risk/return and efficiency. These are the same for all members of the Executive Committee, although with specific targets for in the case of the Chief Operating Officers for Europe/Brazil and North America.

KPI	Weight
Total Shareholder Return vs. Peers & PSI 20	15%
Incremental MW (EBITDA + Net Equity)	15%
ROIC Cash %	8%
EBITDA	12%
Net Income	12%
Technical Availability	6%
Opex / MW	6%
Capex / MW	6%
Sustainability *)	10%
Employee satisfaction	5%
Appreciation of the Remuneration Committee	5%

*) based on external performance evaluation using a Sustainability Index methodology that benchmarks the company to its sector

OTHER REPORTING TOPICS

RELEVANT SUBSEQUENT EVENTS

EDPR executes a new asset rotation transaction in the US

During the third quarter of 2014, EDP Renováveis S.A. (EDPR) has reached an agreement with Fiera Axium Infrastructure US L.P. (Fiera Axium) to sell a minority cash equity interest in a US wind portfolio with a total production capacity of 1,101 MW. Fiera Axium's interest in the portfolio will represent 394.5 MW and is the second asset rotation transaction announced by EDPR with Fiera Axium, further strengthening the existing partnership.

The portfolio is comprised of 9 operating wind farms. All of the wind farms have long-term offtake agreements in place.

Based on i) the transaction price and ii) the expected tax equity liabilities of the projects, the total enterprise value on the 1,101 MW portfolio amounts to US 1.7 billion of US Dollar translating to 1.54 million of US Dollar/MW.

The transaction is subject to regulatory approvals. The offer contemplates an initial funding to occur upon obtaining regulatory approvals and a final funding to occur upon achievement of commercial operations of the assets under construction.

Acquisition by EDPR of 45% of the share capital of EDP Renováveis Brasil

In November 2014, EDP Renováveis, S.A. and EDP Energias do Brasil (EDP Brasil) have signed a Memorandum of Understanding envisaging the acquisition by EDPR of 45% of the share capital of EDP Renováveis Brasil, S.A. controlled by EDP Brasil. Following this transaction EDPR will control 100% of the share capital of EDPR Brasil. EDPR Brasil operates 84 MW of wind energy and has in execution 237 MW of wind energy projects with long-term power purchase agreements (PPAs) awarded in the 2011 and 2013 energy auctions.

EDPR announces the sale of minority stakes in wind farms in Brazil to CTG

In December 2014, EDP Renováveis, S.A. through its subsidiary EDPR Brasil entered into an agreement with CWEI (Brasil) Participações Ltda, a subsidiary of CTG to sell an equity shareholding of 49% in both operational and under development wind farms in Brasil. The transaction scope covers 84 MW in operation, as mentioned above, with an average age of 4 years, as well as 237 MW under development, remunerated according to long-term awarded contracts to sell the electricity produced for 20 years.

EDP Renováveis executes project finance for 120 MW in Brazil

On 26 January 2015, EDP Renováveis, S.A. (EDPR) has executed project finance structure agreements with the Brazilian Development Bank (BNDES) for the Baixa do Feijão project, which comprises four wind farms with a total capacity of 120 MW. The Baixa do Feijão project is currently under construction and is located in the State of Rio Grande do Norte, one of the windiest locations of Brazil.

The long-term contracted debt facilities amount to 306 million of Brazilian Reais and its financial closing is subject to customary conditions. The execution of this agreement reflects EDPR financing strategy to contract long-term debt in local currency at competitive prices in order to mitigate the refinancing risk and to reduce the foreign exchange risk by having a natural hedge between revenues and costs.

In December 2011, at the Brazilian energy A-5 auction, these four projects were awarded with 20-year Power Purchase Agreements (PPAs) starting in January 2016.

INFORMATION ON AVERAGE PAYMENT TERMS TO SUPPLIERS

In 2014 total payments made from Spanish companies to suppliers, amounted to €107,975 thousands with a weighted average payment period of 62.4 days, therefore grossly in line with the payment period stipulated by law of 60 days. Notwithstanding, the company is maintaining an optimization of its internal processes in order to settle all payments due within the maximum legal period.

05

CORPORATE GOVERNANCE

INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

PART I:
INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

1. CAPITAL STRUCTURE

EDP Renováveis, S.A. (hereinafter referred to as EDP Renováveis, EDPR or the Company) total share capital is, since its initial public offering (IPO) in June 2008, EUR 4,361,540,810 consisting of issued and fully paid 872,308,162 shares with nominal value of EUR 5.00 each. All the shares are part of a single class and series and are admitted to trading on the NYSE Euronext Lisbon regulated market.

Codes and tickers of EDP Renováveis SA share:
ISIN: ES0127797019
Bloomberg Ticker (NYSE Euronext Lisbon): ....EDPR PL
Reuters RIC: .... EDPR.LS

EDPR main shareholder is EDP Group, with 77.5% of share capital and voting rights. Excluding EDP Group holding, EDPR shareholders comprise about 81,000 institutional and private investors spread across more than 23 countries with main focus in United States, United Kingdom, Portugal, Australia, Norway and France.

Institutional Investors represented 90% of Company shareholders (ex-EDP Group), mainly Investments and SRI funds, while Private Investors, mostly Portuguese, stand for 10%.

2. RESTRICTIONS TO THE TRANSFERABILITY OF SHARES

EDPR's Articles of Association have no restrictions on the transferability of shares.

3. OWN SHARES

EDPR does not hold own shares.

4. CHANGE OF CONTROL

EDPR has not adopted any measures designed to prevent successful takeover bids.

The Company has taken no defensive measures for cases of a change in control in its shareholder structure.

EDPR has not entered into any agreements subject to the condition of a change in control of the Company, other than in accordance with normal practice. In the case of financing of certain wind farm projects, lenders have the right to approve change in control at the borrower if the later ceased to be controlled, directly or indirectly, by EDPR. In the case of guarantees provided by EDP Group companies, if EDP, directly or indirectly ceases to have the majority of EDPR then EDP is no longer obliged to provide such services or guarantees. The relevant subsidiaries will be obliged to provide for the cancellation or replacement of all outstanding guarantees within 60 days of the change of control event.

In the cases of intra-group services agreements and according to the Frame Agreement signed between EDP Renováveis S.A. and EDP Energias de Portugal S.A., the contracts will maintain their full force as long as EDP maintains its share capital above 50% or the right to exercise directly or indirectly more than 50% of voting rights on EDPR's share capital. Even if the share capital of EDP or its voting rights are below 50%, the contract is maintained as long as half of the Members of the Board or of EDPR's Executive Committee are elected through an EDP proposal.

5. SPECIAL AGREEMENTS REGIME

EDPR does not have a system for the renewal or withdrawal of counter measures particularly to provide for the restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

6. SHAREHOLDERS AGREEMENTS

The Company is not aware of any shareholders' agreement that may result in restrictions on the transfer of securities or voting rights.

II. SHAREHOLDINGS AND BONDS HELD

7. QUALIFIED HOLDINGS

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. Pursuant the Article 23 and Article 24, of the Spanish Securities Market Law ("Ley de Mercado de Valores") EDPR is providing the following information on qualifying holdings and their voting rights as at December 31st 2014.

In 2014 EDPR did not receive notifications regarding qualified holdings.

As of December 31st 2014 the following qualified holdings were identified:

Shareholder	# Shares	% Capital	% Voting Rights
EDP Group:			
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 EDP Group:	676,283,856	77.5%	77.5%

EDP Group detains 77.5% of EDPR capital and voting rights, of which 62.0% through EDP – Energias de Portugal, S.A. – Sucursal en España and 15.5% through its fully owned Hidroeléctrica del Cantábrico, S.A..

MFS Investment Management:			
Total MFS Investment Management	27,149,038	3.1%	3.1%

On September 24th 2013, MFS Investment Management, an American based active and global asset manager, reported to CNMV its indirect qualified position as collective investment institution.

Total Qualified Holdings	703,432,894	80.6%	80.6%

As of December 31st 2014, EDPR's shareholder structure consisted of a total qualified shareholding of 80.6%, with EDP Group and MFS Investment Management detaining 77.5% and 3.1% of EDPR capital respectively.

8. SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

The table below reflects the number of EDPR shares owned, directly or indirectly, by the Board Members, as of December 31st of 2014. The transactions of shares by EDPR Board Members are reported to the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

Board Member	Transactions in 2014				# Shares as of 31st Dec 2014		
	Type	Date	# Shares	Price	Direct	Indirect	Total
António Mexia	-	-	-	-	3,880	320	4,200
João Manso Neto	-	-	-	-	-	-	-
Nuno Alves	-	-	-	-	5,000	-	5,000
Rui Teixeira	-	-	-	-	12,000	370	12,370
Gabriel Alonso	-	-	-	-	26,503	-	26,503
João Paulo Costeira	-	-	-	-	3,000	-	3,000
João Lopes Raimundo	-	-	-	-	170	670	840
João Manuel de Mello Franco	-	-	-	-	380	-	380
Jorge Santos	-	-	-	-	200	-	200
José Araújo e Silva	-	-	-	-	80	-	80
Manuel Menéndez Menéndez	-	-	-	-	-	-	-
Rafael Caldeira Valverde	-	-	-	-	-	-	-
Gilles August	-	-	-	-	-	-	-
João Marques da Cruz	-	-	-	-	1,200	-	1,200
Acácio Piloto	-	-	-	-	300	-	300
António Nogueira Leite	-	-	-	-	400	-	400
José Ferreira Machado	-	-	-	-	630	-	630

9. POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers to manage, supervise and govern the Company, with no other limitations besides the powers expressly granted to the exclusive jurisdiction of General Meetings in Article 13 of the Company's Articles of Association or in the applicable law. Within this context, the Board is empowered to:

- Acquire on a lucrative or onerous title basis personal and real property, rights, shares and interests that may suit the Company;
- Sell and mortgage or charge personal and real property, rights, shares and interests of the Company and cancel mortgages and other rights *in rem*;
- Negotiate and conclude as many loans and credit operations that it may deem appropriate;
- Enter and formalize all sorts of acts or contracts with public entities or private persons;
- Exercise civil and criminal actions and all further actions to be undertaken by the Company, representing it before governmental officers, authorities, corporations, governing, administrative, administrative-economic, administrative-litigation and judicial courts, labour courts and the labour sections ("Juzgados de lo Social e Salas de lo Social") of the Supreme Court and of the High Courts of the Autonomous Communities, with no limitations whatsoever, including before the European Court of Justice, and in general before the Government, in all its levels and hierarchies; to intervene or promote, follow and terminate, through all procedures and instances, the processes, court sections or proceedings; to accept decisions, to file any kind of appeal, including the cassation one and other extraordinary appeals, to discontinue or confess, to agree an early termination of a proceeding, to submit litigious questions to arbitration judges, and to carry out all sorts of notices and requirements and to grant a Power of Attorney to Court Representatives and other representatives, with the case-related powers and the powers which are usually granted to litigation cases and all the special powers applicable, and to revoke such powers;
- Agree the allotment of dividends;
- Call and convene General Meetings and submit to them the proposals that it deem appropriate;
- Direct the Company and organize its operations and exploitations by acknowledging the course of the Company businesses and operations, managing the investment of funds, making extraordinary depreciations of bonds in circulation and realizing anything that it is considered appropriate to obtain maximum gains towards the object of the Company;
- Freely appoint and dismiss Directors and all the Company's technical and administrative personnel, defining their office and their retribution;
- Agree any changes of the registered office's address within the same borough;
- Incorporate under the law all sorts of legal persons; contribute and assign all sorts of assets and rights, as well as entering merger and cooperation agreements, association, grouping and temporary union agreements between companies or businesses and joint property agreements and agreeing their alteration, transformation and termination;
- All further powers expressly granted to the Board in these Articles or in the applicable law. This list is without limitations and has a mere indicative nature.

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

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

As of today this power has never been delegated.

On December 24th, 2014 a modification to the Spanish Companies Law has entered into force (Ley 31/2014). This Law will be applicable from 2015 onwards. One of the modifications is regarding the Board of Directors powers according to the new wording of article 249 of Spanish Companies Law.

10. SIGNIFICANT BUSINESS RELATIONSHIPS BETWEEN THE HOLDERS OF QUALIFYING HOLDINGS AND THE COMPANY

Information on any significant business relationships between the holders of qualifying holdings and the Company are on topic 90 of this Report.

PART I:
INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

A. COMPOSITION OF THE PRESIDING BOARD OF THE GENERAL MEETING

11. BOARD OF THE GENERAL SHAREHOLDERS' MEETING

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

The Chairman of the General Shareholders' meeting is José António de Melo Pinto Ribeiro, who was elected on the general meeting of April 8th 2014 for a three-year term.

The Chairman of the Board of Directors is António Mexia, who was re-elected on June 21st, 2011 for a three-year term. Although the term of office has ended on June 21st, 2014, according to EDPR's personal law is still in force till the next Ordinary General Shareholders' Meeting that will take place on April 9th, 2015.

The Secretary of the General Shareholders' Meeting is Emilio García-Conde Noriega who was nominated as Secretary of the Board of Directors on December 4th, 2007. The Secretary of the Board of Directors mandate does not have a date for the end of the term according to the Spanish Companies Law since he is a non-Member of the Board.

The Chairman of the General Shareholders' Meeting of EDPR has the appropriate human and logistical resources for his needs. Therefore in addition to the resources provided by the Company' Secretary the Company hires a specialized entity to collect, process and count the votes on each General Shareholders' Meeting.

B. EXERCISING THE RIGHT TO VOTE

12. RESTRICTIONS VOTING RIGHTS

Each share entitles its holder to one vote. EDPR's Articles of Association have no restrictions regarding voting rights.

13. VOTING RIGHTS

EDPR's Articles of Association has no reference to a maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship. All shareholders, irrespective of the number of shares that they own, may attend a General Shareholders' Meeting and take part in its deliberations with right to speak and vote.

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

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

Said powers of attorney shall be specific to each General Shareholders' Meeting and can be evidenced, in writing or by remote means of communication, such as mail post.

Shareholders may vote on the meeting's agenda, relating to any matters of the Shareholder's competence, by mail or electronic communication.

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

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

Votes by mail shall be sent in writing to the place indicated on the summon of the meeting, accompanied by the documentation indicated in the Shareholder's Guide. Pursuant to the terms of article 15 of the Articles of Association, mail-in votes must be received by the Company before midnight (24.00 hours) of the day before the scheduled meeting date of the first call.

In order to vote by electronic communication, the shareholders who requested will receive a password within the time limit and in the form established in the call of the General Shareholders' Meeting. Pursuant to the terms of article 15 of the Articles of Association, electronic votes must be received by the Company before midnight of the day before the scheduled meeting date of the first call.

14. DECISIONS THAT CAN ONLY BE ADOPTED BY A QUALIFIED MAJORITY

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

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

EDPR has not established any mechanism that may intend to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share and has not adopted mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.

Concerning the above mentioned and according to the modification introduced on the Spanish Companies Law published on December 24th, 2014, EDPR will present on the next General Shareholders Meeting a proposal to modify the Articles of Association in order to include the changes introduced the new percentage for the valid constitution of the General Shareholders Meeting that are more favourable to the shareholders and more protective of their position.

II. MANAGEMENT AND SUPERVISION

A. COMPOSITION

15. CORPORATE GOVERNANCE MODEL

EDPR is a Spanish Company listed in a regulated stock exchange in Portugal. EDP Renováveis' corporate organization is subject to its personal law and to the extent possible, to the recommendations contained in the Portuguese Corporate Governance Code, ("Código de Governo das Sociedades") approved by the Comissão do Mercado de Valores Mobiliários (CMVM) (Portuguese Securities Market Commission) in July 2013. This governance code is available to the public at CMVM website (www.cmvm.pt).

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

EDPR 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.

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

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

The governance model of EDPR was designed to ensure the transparent, meticulous separation of duties and the specialization of supervision. EDPR' bodies for the management and supervision model are the following:

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

The purpose of the choice of this model is to adapt, to the extent possible, the Company's corporate governance structure to the Portuguese legislation. The governance model adopted by EDPR therefore seeks, as far 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 the Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

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

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

16. RULES FOR THE NOMINATION AND REPLACEMENT OF DIRECTORS

According to Article 29.5 of the Company's Articles of Association, the Nominations and Remunerations Committee is empowered by the Board of Directors to advise and inform the Board regarding nominations (including by co-option), re-elections, dismissal and remuneration of Board Members and of its duties, as well as regarding the composition of the several Committees of the Board. The Committee also advises on the appointment, remuneration and dismissal of top management officers. The Committee proposes the nomination and re-election of the Directors and of the members of the various Committees by presenting a proposal with the names of the candidates that considers having the best qualities to fulfil the role of Board Member. The Board of Directors submit a proposal to the General Shareholders' Meeting, which should be approved by majority for an initial period of three (3) years and may re-elect these members once or more times for further periods of three (3) years.

Pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders may group their shares until constituting an amount of capital equal or higher than the result of dividing the company's capital by the number of Directors, and in such case said shareholders are entitled to nominate a number of Directors equal to the result of the fraction using only whole amounts. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Article 23 of the Articles of Association and 244 of the Spanish Companies Law, the Board of Directors may co-opt a shareholder, who will occupy the position until the next General Shareholders' Meeting, to which a proposal will be submitted for the ratification of said co-option. Pursuant to Article 248 of the Spanish Companies Law, the co-option of Directors must be approved by absolute majority of the Directors at the meeting.

17. COMPOSITION OF THE BOARD OF DIRECTORS

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

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

Board Member	Position	Date of first appointment	Date of re-election	End of term
António Mexia	Chairman	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Vice-Chairman, CEO	18/03/2008	21/06/2011	21/06/2014
Nuno Alves	Director	18/03/2008	21/06/2011	21/06/2014
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
Gabriel Alonso	Director	21/06/2011	-	21/06/2014
João Paulo Costeira	Director	21/06/2011	-	21/06/2014
João Lopes Raimundo	Director	04/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Director	04/06/2008	21/06/2011	21/06/2014
Jorge Santos	Director	04/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Director	04/06/2008	21/06/2011	21/06/2014
Manuel Menéndez Menéndez	Director	04/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director	04/06/2008	21/06/2011	21/06/2014
Gilles August	Director	14/04/2009	21/06/2011	21/06/2014
João Marques da Cruz	Director	16/05/2012	21/06/2011	21/06/2014
Acácio Piloto	Director	26/02/2013	-	21/06/2014
António Nogueira Leite	Director	26/02/2013	-	21/06/2014
José Ferreira Machado	Director	26/02/2013	-	21/06/2014

Despite the fact that the term of office of all the Members of the Board ended on June 21st, 2014, according to the Spanish Law, EDPR's personal law, the Members of the Board maintain their terms in full force till the next Ordinary General Shareholder's Meeting, which is foreseeing to take place on April 9th, 2015.

18. EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

EDPR's Articles of Association, which are available for consultation on the Company's website (www.edpr.com), contains the rules on independence for the fulfilment of duties in any body of the Company. The independence of the Directors is evaluated according to the Company's personal law, the Spanish law.

Following the recommendations of CMVM, Article 12 of the Board of Directors regulations requires that at least twenty-five percent (25%) of the Members of the Board have to be independent. Article 20.2 of EDPR's Articles of Association defines independent members of the Board of Directors as those who are able to perform their duties without being limited by relations with the Company, its shareholders with significant holdings, or its Directors and comply with the other legal requirements.

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

- People who are Directors of or are associated with any competitor of EDPR and those who are related to the above. A Company shall be considered to be a competitor of EDPR if it is directly or indirectly involved in the generation, storage, transmission, distribution, sale, or supply of electricity or combustible gases and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its Group, and Directors, employees, lawyers, consultants, or representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;
- People who are in any other situation of incompatibility or prohibition under the law or Articles of Association. Under Spanish law, people, among others, who are i) aged under eighteen (18) years, (ii) disqualified, iii) competitors; (iv) convicted of certain offences, or (v) hold certain management positions are not allowed to be Directors.

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

The following table includes the executive, non-executive and independent members of the Board of Directors. The independent members mentioned below meet the independence and incompatibility criteria's required by the law and the Articles of Association.

Board Member	Position	Independent
António Mexia	Chairman and Non-Executive Director	-
João Manso Neto	Executive Vice-Chairman and Executive Director	-
Nuno Alves	Executive Director	-
Rui Teixeira	Executive Director	-
Gabriel Alonso	Executive Director	-
João Paulo Costeira	Executive Director	-
João Lopes Raimundo	Non-Executive Director	Yes
João Manuel de Mello Franco	Non-Executive Director	Yes
Jorge Santos	Non-Executive Director	Yes
José Araújo e Silva	Non-Executive Director	Yes
Manuel Menéndez Menéndez	Non-Executive Director	-
Rafael Caldeira Valverde	Non-Executive Director	Yes
Gilles August	Non-Executive Director	Yes
João Marques da Cruz	Non-Executive Director	-
Acácio Piloto	Non-Executive Director	Yes
António Nogueira Leite	Non-Executive Director	Yes
José Ferreira Machado	Non-Executive Director	Yes

19. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

The positions held by the members of the Board of Directors in the last five (5) years, those that they currently hold, positions in Group and non-Group companies and other relevant curricular information is available in the Annex of this Report.

20. FAMILY, PROFESSIONAL AND BUSINESS RELATIONSHIPS OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH QUALIFYING SHAREHOLDERS

Qualifying Shareholders in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. As of December 31st 2014, and as far as the Company was informed, there are no family or business relationships of Members of the Board of Directors with qualifying shareholders but only professional relationships due to the fact that some of the Members of EDPR's Board of Directors are currently Members of the Board of Directors in other companies belonging to the same group as EDP Energias de Portugal S.A., which are the following:

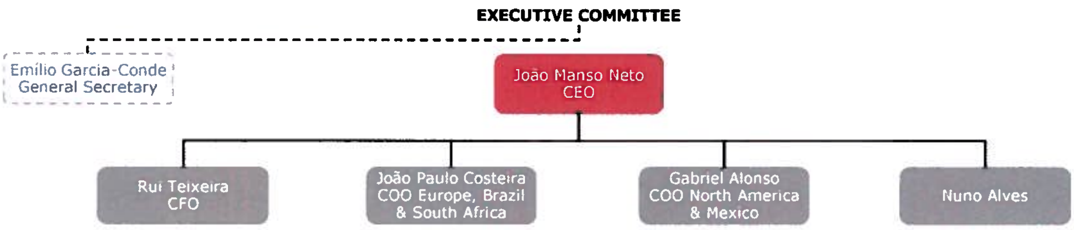
- António Mexia;
- João Manso Neto;
- Nuno Alves;
- Manuel Menéndez Menéndez;
- João Marques da Cruz.

Or employees in other companies belonging to EDP's group, which are the following:

- Rui Teixeira;
- João Paulo Costeira.

21. MANAGEMENT STRUCTURE

According to the Spanish Law and Spanish companies' practices, the daily management of the business is guaranteed by a Chief Executive Officer who is empowered to ensure the day-to-day management of the Company. This type of organization is different from what occurs on the Portuguese companies in which a "Conselho de Administração Executivo" takes the assignment of areas of business and each Executive Director is responsible to and for an area of business.



B. FUNCTIONING

22. BOARD OF DIRECTORS REGULATIONS

EDPR's Board of Directors Regulations is available to the public on the Company's website at www.edpr.com and at the Company's headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

23. NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS

The Board of Directors held six (6) meetings during the year ending on December 31st, 2014. Minutes of all meetings were drawn. The table below expresses the attendance percentage of the participation of the Directors to the meetings held during 2014:

Board Member	Position	Attendance
António Mexia	Chairman and Non-Executive	83.5%
João Manso Neto	Executive Vice-Chairman and CEO	100%
Nuno Alves	Executive	100%
Rui Teixeira	Executive	100%
Gabriel Alonso	Executive	83.5%
João Paulo Costeira	Executive	100%
João Lopes Raimundo	Non-Executive and Independent	83.5%
João Manuel de Mello Franco	Non-Executive and Independent	100%
Jorge Santos	Non-Executive and Independent	100%
José Araújo e Silva	Non-Executive and Independent	100%
Manuel Menéndez Menéndez	Non-Executive	83.5%
Rafael Caldeira Valverde	Non-Executive and Independent	83.5%
Gilles August	Non-Executive and Independent	66.8%
João Marques da Cruz	Non-Executive	66.8%
Acácio Piloto	Non-Executive and Independent	100%
António Nogueira Leite	Non-Executive and Independent	83.5%
José Ferreira Machado	Non-Executive and Independent	100%

The percentage reflects the meetings physically attended by the Members of the Board. During 2014, none of the Members of Board who could not attend a meeting has delegated its voting rights on other Member of the Board.

24. COMPETENT BODY FOR THE PERFORMANCE APPRAISAL OF EXECUTIVE DIRECTORS

The Nominations and Remunerations Committee is the body responsible for the evaluation of the performance of the Executive Directors. According to Article 249 of the Spanish Companies Law, the Board of Directors supervises de effective functioning of its Committees and as well as the performance of the delegated bodies and Directors designated.

25. PERFORMANCE EVALUATION CRITERIA

The criteria's for assessing the Executive Directors' performance are described on topics 70, 71 and 72 of the Report.

26. AVAILABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

EDPR's members of the Board of Directors are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with other positions. The positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of the Board of Directors throughout the financial year are listed in the Annex of this report.

C. COMMITTEES WITHIN THE BOARD OF DIRECTORS OR SUPERVISORY BOARD AND BOARD DELEGATES

27. BOARD OF DIRECTORS' COMMITTEES

Pursuant to Article 10 of the Company's Articles of Association the Board of Directors may have delegated bodies. The Board of Directors has created four Committees:

- Executive Committee
- Audit and Control Committee
- Nominations and Remunerations Committee
- Related-Party Transactions Committee

The Board of Directors' Committees regulations are available to the public at the Company's website, www.edpr.com.

28. EXECUTIVE COMMITTEE COMPOSITION

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no less than four (4) and no more than seven (7) Directors.

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

The Board of Directors established the number of members of the Executive Committee of five (5), plus the Secretary. The current members are:

- João Manso Neto, who is the Chairman and CEO
- Nuno Alves
- Rui Teixeira
- Gabriel Alonso
- João Paulo Costeira

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

29. COMMITTEES COMPETENCES

EXECUTIVE COMMITTEE

FUNCTIONING

In addition to the Articles of Association, this committee is also governed by its regulations approved on June 4th, 2008 and amended on April 23rd, 2013. The committee regulations are available to the public at www.edpr.com.

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

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

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

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

The composition of the Executive Committee is described on the previous topic.

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

- Election of the Chairman of the Board of Directors;
- Nomination of Directors by co-option;
- Request to convene or convening of General Shareholders' Meetings;
- Preparation and drafting of the Annual Management Report and Accounts and submission to the General Shareholders' Meeting;

- Change of registered office; and
- Drafting and approval of the proposal for mergers, spin-off, or transformation of the Company.

2014 ACTIVITY

In 2014 the Executive Committee held 49 meetings. The Executive Committee main activity is the daily management of the Company.

AUDIT AND CONTROL COMMITTEE

COMPOSITION

Pursuant to Article 28 of the Company's Articles of Association and Articles 8 and 9 of the Committee's Regulations, the Audit and Control Committee consists of no less than three (3) and no more than five (5) members.

According to Article 28.5 of the Articles of Association the term of office of the Chairman of the Audit and Control Committee is three (3) years after which may be re-elected for another term of three (3) years. João Manuel de Mello Franco was first elected on 2008 and re-elected on 2011.

Considering that on June 21st, 2014 João Manuel de Mello Franco ended the term of his office as Chairman of the Audit and Control Committee, the Board of Directors decided on its meeting held on April 8th, 2014 to nominate Jorge Santos for the position of Chairman of the Audit and Control Committee, following the opinion presented by the Nominations and Remuneration Committee.

João Manuel de Mello Franco remains as member of the Audit and Control Committee according to Article 28.5 of the Articles of Association.

The Audit and Control committee consists of three (3) independent members, plus the Secretary. As of December 31st, 2014, the members of the Audit and Control Committee are:

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

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

COMPETENCES

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

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

FUNCTIONING

In addition to the Articles of Association and the law, this committee is governed by its regulations approved on June 4th, 2008 and amended on May 4th, 2010 available to the public at www.edpr.com.

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

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

2014 ACTIVITY

In 2014, the Audit and Control Committee's activities included the following:

- Monitor the closure of quarterly accounts, the first half-year and year-end accounts, to familiarize itself with the preparation and disclosure of financial information, internal audit, internal control and risk management activities;
- Analysis of relevant rules to which the committee is subject in Portugal and Spain;
- Assessment of the external auditor's work, especially concerning with the scope of work in 2014 and approval of all "audit related" and "non-audit" services;
- Supervision of the quality and integrity of the financial information in the financial statements and participation in the Executive Committee meeting at which these documents were analysed and discussed;
- Drafting of an opinion in the individual and consolidated annual reports and accounts, in a quarterly, half year and yearly basis;
- Pre-approval of the 2014 Internal Audit Action Plan;

- Supervision of the quality, integrity and efficiency of the internal control system, risk management and internal auditing;
- Reflection on the corporate governance system adopted by EDPR;
- Analysis of the evolution of the SCIRF project;
- Information about the whistle-blowing;
- Quarterly and annual report of its activities.

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

A report on the activities of the Audit and Control Committee in the year ended on December 31st, 2014 is available to shareholders at www.edpr.com.

NOMINATIONS AND REMUNERATIONS COMMITTEE

COMPOSITION

Pursuant to Article 29 of the Company's Articles of Association and Articles 8 and 9 of its Regulations, the Nominations and Remunerations Committee shall consist of no less than three (3) and no more than six (6) members. At least one of its members must be independent and shall be the Chairman of the committee.

The members of the committee shall not be members of the Executive Committee. The Nominations and Remunerations Committee is constituted by independent members of the Board of Directors, in compliance with Recommendation 49 of the Unified Code of Good Governance (Código Unificado de Buen Gobierno), as amended by CNMV Circular 4/2007 of December 27th. The code lays down that the Nominations and Remunerations Committee must be entirely constituted by external Directors numbering no fewer than three (3). As it is made up of independent Directors (in Spain the committee may only be comprised of Directors), it complies to the extent possible with the recommendation indicated in chapter II.3.1 of the Portuguese Code of Corporate Governance.

On April 8th, 2014 the Board of Directors approved adjustments to the Nominations and Remunerations Committee. João Manuel de Mello Franco was elected Chairman of the Nominations and Remunerations Committee as Jorge Santos resigned. Below is the new composition of the Committee.

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

The current members are:

- João Manuel de Mello Franco, who is the Chairman
- António Nogueira Leite
- Rafael Caldeira Valverde

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

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

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

COMPETENCES

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

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

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

FUNCTIONING

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

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

2014 ACTIVITY

In 2014 the Nominations and Remunerations Committee activities were:

- Performance evaluation of the Board of Directors and the Executive Committee;
- Drafting update and consequent approval of the Performance Evaluation and Remuneration Model for 2014-2016;
- Drafting of the Remuneration Policy to propose to the Board of Directors and to be approved at the General Shareholders Meeting;
- Annual Report of their activities.

RELATED-PARTY TRANSACTIONS COMMITTEE

COMPOSITION

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

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

The Related-Party Transactions committee consists of two (2) independent members and one (1) non-independent member, as described above, plus the Secretary.

The current members are:

- José Ferreira Machado, who is the Chairman
- João Manuel de Mello Franco
- Nuno Alves

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

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

COMPETENCES

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

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDPR or related entities and EDP or related entities;
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDPR Group and the EDP Group and the transactions between related entities during the fiscal year in question;
- Ratifying transactions between EDPR and/or related entities with EDP and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds € 5,000,000 or represents 0.3% of the consolidated annual income of the EDPR Group for the fiscal year before;
- Ratifying any modification of the Framework Agreement signed by EDPR and EDP on May 7th, 2008;
- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDPR and related entities with EDP and related entities;
- Asking EDP for access to the information needed to perform its duties;
- Ratifying, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to € 1,000,000;
- Ratifying, in the correspondent terms according to the necessities of each specific case, the transactions between Board Members, "Key Employees" and/or Family Members with entities from EDP Renováveis Group whose annual value is superior to € 75,000.

In case the Related Party Transactions Committee does not ratify the commercial or legal relations between EDP or its related entities and EDP Renováveis and its related entities, as well as those related with Qualifying Holders other than EDP, Board Members, "Key Employees" and/or there Family Members, such relations must be approved by 2/3 of the members of the Board of Directors as long as half of the members proposed by entities different from EDP, including independent Directors, vote favourably, except when a majority of members expresses its approval prior to submitting the matter to the Related Party Transactions Committee for its approval.

The terms of part 1 above shall not apply to transactions between EDP or its related entities and EDP Renováveis or its related entities carried out under standardized conditions and are applied equally to different related entities of EDP and EDP, even standardized price conditions.

FUNCTIONING

In addition to the Articles of Association, the Related-Party Transactions Committee is governed by its regulations approved on June 4th, 2008 and amended on February 28th, 2012. The committee's regulations are available at www.edpr.com.

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

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

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

2014 ACTIVITY

In 2014, the Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

Chapter E – I, topic 90, of this report includes a description of the fundamental aspects of the agreements and contracts between related parties.

III. SUPERVISION

A. COMPOSITION

30. SUPERVISORY BOARD MODEL ADOPTED

EDPR's governance model, as long as it is compatible with its personal law, the Spanish law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

31. COMPOSITION OF THE AUDIT AND CONTROL COMMITTEE

Composition of Audit and Control Committee is reflected on topic 29. The term of office and the dates of first appointment of the members of the Audit and Control Committee are available on the chart of topic 17.

32. INDEPENDENCE OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Information concerning the independence of the members of the Audit and Control Committee is available on the chart of topic 18 of the report. As mentioned on the first paragraph of topic 18, the independence of the members of the Board and of its Committees is evaluated according to the Company's personal law, the Spanish law.

33. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Professional qualifications of each member of the Audit and Control Committee and other important curricular information, are available in the Annex of this report.

B. FUNCTIONING

34. AUDIT AND CONTROL COMMITTEE REGULATIONS

The Audit and Control Committee regulations are available to the public at the Company's website, www.edpr.com and at the Company's headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

35. NUMBER OF MEETINGS HELD BY THE AUDIT AND CONTROL COMMITTEE

In 2014, the Audit and Control Committee held fifteen (15) meetings, six (6) of those meetings were plenary and the other nine (9) were with the different departments whose activity development was discussed with the Committee. On September 6th and 7th, 2014, the Chairman of the Audit and Control Committee visited EDPR Poland and met with the local teams.

The Audit and Control Committee also attended three meetings organized by EDP's General Supervisory Board and participated in September on the Annual Meeting of the Audit and Control Committees' of EDP's Group.

The following table shows the attendance percentage to the meetings of the Audit and Control Committee by its members:

Member	Position	Attendance
Jorge Santos	Chairman	100%
João Manuel de Mello Franco	Vocal	83.5%
João Lopes Raimundo	Vocal	83.5%

36. AVAILABILITY OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

The members of the Audit and Control Committee are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with positions in other companies. The positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of this Committee throughout the financial year is listed in the Annex of this report.

C. POWERS AND DUTIES

37. PROCEDURES FOR HIRING ADDITIONAL SERVICES TO THE EXTERNAL AUDITOR

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation IV.2 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2014.

The services, other than auditing services, provided by the External Auditor and entities in a holding relationship with or incorporated in the same network as the External Auditor were previously approved by the Audit and Control Committee according to Article 8.2, b) of its Regulations and upon review of each specific service, which considered the following aspects: (i) such services having no effect on the independence of the External Auditor and any safeguards used; and (ii) the position of the External Auditor in the provision of such services, notably the External Auditor's experience and knowledge of the Company.

Furthermore, although hiring services other than auditing services to the External Auditor is admissible, it is envisaged as an exception. In 2014 such services reached only around 5% of the total amount of services provided to the Company.

38. OTHER DUTIES OF THE AUDIT AND CONTROL COMMITTEE

Apart from the competences expressly delegated on the Audit and Control Committee according to Article 8 of its Regulations and in order to safeguard the independence of the External Auditor, the following powers of the Audit and Control Committee were exercised during the 2014 financial year and should be highlighted:

- Nominate and hire the External Auditor and responsibility for establishing their remuneration as well as pre-approval of any services to be hired from the External Auditor and perform its direct and exclusive supervision;
- Assessment of the qualifications, independence, and performance of the External Auditors, and obtaining, yearly and directly from the External Auditors, written information on all relations existing between the Company and the Auditors or associated persons, including all services rendered and all services in progress; in fact, the Audit Committee, in order to evaluate independence, obtained from the External Auditors information on their independence in light of article 62B of Decree-Law no. 224/2008 of 20 November 2008, which amends the articles of association of the Chartered Accountant Professional Association;
- Review of the transparency report, signed by the Auditor and disclosed at its website. This report covers the matters provided for under article 62A of Decree-Law no. 224/2008, including those regarding the quality control internal system of the audit firm and the quality control procedures carried out by the competent authorities;
- Definition of the Company's hiring policy concerning persons who have worked or currently work with the External Auditors;
- Review, with the External Auditors, of the scope, planning, and resources to be used in their services;
- Responsibility for the settlement of any differences between the Executive Committee and the External Auditors concerning financial information;
- Contracts signed between EDPR and its Qualified Shareholders that were analysed by the Audit and Control Committee. This information is included on the annual report of the Audit and Control Committee regarding those cases that needed a previous opinion from the committee.

Within this context, it should be particularly stressed that the External Auditor' independence was safeguarded by the implementation of the Company's policy for the pre-approval of the services to be hired to External Auditors (or any entity in a holding relationship with or incorporating the same network as the External Auditors), which results from the application of the rules issued by SEC on this matter. According to such policy, the Audit and Control Committee makes an overall pre-approval of the services proposal made by the External Auditors and a specific pre-approval of other services that will eventually be provided by the External Auditors, particularly tax consultancy services and services other than "audit and audit related" services.

IV-V. STATUTORY AND EXTERNAL AUDITORS

39-41. According to the Spanish law, the External Auditor ("Auditor de Cuentas") is nominated by the General Shareholders' Meeting and corresponds to the statutory auditor body ("Revisor Oficial de Contas") described on the Portuguese Law. Consequently, the information regarding points 39 to 41 is available on chapter V of the report, points 42 to 47.

42. EXTERNAL AUDITOR IDENTIFICATION

The External Auditor is, since 2007, KPMG Auditores S.L., a Spanish Company, whose partner in charge of EDPR accounts auditing is, since January 2014, Estibaliz Bilbao. Estibaliz Bilbao replaced the previous partner, Ana Fernandez Poderós, due to the limitation imposed by article 19.2 of the "Ley de Auditoría de Cuentas" of a seven year term for the partner in charge of the accounts auditing which ended in 2013. KPMG Auditores S.L. is registered at the Spanish Official Register of Auditors under number S0702 and with Tax Identification Number B-78510153.

43. NUMBER OF YEARS OF THE EXTERNAL AUDITOR

KMG Auditores S.L. is in charge of EDPR's accounts auditing having carried these duties for the last eight consecutive years.

44. ROTATION POLICY

According to CMVM's Recommendation IV.3 of its 2013 Corporate Governance Code, the companies shall rotate the auditor after two or three terms whether they are of four or three years, respectively, being the maximum nine years. As of December 31st, 2014, KPMG Auditores S.L. has ended its eight (8th) consecutive year as EDPR's External Auditor, therefore compliant with Recommendation IV.3 of the Portuguese Corporate Governance Code. According to the Spanish Law, EDPR's personal law, there is no limitation to the rotation of the auditing firm but only to the responsible partner, as described in topic 42.

45. EXTERNAL AUDITOR EVALUATION

The Audit and Control Committee is responsible for the evaluation of the External Auditor according to the competences granted by its Regulations. The evaluation of the Audit and Control Committee is made once a year. The Audit and Control Committee acts as the company speaker for the relevant matters with the External Auditor and establishes a permanent contact throughout the year to assure the conditions, including the independence, adequate to the services provided by them related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects. In 2014, according to the Audit and Control Committee's competences and in line with Recommendations II.2.2, it was the first and direct recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time. The External Auditor within the scope of its duties, verified the implementation of the remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.

46. NON-AUDIT SERVICES CARRIED OUT BY THE EXTERNAL AUDITOR

According to the rules described on topic 29 of this Report, in EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection non-audit services according to Article 8.2, b) of the Audit and Control Committee Regulations.

Below are the details of non-audit services provided during 2014 by the External Auditor for EDPR's business units:

- Tax and accounting due diligence services for the acquisition of a new wind farm;
- KPMG's assistance in the process of IRS tax examination;
- KPMG's assistance in the process of IRS tax examination for the 2009 tax year;
- Tax services to prepare six technical memos on PTC qualification for six wind farms.

KPMG was engaged to provide the above mentioned services due to it's in depth knowledge of the group activities and tax related matters. These engagements did not risk the independence of the External Auditor and were pre-approved by the Audit and Control Committee prior to rendering the services.

47. EXTERNAL AUDITOR REMUNERATION IN 2014

€ thousand	Portugal	Spain	Brazil	US	Other	Total	%
Audit and statutory audit	141.6	588.4	137.8	760.3	631.6	2,259.8	86%
Other assurance and reliability services (*)	-	228.6	-	-	16.7	245.3	6%
Sub-total audit related services	141.6	817	137.8	760.3	648.4	2,505.1	92%
Tax consultancy services	-	53	-	135.2	-	188.2	7%
Other services unrelated to statutory auditing	10.5	-	-	-	3.0	13.5	1%
Sub-total non-audit related services	10.5	53	-	135.2	3.0	201.8	8%
Total	152.1	870	137.8	895.5	651.4	2,706.8	100%

PART I:
INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments to the Articles of Association of the Company are of the responsibility of the General Shareholders' Meeting who has the power to decide on this matter. According to Article 17 of the Company's Articles of Association ("Constitution of the General Shareholders' Meeting, Adoption of resolutions"), to validly approve any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need:

- On first call, that the Shareholders either present or represented by proxy, represent at least fifty percent (50%) of the subscribed voting capital.
- On second call, that the Shareholders either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital.

In the event the shareholders attending represent less than fifty percent (50%) of the subscribed voting capital, the resolutions referred to in the present paragraph will only be validly adopted with the favourable vote of two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting.

On December 24th, 2014, entered into force the new wording of the Spanish Companies Law ("Ley de Sociedades de Capital"), Ley 31/2014, with modifications regarding the amendments of the Articles of Association that will be proposed on the next General Shareholders' Meeting to be introduced on EDPR's Articles of Association.

II. REPORTING OF IRREGULARITIES

49. IRREGULARITIES COMMUNICATION CHANNELS

WHISTLEBLOWING

EDPR has always carried out its activity by consistently implementing measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance.

EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their Company, in compliance with the provisions of CMVM Regulation no. 4/2013.

With this channel for reporting irregular accounting and financial practices, EDPR aims:

- Guaranteeing conditions that allow workers to freely report any concerns they may have in these areas to the Audit and Control Committee;
- Facilitating the early detection of irregular situations, which, if practised, might cause serious damage to the EDPR Group, its workers, customers, and shareholders.

Contact with the Company's Audit and Control Committee is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. S/he will be assured that the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information, or assist in an investigation.

The Secretary of the Audit and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2014 there were no communications regarding any irregularity at EDPR.

ETHICS CHANNEL AND CODE OF ETHICS

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

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing. On February 2014, the Board of Directors approved an updated version of the Code of Ethics.

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

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

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

In 2014 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR.

ANTI-BRIBERY POLICY

In order to ensure compliance with the standards of Anti-bribery Regulation in every geography where

EDPR operates, the Company has developed an Anti-Bribery Policy of application to all EDPR Group, which was approved by its Board of Directors on December 19th, 2014. This Anti-Corruption Policy will involve a series of new procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. This Policy will be implemented in the Group throughout 2015.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. INTERNAL AUDIT

EDPR Internal Audit Department is composed by six people. The function of EDPR's Internal Audit is to carry out an objective and independent assessment of the Group's activities and of its internal control situation, in order to make recommendations to improve the internal control mechanisms over systems and management processes in accordance with the Group's objectives.

Additionally, EDPR has a Responsibilities Model and a SCIRF Manual (Internal Control System over Financial Reporting), in which individuals, governing bodies and committees responsible for implementing and managing the internal control system are indicated.

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

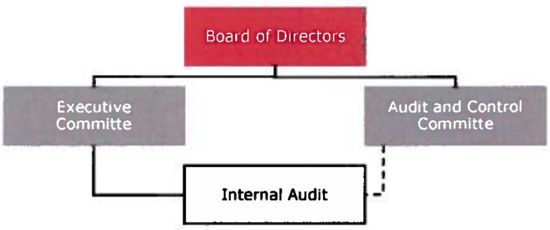
The SCIRF Manual incorporates the general principles of the Internal Control System over Financial Reporting, as well as the methodology used, the procedures for ensuring the effectiveness of internal control and design of models, documentation, evaluation and reporting.

In line with the general principles of the model adopted by EDPR for the management of the SCIRF, the COSO Internal Control Integrated Framework 2013 (Committee of Sponsoring Organizations of the Treadway Commission), the responsibility for overseeing the Internal Control System lies in the Board of Directors and the Audit and Control Committee. The CEO is accountable before the Board, must ensure the proper functioning and effectiveness of the SCIRF, promoting its design, implementation and maintenance. The Executive Committee must support the CEO in this task, guiding the development of the Entity Level Controls of the Company and the controls in their areas of responsibility, relying when necessary on other levels of the organization. Also, the Senior Managers are responsible for evaluating any deficiencies and implementing appropriate improvement opportunities.

To fulfil these responsibilities, EDPR's Internal Audit offers support and advice to the management and development of the SCIRF.

51. ORGANIZATIONAL STRUCTURE OF INTERNAL AUDIT

The Internal Audit function in EDPR Group is a corporate function carried out by the Internal Audit Department, that reports both to the Chairman of EDPR's Executive Committee and to EDPR's Audit and Control Committee.



52. RISK MANAGEMENT

EDPR's Risk Management is as an integrating element of all organizational processes and decisions and not a stand-alone activity separated from the main activities of the company. It includes from strategic planning to evaluation of new investments and contracts.

Risk Management at EDPR is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

Market, credit and operational risks are identified and assessed and, following the result of the assessment, Risk Policies are defined and implemented across the company. These policies are aimed to mitigate risks without compromising potential opportunities, thus, optimizing return versus risk exposure.

During 2014, EDPR defined or reviewed three new Global Risk Policies: Counterparty Risk Policy, Interest Rate Risk Policy and Operational Risk Policy. These policies are already implemented or will be implemented throughout 2015.

53. RISK AREAS AND RISK FACTORS

Risk Management at EDPR is focused on covering all market, credit and operational risks of the company. In order to have a holistic view of risks, they were grouped in Risk Areas following EDPR's business cycle. The following list summarizes Risk Areas defined within EDPR:

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; or to fulfil its financial obligations due to changes in exchange rates or bankruptcy of counterparties;

4. Wind turbine contracts - Changes in turbine prices may impact projects' profitability; or there may not be sufficient turbine supply to build planned wind farms;

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 due to turbine availability; financial results can be impacted by human errors.

Within each Risk Area, risks are classified in Risk Groups and finally into Risk Factors. Risk factors are the source of the risk and the purpose of Risk Management at EDPR is to measure, control and eventually mitigate all risk factors that affect the company.

1. Countries and regulations

1. i) Country Risk

Country Risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political or natural disasters. EDPR has defined a Country Risk Policy that assesses country risk through an internal scoring based on publicly available data. This internal scoring is compared with external assessments from renowned parties. Each risk factor affecting country risk is evaluated independently to decide on potential mitigating actions:

- Macroeconomic Risk: Risks from the country´s economic evolution, affecting revenue or cost time of the investments
- Political Risk: All possible damaging actions or factors for the business of foreign firms that emanate from any political authority, governmental body or social group in the host country
- Natural disaster risk: Natural phenomena (seismicity, weather) that may impact negatively in the business conditions.

Before approving a new project in a new geography, EDPR analyses the risk of the new country and compares it to our existing portfolio. Mitigation measures may be decided when this risk is above a certain threshold.

1. ii) Regulatory Risk

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

Remuneration schemes have become less competitive in some countries due to the financial crisis and it cannot be guaranteed that current support will be maintained in all EDPR's geographies or that future renewable energy projects will benefit from current support measures. Regulation promoting green energy has been revised or is under revision in some of the countries where EDPR is present.

In the US, renewable generation from wind has been incentivized through Production Tax Credits (PTC) at a Federal level for projects demonstrating beginning of construction before end of 2014. Additionally, it is still incentivized through State RPS Programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation.

EDPR is managing its exposure to regulatory risks through diversification by being present in several countries and through participation as an active member in several wind associations.

Regulatory Risk in each of EDPR's countries is monitored continuously, considering current regulation, potential drafts of new laws, feedback from associations, evolution of installed renewable generation capacity and other inputs. EDPR has developed an internal quantitative assessment of Regulatory Risk that serves as an indicator for changes in supporting schemes. This measure is updated annually in all EDPR´s geographies.

Regulatory Risk is also considered ex-ante at the moment of the investment, through sensitivity analyses that are performed to evaluate its impact in project profitability under different scenarios.

2. Revenues

2. i) Market price risk

EDPR faces limited electricity 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 those countries with no regulated tariffs, power purchase agreements are negotiated with different offtakers to eliminate electricity and Green Certificate or REC price risks.

Despite EDPR's strategy of eliminating market price risk, EDPR still has some wind farms with merchant exposure.

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Portugal, France and Italy) 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). EDPR is also developing investment activity in the UK, where current incentive system is based on green certificates but will change to a feed in tariff.

In countries with a pre-defined regulated premium or a green certificate scheme, EDPR is exposed to electricity price fluctuations. Considering current PPAs in place, EDPR is exposed to electricity price risk in Romania, in Poland and partially in Spain. Additionally, in European countries with a green certificate scheme (Romania and Poland), EDPR is exposed to fluctuation on the price of green certificates.

The US market does not provide a regulated framework system for the electricity price. Nevertheless, renewable generation is incentivized through PTCs (Production Tax Credits) and regional RPS programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation. REC prices are very volatile and depend on the regional supply/demand equilibrium in the relevant market.

Most of EDPR's capacity in the US has predefined prices determined by bundled (electricity + REC) long-term contracts with local utilities in line with the Company's policy of avoiding market price risk. Despite existing long term contracts, some EDPR's wind farms in the US do not have PPA and are selling merchant with exposure to electricity and REC price risks. Additionally, some wind farms with existing PPAs do not sell their energy where it is produced and are therefore exposed to basis risk (different in price between the location where energy is produced and that where energy is sold).

In Ontario (Canada), the selling price is defined by a long term feed-in-tariff, thus, there is no electricity price exposure.

In Brazilian operations, the selling price is defined through a public auction which is later translated into a long-term contract. Electricity price exposure is almost null, with little exposure for the production above or below the contracted production.

Under EDPR's global approach to minimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the pre-defined limits (measured through EBITDA at risk, Net Income at risk and total merchant exposure).

EDPR intends to eliminate Green Certificates and REC price risk with the signing of bundled PPAs with private offtakers, which include the sale of the electricity and the Green Certificate or REC. In some cases, the offtaker may be interested in contracting only the Green Certificate or the REC, thus a GCPA (Green Certificate Purchase Agreement) or a RECPA (REC Purchase Agreement) is signed. During 2014, EDPR signed or reviewed PPAs in Europe for 716 MW and in the US for 459 MW.

In those geographies with remaining merchant exposure, EDPR uses various commodity hedging instruments in order to minimize the exposure to fluctuating market prices. In some cases, due to the lack of liquidity of financial derivatives, it may not be possible to successfully hedge all merchant exposure (i.e. no financial derivatives exist for green certificates nor RECs).

In 2014, EDPR financially hedged most of its generation in Poland and Romania. In Spain, hedges were distributed along 2014 but unhedged volumes were affected by significant low prices in Q1.

As aforementioned, some US wind farms have exposure to electricity price risk or basis risk (difference in electricity price between locations). EDPR hedges electricity price and basis exposures through financial swaps or FTR (Financial Transmission Rights).

The market of GCPA or RECPA is very illiquid and few financial derivatives exist for Green Certificates nor RECs. Therefore, all exposure to Green Certificates or REC prices cannot be eliminated.

2. ii) Energy Production Risk

The amount of electricity generated by EDPR's wind farms is dependent on weather conditions, which vary across locations, from season to season and from year to year. Variation on the amount of electricity that is generated affects EDPR's operating results and efficiency.

Not only the total wind production in a specific location is relevant, but also the profile of production. Wind usually blows more at night than at daytime, when energy prices are lower. Generation profile will affect the discount in price of a wind farm versus a baseload generation.

Finally, curtailment of a wind farm will also affect its production. Curtailment occurs when the production of a wind farm is stopped by the TSO (Transmission System Operators) for external reasons to the company. Examples of cases of curtailment are upgrades in transmission lines, high level of renewable generation production with low demand (very exceptional).

EDPR mitigates wind resource volatility and seasonality through geographical diversification of its asset base in different countries and regions.

• EDPR acknowledges the correlation between different wind farms in its portfolio that allows for this geographical diversification, which enables EDPR to partially offset wind variations in each region and to keep the total energy generation relatively steady. Currently, EDPR is present in 12 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK (no generation), Italy, US, Canada, Brazil and Mexico (no generation).

• In some geographies there is an inverse correlation between wind volume and electricity price, implying a natural hedge.

EDPR has analysed in detail the potential use of financial products to hedge wind risk, and EDPR might use this product to mitigate risk in specific cases.

Profile risk and curtailment risk are managed ex-ante. For every new investment, EDPR factors the effect that expected generation profile and curtailment will have on the output of the wind farm. Generation profile and curtailment of EDPR's wind farms are constantly monitored by Risk department to detect potential future changes.

3. Financing

3. i) Risks related to financial market

EDPR finances its wind farms through project finance or corporate debt. In both cases, a variable interest rate might imply significant fluctuations in interest payments.

On the other hand, due to EDPR's presence in several countries, revenues denominated in different currencies. Consequently, exchange rate fluctuations may have a material adverse effect on financial results.

3. i) a) Interest rate risk

Given the policies adopted by EDPR Group, current exposure to variable interest rate is not significant and financial cash flows are substantially independent from the fluctuation of interest rates.

The purpose of interest rate risk management policies is to reduce the exposure of long term debt cash flows to market fluctuations, mainly by contracting long term debt with a fixed rate.

- When long term debt is issued with floating rates, EDPR settles derivative financial instruments to swap from floating to fixed rate.

- EDPR has a portfolio of interest-rate derivatives with maturities of up to 13 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are periodically performed.

Taking into account risk management policy and approved exposure limits, the Finance team identifies, evaluates, and submits the financial strategy appropriate to each project/location for the Executive Committee's approval. Global Risk Area supports the Finance team in interest rate hedging decisions.

Repricing calendar of debt is continuously monitored together with interest rates in order to detect good timing for interest rate hedging.

3. i) b) Exchange rate risk

EDPR has international operations and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currently, currency exposure is to U.S. dollar, Romanian leu, Polish zloty, Brazilian real, British pound and Canadian dollar.

EDPR hedges risk against currency fluctuations by financing in the same currency as the revenues of the project. When local financing is not available, EDPR hedges debt cash flows though cross currency interest rate swaps.

EDPR also contracts foreign exchange forwards to hedge the risk in specific transactions, mainly in payments to suppliers which may be denominated in different currencies.

EDPR's hedging efforts minimize exchange rate volatility, but do not eliminate completely this risk due to high costs associated to hedging FX in certain situations.

3. ii) Counterparty Risk

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss could occur, either a direct economic loss if the transaction has a positive value at the moment of default (counterparty credit risk) or a replacement cost due to change of the counterparty (counterparty operational risk).

During 2014, EDPR updated its Global Counterparty Risk Policy to account for Counterparty Operational Risk. It is now implemented across the company.

3. ii) a) Counterparty Credit Risk

If the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default, an economic loss would occur.

To control credit risk at EDPR, thresholds of Expected Loss and Unexpected Loss are established as defined in Basel Standards and re-evaluated monthly. If threshold is surpassed by any counterparty or by the company as a whole, mitigation measures are implemented in order to remain within the pre-established limit.

3. ii) b) Counterparty Operational Risk

If the transactions or portfolio of transactions with the counterparty does not have a positive economic value at the time of default, it will impact operations. Despite no direct loss at the time of default, the replacement of the counterparty could imply a cost to EDPR due to potential delays, higher contract value with a new counterparty (replacement costs), etc.

Construction and O&M subcontractors are counterparties to which EDPR is exposed from an operational point of view.

To minimize the probability of incurring in potential replacement costs with counterparties, EDPR´s policy concerning counterparty operational risk is managed by an analysis of the technical capacity, competitiveness, credit notation and replacement cost of the counterparty.

3. iii) Liquidity Risk

Liquidity risk is the risk of EDPR not meeting its financial obligations.

EDPR's strategy to manage liquidity risk is to ensure that its liquidity is sufficient to meet financial liabilities when due, under both normal and stressed conditions, and without incurring unacceptable losses or risking damage to EDPR's reputation. Different funding sources are used such as Tax Equity investors, multilateral organizations, project finance, corporate debt and asset rotation.

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).

4. Wind turbine contracts

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 dramatically affect development of new projects and their profitability.

WTG represents on average 70 to 80% of an onshore wind farm capital expenditure, and around 40% of an offshore wind farm.

4. i) Wind Turbine Price Risk

Price of wind turbines is affected, not only by market fluctuations of the materials used in the turbines, but also by the demand of wind turbines.

For every new project, EDPR secures the demand risk that might increase price of the turbines.

With regards to market risk of the materials used to manufacture wind turbines, an escalation formula is negotiated with wind turbine manufacturers. EDPR might hedge some of the market exposure of this escalation formula if exposure is above a pre-established limit and the market is liquid.

4. ii) Wind Turbine Supply Risk

The demand for new wind farms may offset the offer of turbines by WTG manufacturers. Currently, the local component requirement in some geographies (Ex: Brazil) creates this shortfall situation.

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

For geographies with specific requirements of local component, EDPR does not engage in a project before securing the supply of wind turbines.

5. Pipeline

5. i) Development Risk

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, EDPR acknowledges a trend for legislations to align towards concentrating the most restrictive rules and development risks on the consenting (environmental and urban permissions) and interconnection (connection of the wind farm to the national grid).

In this context, EDPR's experience gathered in different countries is useful to anticipate and deal with similar situations in other countries.

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables, such as choice of locations, lay-out, etc, the objective is to make our projects more resilient to permitting risks.

Additionally, EDPR mitigates development risk by generating optionality, with development activities in 12 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada, Brazil and Mexico) and a portfolio of projects in several stages of maturity. EDPR has a large pipeline of projects that provide a "buffer" to overcome potential delays in the development of prioritized projects, ensuring growth targets and being able to compensate permitting delays in some geographies.

54. RISK FUNCTIONS AND FRAMEWORK

Risk Management at EDPR is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

5. ii) Execution Risk

During the construction of the foundations, interconnection and substation of a wind farm, and the installation of the wind turbines, different events (bad weather, accidents, etc) might occur that could imply an over cost or a delay in the commercial operation date of the wind farm:

- The delay implies a postponement of cash flows, affecting profitability of the investment.
- When a wind farm has a PPA, a delay of the commercial operation date might imply the payment of LDs , with the consequent loss of revenues and the impact on annual financial results.

While execution risk in onshore wind farms is significant, but not relevant, for offshore wind farms it could be higher.

During the design phase, EDPR engineering teams supervise the engineering and the installation method. Construction is subcontracted to experienced construction companies, after verifying their creditworthiness.

For offshore wind farms, EDPR has partnered with large companies with previous experience in large electricity generation projects or offshore construction, in order to benefit from their knowledge and share the execution risk.

In both cases, a critical path analysis is performed to assess the reliability of construction and installation plan.

6. Operations

6. i) Wind Turbine Performance Risk

Wind farm output depends upon the operating availability of the turbines and the operating performance of the equipment, mainly the components of wind turbines and transformers.

EDPR mitigates this risk by using a mix of turbine suppliers which minimizes technological risk, avoiding exposure to a unique manufacturer.

EDPR also engages wind turbine suppliers through medium-term full-scope maintenance agreements to ensure alignment in minimizing technology risk. Finally, EDPR has created an O&M program with adequate preventive and scheduled maintenance program.

EDPR externalized non-core technical O&M activities of its wind farms, while primary and value added activities continue controlled by EDPR.

Risk functions	Description
Strategy – General risk strategy & policy	• Global Risk Department provides analytically supported proposals to general strategic issues • Responsible for proposing guidelines and policies for risk management within the company
Management – Risk management & risk business decisions	• Implement defined policies by Global Risk • Responsible for day-to-day operational decisions and for related risk taking and risk mitigating positions
Controlling – Risk control	• Responsible for follow-up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the board

These three Risk Functions work together following EDPR's Risk Framework, through which major strategic questions of the Executive Committee are translated into specific guidelines or policies, to be used by managers in their day-to-day decisions. The Risk Committee is the forum where the different Risk Functions discuss the policies to be implemented and control the risk exposure of the company.

EDPR's Risk Committee integrates and coordinates all Risk Functions and assures the link between corporate's risk appetite and defined strategy and the operations of the company.

In order to separate discussions on business decisions from new analyses and the definition of new policies, EDPR has created three distinct meetings of the Risk Committee with different periodicity:

- Restricted Risk Committee: Held every month, it covers the risk of new transactions such as new power purchase agreements, new investments, energy hedges along with pipeline status and the EBITDA at Risk. It helps to control the implementation of defined policies and the exposure to most important risk factors.
- Risk Committee: Held every quarter, it is the forum where new analyses are discussed and newly defined policies are proposed in order to send to the Executive Committee for approval. Additionally, EDPR´s overall risk position is reviewed.
- By the end of 2014 the Executive Committee approved the creation of a Financial Risk Committee. The Committee will held meetings every quarter starting in 2015 and will be a forum to review financial strategy and mitigation measures for main financial risks (FX and interest rates).

55. DETAILS ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED IN THE COMPANY REGARDING THE PROCEDURE FOR REPORTING FINANCIAL INFORMATION

With the purpose of not only controlling risks, but also managing them ex-ante, EDPR has created Global Risk policies that are enforceable at a Global Level. These policies are proposed and discussed in the Risk Committee and approved by the Executive Committee.

During 2013, EDPR defined or reviewed four Global Risk Policies, which are already implemented or in the process to be implemented throughout 2014:

- Energy Price Hedging Policy
- Counterparty Credit Risk Policy
- Country Risk Policy
- FX Risk Policy

Compliance with Global Risk policies is verified every month in the Restricted Risk Committee.

INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

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

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

Scope Revision and Update

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

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

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

Control Activities

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

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

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

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

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

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

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

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

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

SCIRF Supervision

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

EDPR has an Internal Audit Department under the President of the Executive Committee and is overseen by the Audit Committee as provided in the Basic Internal Audit Act.

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

The annual work plans of the Audit Department obtain the opinion of the Audit Committee, which is reported about their implementation.

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

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

Also in the year 2014, as in previous years, a process of self-certification was made by the heads of the various process owners regarding proper documentation update on SCIRF controls and processes in their area of responsibility and the implementation of controls with corresponding evidence.

SCIRF Evaluation

Besides the monitoring and evaluation activities described in the preceding paragraph, in case the auditors identified internal control weaknesses in the scope of their financial audit work, they are expected to communicate these circumstances to the Audit Committee, which regularly monitors the results of the audit work.

Additionally, in 2014 the EDPR Group decided to have its SCIRF audited by the external auditor. As a result of its evaluation, the external auditor issued a report with a favourable opinion on SCIRF of the EDPR Group, according to ISAE 3000 (International Standard on Assurance Engagements 3000).

IV. INVESTOR ASSISTANCE

56. INVESTOR RELATIONS DEPARTMENT

EDPR seeks to provide to shareholders, investors, and stakeholders all the relevant information about the Company and its business environment, on a regular basis. The promotion of transparent, consistent, rigorous, easily accessible, and high-quality information is of fundamental importance to an accurate perception of the Company's strategy, financial situation, accounts, assets, prospects, risks, and significant events.

EDPR, therefore, looks to provide investors with accurate information that can support them in making informed, clear, and concrete investment decisions.

The Investor Relations Department was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee the equality between shareholders and to prevent imbalances in the information access.

The EDPR Investor Relations Department (IR) is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow Company's activity, all investors and other members of the financial community. The main purpose of the department is to guarantee the principle of equality among shareholders, by preventing asymmetries in access the information and reducing the gap between market perception and Company's strategy and intrinsic value. The department responsibility comprises developing and implementing EDPR's communication strategy and preserving an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

EDPR is clearly aware of the importance of detailed and transparent information, delivered on-time to the market. Consequently, EDPR publishes Company's price sensitive information before the opening or following the closing of the NYSE Euronext Lisbon stock exchange through CMVM's information system and, simultaneously, make that same information available on the website investors' section and through the IR department's mailing list. In 2014, EDPR made 47 press releases. Additionally, the IR Department also elaborates and makes available quarterly, semi-annual and annual results presentations, hand-outs, key data files and interim presentations.

On each earnings announcement, EDPR promotes a conference call and webcast, at which the Company's management updates the market on EDPR's activities. On each of these events shareholders, investors and analysts had the opportunity to directly submit their questions and to discuss EDPR's results as well as the Company's outlook and strategy.

EDPR IR Department is coordinated by Rui Antunes and is located at the Company's head offices in Madrid, Spain. The department structure and contacts are as follows:

IR Contacts:
Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability
Calle Serrano Galvache 56
Centro Empresarial Parque Norte
Edificio Olmo – 7th floor
28033 – Madrid – España
Website: www.edpr.com/investors
E-Mail: ir@edpr.com
Phone: +34 902 830 700 / Fax: +34 914 238 429

In 2014, EDPR promoted and participated in several events, namely EDP Group investor day, road shows, presentations to investors and analysts, meetings and conference calls. During the year, EDPR management and the IR team attended to 15 broker conferences, held 29 roadshows and 6 reverse roadshows, along with conference calls and meetings, totalling more than 400 interactions with institutional investor in 21 of the major financial cities across Europe, US, Canada, Australia and Asia.

EDPR IR Department was in permanent contact with capital markets agents, namely financial analysts who evaluate the Company. In 2014, as far as the Company is aware, sell-side analysts issued more than 170 reports evaluating EDPR's business and performance.

At the end of the 2014, as far as the Company is aware of, there were 21 institutions elaborating research reports and following actively EDPR activity. As of December 31st, 2014, the average price target of those analysts was of Euro 5.72 per share with the majority reporting "Buy" recommendations on EDPR's share: 11 Buys, 9 Neutrals and 1 Sell.

Company	Analyst	Price Target	Recommendation
Bank of America Merrill Lynch	Pinaki Das	€ 5.90	Neutral
Barclays	Monica Girardi	€ 4.90	Equalweight
BBVA	Daniel Ortea	€ 5.62	Outperform
Berenberg	Lawson Steele	€ 5.75	Buy
BES	Felipe Echevarria	€ 6.30	Buy
BPI	Flora Trindade	€ 7.10	Buy
Caixa BI	Helena Barbosa	€5.50	Buy
Citigroup	Antonella Bianchessi	€ 6.30	Buy
Deutsche Bank	Virginia Sanz de Madrid	€ 5.50	Hold

Company	Analyst	Price Target	Recommendation
Exane BNP	Manuel Palomo	€ 4.50	Underperform
Fidentiis	Daniel Rodríguez	€ 5.78	Hold
Goldman Sachs	Manuel Losa	€ 6.40	Neutral
JP Morgan	Javier Garrido	€ 5.30	Overweight
Kepler Cheuvreux	Jose Porta	€ 5.25	Hold
Macquarie	Shai Hill	€ 5.75	Outperform
Main First	Fernando Garcia	€ 5.70	Outperform
Morgan Stanley	Carolina Dores	€ 6.30	Overweight
Natixis	Philippe Ourpatian	€ 5.00	Neutral
Santander	Bosco Mugiro	€ 6.50	Buy
Société Générale	Jorge Alonso	€ 5.20	Hold
UBS	Alberto Gandolfi	€ 5.50	Neutral

57. MARKET RELATIONS REPRESENTATIVE

EDPR representative for relations with the market is the Executive Member of the Board, Rui Teixeira.

58. INFORMATION REQUESTS

In 2014, EDPR was present in several events with analysts and investors, such as EDP Group investor day, road shows, presentations, meetings and conference calls, communicating EDPR's business plan, strategy and its operational and financial performance.

During the year, IR Department received more than 600 information requests and interacted 410 times with institutional investors. On average, information requests were replied in less than 24 hours, with complex requests being replied within one week time. As of December 31st 2014 there was no pending information request.

V. WEBSITE – ONLINE INFORMATION

59-65.

EDPR considers online information a powerful tool in the dissemination of material information, updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, EDPR website also carries financial and operational updates of Company's activities ensuring an easy access to the information.
EDPR website: www.edpr.com

Information	Link
Company information	www.edpr.com/investors/corporate-governance/companys-name www.edpr.com/our-company/who-we-are
Corporate by-laws and bodies/committees regulations	www.edpr.com/investors/corporate-governance
Members of the corporate bodies	www.edpr.com/investors/corporate-governance/directors
Market relations representative / IR department	www.edpr.com/investors/contact-ir-team
Means of access	www.edpr.com/our-company/contacts/contact-us
Financial statements documents	www.edpr.com/investors/reports-and-results
Corporate events Agenda	www.edpr.com/investors/calendar
General Shareholders' Meeting information	www.edpr.com/investors/shareholders-meeting-2

PART I:
INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

D. REMUNERATION

I. POWER TO ESTABLISH

66. COMPETENCES TO DETERMINE THE REMUNERATION OF THE CORPORATE BODIES

The Nominations and Remunerations committee is a permanent body belonging to the Board of Directors with an informative and advisory nature. Its recommendations and reports are non-binding.

As such, the Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and inform the Board of Directors regarding the nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board Members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and dismissal of senior management personnel.

The Nominations and Remunerations Committee is the body responsible for proposing to the Board of Directors the determination of the remuneration of the Executive management of the Company; the Declaration on Remuneration Policy; the evaluation and compliance of the KPI's (Key Performance Indicators); the annual and multi annual variable remuneration, if applicable, and also proposes the remuneration of the Non-Executive Directors and members of the Board Committees.

The Board of Directors is responsible for the approval of the above mentioned proposals except concerning the Declaration on the Remuneration Policy.

The Declaration on the Remuneration Policy is submitted by the Board of Directors to the approval of the General Shareholders' Meeting as an independent proposal. According to the Company's Articles of Association the Board of Directors remuneration is subject to a maximum value that can only be modified by a Shareholders agreement.

II. REMUNERATION COMMITTEE

67. NOMINATIONS AND REMUNERATIONS COMMITTEE

The Composition of the Nominations and Remunerations Committee is reflected on topic 29 of the report.

The Nominations and Remunerations Committee did not hire any external consultancy services corresponding to 2014.

68. KNOWLEDGE AND EXPERIENCE REGARDING REMUNERATION POLICY

The Chairman of the Nominations and Remunerations Committee has knowledge and experience regarding Remuneration Policy as member of the Remuneration Committee of a Portuguese listed company as mentioned on his biography available in the Annex of this report, together with the biographies of all other members of the Nominations and Remunerations Committee.

III. REMUNERATION STRUCTURE

69. REMUNERATION POLICY

Pursuant to Article 26 of the Company's Articles of Association the Directors shall be entitled to a remuneration which consists of (i) a fixed amount to be determined annually by the General Shareholders' Meeting for the whole Board of Directors and of (ii) attendance fees regarding the Board Meetings.

The above mentioned article also establishes the possibility of the Directors being remunerated with Company shares, share options, or other securities granting the right to obtain shares or by means of share-indexed remuneration systems. In any case, the system chosen must be approved by the General Shareholders' Meeting and comply with current legal provisions.

The total amount of the remunerations that the Company will pay to its Directors under the terms provided in the previous paragraphs shall not exceed the amount determined for that effect by the General Shareholders' Meeting. The maximum remuneration approved by the General Shareholders' Meeting, for all the members of the Board of Directors was € 2,500,000 per year.

Pursuant to Article 26.4 of the Company's Articles of Association, the rights and duties of any kind derived from the condition of Board Member shall be compatible with any other rights and obligations either fixed or variable that could correspond to the Board Members as a consequence of other employment or professional engagements, if any, carried out in the Company. Variable remuneration resulting from said contracts or from any other relationship, including being a Board Member, will be limited to a maximum annual amount to be established by the General Shareholders' Meeting.

The maximum annual remuneration approved by the General Shareholders Meeting for the variable remuneration for all the executive members of the Board of Directors was € 1,000,000 per year.

EDPR, in line with EDP Group corporate governance practice, has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for such services to some of the members of the Board of Directors to the extent their services are devoted to EDPR.

The non-executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee, and the Audit and Control Committee. Those members who are seated in two different Committees don't accumulate two remunerations. In these cases, the remuneration to be received is the one that corresponds to the highest value.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors.

No Director has entered into any contract with the Company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the Company.

In EDPR there aren't any payments for the dismissal or termination of Director's duties.

The remuneration policy for the Directors of the Company is submitted each year to the General Shareholders' Meeting for approval.

70. REMUNERATION STRUCTURE

The remuneration policy proposed by the Nominations and Remuneration Committee and approved by the General Shareholders' Meeting on April 8th, 2014 (the Remuneration Policy), defines a structure with a fixed remuneration for all members of the Board of Directors and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee.

For the period 2014-2016, it was decided to maintain the remuneration structure in terms of its components, as well as to keep the same nominal value of fixed annual component as the one in force during the 2011-2013 period, having adjusted at the end of such period the fix remuneration of the CFO, COO EU and COO NA motivated by the end of their expatriation contracts, not incurring in any cost increase to the company, revising the KPIs (Key Performance Indicators) for variable multi-annual and annual components.

71. VARIABLE REMUNERATION

Variable annual and multi-annual remuneration applies to the members of the Executive Committee.

The variable annual remuneration may range from 0 to 68% of the annual fixed remuneration and the multi-annual remuneration from 0 to 120% of the annual fixed remuneration.

For Executive Committee Members that are also Officers, there will be a qualitative evaluation of the CEO about the annual performance. This evaluation will have a weight of 20% for the final calculation in the annual variable remuneration and 32% in the multi-annual variable remuneration. The other 80% will be calculated based on the weights indicated in the next paragraph for the annual variable remuneration and 68% for the multi- annual variable.

The KPIs (Key Performance Indicators) used to determine the amounts of the annual and multi-annual variable regarding to each year of the term are aligned with the strategic grounds of the Company: growth, risk control and efficiency. These are the same for all members of the Executive Committee, although with specific targets for the platforms in the case of COO's:

Target Group	Key Performance Indicator	Weight
	Total Shareholder Return vs. Peers & PSI 20	15%
Growth	Incremental MW (EBITDA + Net Equity)	15%
	ROIC Cash %	8%
Risk - Return	EBITDA	12%
	Net Income	12%
	Technical Availability	6%
Efficiency	Opex / MW	6%
	Capex / MW	6%
	Sustainability	10%
Other	Employee satisfaction	5%
	Appreciation of the Remuneration Committee	5%

According to the Remuneration Policy approved by the General Shareholders' Meeting, the maximum variable remuneration (annual and multi-annual) is applicable if all the above mentioned KPI's were achieved and the performance evaluation is equal or above 110%.

72. MULTI-ANNUAL REMUNERATION

EDPR Shareholders approved on the last General Shareholders' Meeting that took place on April 8th, 2014, a modification in the remuneration policy to incorporate the deferral for a period of three years of the multi-annual variable remuneration, subject to the positive performance of the Company, in line with CMVM corporate governance practices.

73. VARIABLE REMUNERATION BASED ON SHARES

EDPR has not allocated variable remuneration on shares and does not maintain Company shares that the Executive Directors have had access to.

74. VARIABLE REMUNERATION BASED ON OPTIONS

EDPR has not allocated variable remuneration on options.

75. ANNUAL BONUS AND NON-MONETARY BENEFITS

The key factors and grounds for any annual bonus scheme are described on topics 71 and 72. Additionally, the Officers, with the exception of the CEO received the following non-monetary benefits: company car and Health Insurance. Given the end of the expatriation contracts of EDPR's Officers, there is no longer house allowance benefits. In 2014, the non-monetary benefits corresponded to €63,532,47.

The Directors do not receive any relevant non-monetary benefits as remuneration.

76. RETIREMENT SAVINGS PLAN

The retirement savings plan for the members of the Executive Committee that are also Officers, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary. The percentage is defined according with the retirement savings plan applicable in their home country. The retirement savings plan has been approved by the General Shareholders' Meeting on April 8th, 2014 (the Remuneration Policy included the retirement plan).

IV. REMUNERATION DISCLOSURE

77. BOARD OF DIRECTORS REMUNERATION

The remuneration paid by EDPR to the members of the Board of Directors for the year ended on December 31st 2014 was as follows:

Remuneration	Fixed (€)	Variable (€)		Total (€)
		Annual	Multi-annual	
Executive Directors:				
João Manso Neto (CEO) a)	-	-	-	-
Nuno Alves a)	-	-	-	-
Rui Teixeira b)	61,804	-	-	61,804
Gabriel Alonso b)	-	-	-	-
João Paulo Costeira b)	61,804	-	-	61,804
Non-Executive Directors:		-	-	
António Mexia a)	-	-	-	-
João Lopes Raimundo	60,000	-	-	60,000
João Manuel de Mello Franco	73,333	-	-	73,333
Jorge Santos	66,667	-	-	66,667
José Araújo e Silva	45,000	-	-	45,000
Manuel Menéndez Menéndez	45,000	-	-	45,000
Rafael Caldeira Valverde	55,000	-	-	55,000
Gilles August	45,000	-	-	45,000
João Marques da Cruz a)	-	-	-	-
Acácio Piloto	45,000	-	-	45,000

Remuneration	Fixed (€)	Variable (€)		Total (€)
		Annual	Multi-annual	
António Nogueira Leite	55,000	-	-	55,000
José Ferreira Machado	60,000	-	-	60,000
Total	673,608	-	-	673,608

a) António Mexia, João Manso Neto, Nuno Alves and João Marques da Cruz do not receive any remuneration from EDPR. EDPR and EDP signed an Executive Management Services Agreement according to which EDPR pays to EDP a fee for the services rendered by these Board Members.
b) Rui Teixeira, Gabriel Alonso and João Paulo Costeira, as Officers and members of the Executive Committee receive their remuneration as Directors and/or other Group companies' employees, as described on the table below.

According to the Executive Management Services Agreement signed with EDP, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-executive Managers. The amount due under said Agreement for the management services rendered by EDP in 2014 is € 1,107,341, of which € 1.017,341 refers to the management services rendered by the Executive Members and €90,000 to the management services rendered by the non-executive Members. The retirement savings plan for the members of the Executive Committee, excluding the Officers, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The non-executive Directors may opt between a fixed remuneration or attendance fees per meeting, in a value equivalent to the fixed remuneration proposed for a Director, taking into consideration the duties carried out.

78. REMUNERATION FROM OTHER GROUP COMPANIES

As mentioned on the 2013 Corporate Governance Report, due to the termination of the expatriation conditions of three Officers (Rui Teixeira, CFO; João Paulo Costeira, COO EU, BR & South Africa; and Gabriel Alonso COO NA & Mexico), new employment contracts were signed with other group companies, as follows:

- Rui Teixeira with EDP Energias de Portugal S.A. Sucursal en España;
- João Paulo Costeira with EDP Energias de Portugal S.A. Sucursal en España; and,
- Gabriel Alonso with EDP Renewables North America LLC.

The total remuneration of the Officers, ex-CEO, was the following:

Member	Fixed (€)	Variable (€)	
		Annual (*)	Multi-annual (*)
Rui Teixeira	228,196	75,000	235,000
João Paulo Costeira	228,196	75,000	235,000
Gabriel Alonso	301,874	75,000	235,000
Total	758,266	225,000	705,000

(*) Corresponds to the 2014 annual variable and multi annual variable 2011-2013.

79. REMUNERATION PAID IN FORM OF PROFIT SHARING AND/OR BONUS PAYMENTS

In EDPR there is no payment of remuneration in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

80. COMPENSATION FOR RESIGNED BOARD MEMBERS

In EDPR there is no compensation paid or owed to former executive Directors concerning contract termination during the financial year.

81. AUDIT AND CONTROL COMMITTEE REMUNERATION

Member	Position	Remuneration (€) (*)
Jorge Santos	Vocal / Chairman since April 8th 2014	66,667
João Manuel de Mello Franco	Chairman up to April 8th 2014 / Vocal	73,333
João Lopes Raimundo	Vocal	60,000

(*) The non-executive Directors receive only a fixed remuneration, which is calculated based on their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related-Party Transactions Committee, and/or the Audit and Control Committee.

82. REMUNERATION OF THE CHAIRPERSON OF THE GENERAL SHAREHOLDERS' MEETING

In 2014, the remuneration of the Chairman of the General Shareholders' Meeting of EDPR was € 15,000.

V. AGREEMENTS WITH REMUNERATION IMPLICATION

83-84. EDPR has no agreements with remuneration implication.

VI. SHARE-ALLOCATION AND/OR STOCK OPTION PLANS

85-88. EDPR does not have any Share-Allocation and/or Stock Option Plans.

PART I:
INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

E. RELATED-PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

89. RELATED-PARTY TRANSACTIONS CONTROLLING MECHANISMS

In order to supervise the transactions between the Group Companies' and its qualified shareholders, the Board of Directors has created the Related-Party Transactions Committee, a permanent body with delegated functions. The Related-Party Transactions Committee duties are described on topic 29 of the Report. The Audit and Control Committee also supervises the transactions with qualified shareholders when requested by the Board of Directors of the Related-Party Transactions Committee according to Article 8.2, i) of its Regulations. This information is included on the annual report of the Audit and Control. The mechanisms established on both committees regulation and also the fact that one of the members of the Related-Party Transactions Committee is member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

90. TRANSACTIONS SUBJECT TO CONTROL DURING 2014

During 2014, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

However, EDPR closed a transaction with China Three Gorges (CTG), qualified shareholder of EDP, but not of EDPR, through its subsidiary EDP Renováveis Brasil S.A. ("EDPR Brasil"), for the sale of an equity shareholding of 49% in both operational and under development wind farms in Brazil. The transaction scope covers 84 MW in operation, with an average age of 4 years, as well as 237 MW under development, remunerated according to long-term awarded contracts to sell the electricity produced for 20 years. The financial closing is pending approval of regulatory authorities in Brazil and China. For this transaction, EDPR's Audit and Control Committee issued a favourable opinion according to Recommendation V.2 of CMVM.

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

The contracts signed between EDPR and its related parties have been analysed by the Related-Party Transactions Committee according to its competences, as mentioned on the previous topic, and have been concluded according to the market conditions.

The Related Party Transactions Committee was informed that in 2014, the average value and the maximum value regarding the transactions analysed by the Committee was EUR, respectively.

The total amount of supplies and services in 2014 incurred with or charged by the EDP Group was € 16.6 million, corresponding to 6.5% of the total value of Supplies & Services for the year (€ 256.6 million).

The most significant contracts in force during 2014 are the following:

FRAMEWORK AGREEMENT

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

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

It lays down the obligation to provide EDP with any information that it may request from EDPR to fulfil its legal obligations and prepare the EDP Group's consolidated accounts. The framework agreement shall remain in effect for as long as EDP directly or indirectly owns more than 50% of the share capital of EDPR or nominates more than 50% of its Directors.

EXECUTIVE MANAGEMENT SERVICES AGREEMENT

On November 4th, 2008 EDP and EDPR signed an Executive Management Services Agreement that was renewed on May 4th, 2011 and effective from March 18th, 2011 and renewed again on May 10th, 2012.

Through this contract, EDP provides management services to EDP Renováveis, including matters related to the day-to-day running of the Company. Under this agreement EDP nominates four people from EDP to be part of EDPR's Management: i) two Executive Managers which are members of the EDPR Executive Committee, including the CEO, and (ii) two Non-Executive Managers, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting. Under this contract, EDPR incurred an amount of EUR1,107,341 for the management services rendered in 2014.

POTENTIAL ACQUISITION OF 45% OF THE SHARE CAPITAL OF EDP RENOVÁVEIS BRASIL S.A. BY EDP RENOVÁVEIS S.A.

EDP Renováveis, S.A. ("EDPR") and EDP Energias do Brasil, S.A. ("EDP Brasil") have signed a Memorandum of Understanding ("MoU") envisaging the acquisition by EDPR of 45% of the share capital of EDP Renováveis Brasil, S.A. ("EDPR Brasil") controlled by EDP Brasil. Following this transaction EDPR will control 100% of the share capital of EDPR Brasil. The purchase price to be paid will be agreed between the parties in consideration of the value attributed to EDPR Brasil and its subsidiaries and certified by a fairness opinion issued by a renowned financial institution Completion of this transaction is subject to regulatory approval and other customary closing conditions, and is expected to occur until the end of the first half of 2015.

FINANCE AGREEMENTS AND GUARANTEES

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

LOAN AGREEMENTS

EDPR (as the borrower) has loan agreements with EDP Finance BV (as the lender), a Company 100% owned by EDP Energias de Portugal S.A. Such loan agreements can be established both in EUR and USD, usually have a 10-year tenor and are remunerated at rates set at an arm's length basis. As of December 31st 2014, such loan agreements totalled EUR 1,451,042,386 and USD 1,836,699,611.

COUNTER-GUARANTEE AGREEMENT

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

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As of December 31st 2014, such counter-guarantee agreements totalled € 34,181,464 and USD 211,500,000.

There is another counter-guarantee agreement signed, under which EDP Energias do Brasil, SA or EDPR undertakes on behalf of EDPR Brasil, to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDPR executive board. Each party undertakes to indemnify the other pro-rata to its stake of any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. As of December 31st 2014, such counter-guarantee agreements totalled BRL 87,858,811.

CURRENT ACCOUNT AGREEMENT

EDP Servicios Financieros España SLU and EDPR signed an agreement through which EDP Servicios Financieros España manages EDPR's cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As of December 31st 2014, there are two different current accounts with the following balance and counterparties:

- in USD, EDPR SF with EDP SFE for a total amount of €32,308,521 in favour of EDPR SF;
- in EUR, EDPR SF with EDP SFE for a total amount of €136,625,957 in favour of EDPR SF.

The agreements in place are valid for one year as of date of signing and are automatically renewable for equal periods.

CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investment in EDPR NA, EDPR Brazil, and Polish companies, EDPR's accounts were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDPR settled the following Cross Currency Interest Rate Swap (CIRS):

- in USD/EUR, with EDP Sucursal for a total amount of USD 2,632,613,000;
- in BRL/EUR, with EDP Energias de Portugal SA for a total amount of BRL 118,000,000;
- in PLN/EUR, with EDP Energias de Portugal SA for a total amount of PLN 710,132,653.

HEDGE AGREEMENTS – EXCHANGE RATE

EDP Energias de Portugal S.A., EDPR and EDP Servicios Financieros España SLU entered into several hedge agreements with the purpose of managing the transaction exposure related with the short term positions in the North American, Polish, and Romanian subsidiaries, fixing the exchange rate for EUR/USD, EUR/PLN and EUR/RON in accordance to the prices in the forward market in each contract date. As of December 31st 2014, the total amount of Forwards and Non Delivery Forwards by geography and currency are as following:

- Polish operations, for EUR/PLN, a total amount of PLN 218,036,836 (NDFs) and PLN 156,608,820 (FWDs);
- Romanian operations, for EUR/RON a total amount of RON 63,648,349 (FWDs);
- US operations, for EUR/USD a total amount of USD 329,000,000 (NDF).

HEDGE AGREEMENTS – COMMODITIES

EDP and EDPR EU entered into hedge agreements for 2014 for a total volume of 1.802.056 MWh (sell position) and 612.230 MWh (buy position) at the forward market price at the time of execution related with the expected sales of energy in the Spanish market..

CONSULTANCY SERVICE AGREEMENT

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

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2014 the estimated cost of these services is €2,407,776. This was the total cost of services provided for EDPR, EDPR EU, and EDPR NA.

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

RESEARCH AND DEVELOPMENT AGREEMENT

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

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

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

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

MANAGEMENT SUPPORT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS PORTUGAL S.A., AND EDP VALOR – GESTÃO INTEGRADA DE RECURSOS S.A.

On January 1st, 2003, EDPR - Promoção e Operação S.A., and EDP Valor – Gestão Integrada de Recursos S.A. (hereinafter EDP Valor), an EDP Group Company, signed a management support service agreement.

The object of the agreement is the provision to EDPR – Promoção e Operação S.A. by EDP Valor of services in the areas of procurement, economic and financial management, fleet management, property management and maintenance, insurance, occupational health and safety, and human resource management and training.

The remuneration paid to EDP Valor by EDPR Promoção e Operação S.A. and its subsidiaries for the services provided in 2014 totalled €797,062,29. The initial duration of the agreement was five (5) years from date of signing and it was tacitly renewed for a new period of five (5) years on January 1st, 2008.

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

INFORMATION TECHONOLOGY MANAGEMENT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS S.A. AND EDP ENERGIAS DE PORTUGAL S.A.

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

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

The amount incurred for the services provided in 2014 totalled €265,293,77.

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

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

REPRESENTATION AGREEMENT WITH HIDROELÉTRICA DEL CANTÁBRICO S.A. FOR THE EDP RENOVÁVEIS S.A. PORTFOLIO IN SPAIN

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

The object of this agreement was to provide EDPR representation services in the market and risk management for a fix tariff based in volume (€0.12/MWh) in the electricity market.

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

CONSULTANCY AGREEMENT BETWEEN EDP RENOVÁVEIS BRASIL S.A., AND EDP ENERGIAS DO BRASIL S.A.

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

The amount incurred to EDP Brasil for the services provided in 2014 totalled BRL 41,916,35.

The amount incurred in 2014 is significantly lower comparing with 2013 since most of the services in the scope of this contract have been internalized in EDPR Brasil.

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

SUPPLY SERVICES AND INFRA-STRUCTURES AGREEMENT BETWEEN EDP RENEWABLES EUROPE S.L.U, HIDROCANTÁBRICO DISTRIBUCIÓN ELÉCTRICA S.A.U AND HIDROELÉCTRICA DEL CANTÁBRICO S.A.

On January 10th, 2012 EDP Renewables Europe S.L.U, Hidrocantábrico Distribución Eléctrica S.A.U (HCDE) and Hidroeléctrica del Cantábrico S.A. signed a supply services and infra-structures agreement.

The object of this agreement is the provision to EDPR Europe S.L.U of communication services and technical assistance related to the infra-structures of energy production.

The amount incurred to HCDE for the services provided in 2014 totalled € 20,095,54.

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

91. DESCRIPTION OF THE PROCEDURES APPLICABLE TO THE SUPERVISORY BODY FOR THE ASSESSMENT OF THE BUSINESS DEALS

The most significant contracts signed between EDPR and its Qualified Shareholders are analysed by the Related-Party Transactions Committee according to its competences, as mentioned on topic 89 of the report and by the Audit and Control Committee when requested.

According to Article 9.1 c) of the Related-Party Transactions Committee Regulation, the committee analyses and supervises, according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to € 1.000.000. This information is included on the annual report of the Audit and Control Committee regarding those cases whose previous opinion was requested. The mechanisms established on both committees regulations and also the fact that one of the members of the Related-Party Transactions Committee is a member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

II. DATA ON BUSINESS DEALS

92. DETAILS OF THE PLACE WHERE THE FINANCIAL STATEMENTS INCLUDING INFORMATION ON BUSINESS DEALINGS WITH RELATED PARTIES ARE AVAILABLE, IN ACCORDANCE WITH IAS 24, OR ALTERNATIVELY A COPY OF SAID DATA.

The information on business dealings with related parties is available on Note 37 of the Financial Statements.

PART II:

CORPORATE GOVERNANCE ASSESSMENT

1. DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

According to article 2 of CMVM Regulation 4/2013, EDPR informs that the present Report has been drafted under the Recommendations of CMVM'S Corporate Governance Code published on July, 2013.

The CMVM Corporate Governance Code and its Regulations are available at CMVM website, www.cmvm.pt.

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

The following table shows the CMVM recommendations set forth in the code and indicates EDPR's compliance with it and the place in this report in which they are described in more detail.

During 2014, EDPR has continued its consolidation task as to the Company's governance principles and practices. The high level of compliance with the best governance practices by EDPR was once again recognised by an independent study developed in 2014 by the Universidade Católica Portuguesa (Portuguese Catholic University) at the request of AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado (Portuguese Listed Companies Association), within which the Company was given the maximum rating – AAA - based on the Company's 2013 Governance Report and compliance with the abovementioned CMVM Recommendations.

Also in order to comply with the Recommendation II.2.5 of the Portuguese Corporate Governance Code, and according to the results of the reflection made by the Audit and Control Committee, the governance model that was adopted has been ensuring an effective performance and articulation of EDPR Social Bodies and proved to be adequate to the Company's governance structure without any constraints to the performance of its checks and balances system adopted to justify the changes made in the Governance practices of EDPR.

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

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

#.#.	**CMVM RECOMMENDATIONS**
Statement of compliance	
I.	**VOTING AND CORPORATE CONTROL**
I.1. ***Adopted***	Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.
Chapter B – I, b), topic 12 and 13	
I.2. ***Adopted***	Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.
Chapter B – I, b), topic 14	
I.3. ***Adopted***	Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.
Chapter B – I, b) topic 14	
I.4. ***Not Applicable***	The Company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.
Chapter A – I, topic 5	

#.#.	CMVM RECOMMENDATIONS
I.5. Adopted	Measures that require payment or assumption of fees by the Company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board Members, shall not be adopted.

Chapter A – I, Topic 2 and 4

II.	SUPERVISION, MANAGEMENT AND OVERSIGHT
II.1.	SUPERVISION AND MANAGEMENT
II.1.1. Adopted	Within the limits established by law, and except for the small size of the Company, the board of Directors shall delegate the daily management of the Company and said delegated powers shall be identified in the Annual Report on Corporate Governance.

Chapter B – II, Topic 21, 28 and 29

II.1.2. Not Applicable	The Board of Directors shall ensure that the Company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the Company, ii) define business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.

("According to the previous wording of the Spanish Companies Law, the matters referred to in this recommendation could be delegated by the Board of Directors on the Executive Committee. On December 24th, 2014, a new wording of the Spanish Companies Law, Ley 31/2014, entered into force introducing modifications regarding the delegation of powers by the Board of Directors (articles 249 bis and 529 ter). This new wording is applicable from 2015 onwards. On the next General Shareholders' Meeting foreseeing to take place on April 9th, 2015, will be submitted to the shareholders' approval a proposal for the modification of some of the Clauses of EDPR's Articles Association. One of those modifications is that the Board of Director will not be able to delegate these responsibilities")

II.1.3. Not Applicable	The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the Company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the Company.

(The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.)

II.1.4. Adopted	Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive Directors and its own overall performance, as well as of other committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.

Chapter B – II, C), Topic 27, 28 and 29

II.1.5. Adopted	The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.

Chapter B – III, C), III – Topic 52, 53, 54 and 55

II.1.6. Adopted	The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.

Chapter B – II, Topic 18 and Topic 29

#.#.	CMVM RECOMMENDATIONS
II.1.7. ***Adopted***	Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the Company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the Company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the Company or at a Company holding a controlling or group relationship within the last three years; b. Having, in the past three years, provided services or established commercial relationship with the Company or Company with which it is in a control or group relationship, either directly or as a partner, board member, manager or Director of a legal person; c. Being paid by the Company or by a Company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of Board Members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder.
Chapter B – II, Topic 18	
II.1.8. ***Adopted***	When Board Members that carry out executive duties are requested by other Board Members, said shall provide the information requested, in a timely and appropriate manner to the request.
Chapter B – II, C) - Topic 29	
II.1.9. ***Adopted***	The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairperson of the Financial Matters Board, the convening notices and minutes of the relevant meetings.
Chapter B – II, C) - Topic 29	
II.1.10. ***Not applicable***	If the chair of the board of Directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.
(The Chairperson of EDPR's Board of Directors does not have executive duties) *Chapter B – II, A) – Topic 18*	
II.2	**SUPERVISION**
II.2.1. ***Adopted***	Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.
Chapter B – II – Topic 18; Chapter B – II, C) - Topic 29; and Chapter B – III, A) – Topic 32	
II.2.2. ***Adopted***	The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company
Chapter B – C), Topic 29; and Chapter B – V, Topic 45	
II.2.3. ***Adopted***	The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.
Chapter B – II, Topic 29; Chapter B – III, C) – Topic 38; and Chapter B – III – V, Topic 45	
II.2.4. ***Adopted***	The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.
Chapter B – II, Topic 29; and Chapter B – III, C) – III, Topic 50 and 51	
II.2.5. ***Adopted***	The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the Company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.
Chapter B – II, Topic 29	

#.#.	CMVM RECOMMENDATIONS
II.3.	**REMUNERATION SETTING**
II.3.1. **Adopted**	All members of the Remuneration Committee or equivalent should be independent from the executive Board Members and include at least one member with knowledge and experience in matters of remuneration policy.
Chapter D – II – Topic 67 and 68	
II.3.2. **Not Applicable**	Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of Directors, the board of Directors of the Company itself or who has a current relationship with the Company or consultant of the Company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.
Chapter D – II – Topic 67	
II.3.3. **Adopted**	A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies; b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, incurred to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of Board Members.
Chapter D – III – Topic 69	
II.3.4. **Not Applicable**	Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to Board Members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.
Chapter V – III, Topic 73 and 85-88	
II.3.5. **Adopted**	Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.
Chapter D – III, Topic 76	

III.	**REMUNERATION**
III.1. **Adopted**	The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.
Chapter D – III, Topic 69, 70, 71 and 72	
III.2. **Adopted**	The remuneration of non-executive Board Members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the Company or of its value.
Chapter D – III, Topic 69; and Chapter D – IV, Topic 77	
III.3. **Adopted**	The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.
Chapter D – III, Topic 71 and 72	
III.4. **Adopted**	A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the Company during that period.
Chapter D – III, Topic 72	
III.5. **Adopted**	Members of the Board of Directors shall not enter into contracts with the Company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the Company.
Chapter D – III, Topic 72	
III.6. **Not Applicable**	Executive Board Members shall maintain the Company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.
Chapter D – III, Topic 73	

#.#.	CMVM RECOMMENDATIONS
III.7. Not Applicable	When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.
Chapter D – III, Topic 74	
III.8. ***Adopted***	When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the Company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.
Chapter D – III, Topic 69 and 72	

IV.	AUDITING
IV.1. ***Adopted***	The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.
Chapter B – III – V, Topic 45	
IV.2. ***Adopted***	The Company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the Company.
Chapter B – III – V, Topic 46	
IV.3. ***Adopted***	Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.
Chapter B – III – V, Topic 44	

V.	CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS
V.1. ***Adopted***	The Company's business with holders of qualifying holdings or entities, with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.
Chapter B – C), Topic 90	
V.2. ***Adopted***	The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.
Chapter B – C), Topic 89 and 91	

VI.	INFORMATION
VI.1. ***Adopted***	Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.
Chapter B – C) – V, Topics 59-65	
VI.2. ***Adopted***	Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.
Chapter B – C) – IV, Topic 56	

ANNEX - PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

ANTONIO MEXIA
Born: 1957

Current positions in EDPR or EDP group of companies:
- Chairman of the Board of Directors of EDP Renováveis SA
- Chairman of the Executive Board of Directors of EDP Energias de Portugal SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Energias do Brasil SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the General Supervisory Board of Banco Comercial Português (BCP), 2008

Main positions in the last five years:
- Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government
- Chairman of the Portuguese Energy Association (APE)
- Executive Chairman of Galp Energia
- Chairman of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico
- Vice-Chairman of the Board of Directors of Galp Energia
- Chairman of the Board of Directors of Gás de Portugal and Transgás
- Director of Banco Espírito Santo de Investimentos
- Vice-Chairman of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade)
- Assistant to the Secretary of State for Foreign Trade

Other previous positions:
- Assistant Lecturer in the Department of Economics at Université de Genève (Switzerland)

Education:
- BSc in Economics from Université de Genève (Switzerland)
- Postgraduate lecturer in European Studies at Universidade Católica

JOAO MANSO NETO
Born: 1958

Current positions in EDPR or EDP group of companies:
- Executive Vice-Chairman of the Board of Directors and Chairman of the Executive Committee (CEO) of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Renewables Europe SL, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros S.L.
- Executive Director of EDP Energias de Portugal SA, Hidroeléctrica del Cantábrico SA, EDP Energía Gás SL, EDP Energia Ibérica SA, Naturgás Energia Grupo SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Gás.com Comércio de Gás Natural SA and ENEOP Eólicas de Portugal SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL)
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A

Main positions in the last five years:
- Member of the Executive Board of Directors of EDP Energias de Portugal SA
- Chairman of EDP Gestão da Produção de Energia SA
- CEO and Vice-Chairman of Hidroeléctrica del Cantábrico SA
- Vice-Chairman of Naturgás Energia Grupo SA
- Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL)
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal) SGPS SA

Other previous positions:
- Head of the International Credit Division, and General Manager responsible for Financial and South Retail areas at Banco Português do Atlântico,
- General Manager of Financial Management, General Manager of Large Corporate and Institutional Businesses, General Manager of the Treasury, Member of the Board of Directors of BCP Banco de Investimento and Vice-Chairman of BIG Bank Gdansk in Poland at Banco Comercial Português
- Member of the Board of Banco Português de Negócios
- General Manager and Member of the Board of EDP Produção

Education:
- Degree in Economics from Instituto Superior de Economia
- Post-graduate degree in European Economics from Universidade Católica Portuguesa
- Professional education course through the American Bankers Association (1982), the academic component of the Master's Degree program in Economics at the Faculty of Economics, Universidade Nova de Lisboa
- Advanced Management Program for Overseas Bankers at the Wharton School in Philadelphia

NUNO ALVES
Born: 1958

Current positions in EDPR or EDP group of companies:
- Executive Member of the Board of Directors and Member of the Executive Committee of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Estudos e Consultoria SA, EDP Imobiliária e Participações SA, Energia RE SA, Sãvida Medicina Apoiada SA, SCS Serviços Complementares de Saúde SA
- Executive Director of EDP Energias de Portugal SA, EDP Energias do Brasil SA and Hidroeléctrica del Cantábrico SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Manager of Balwerk Consultadoria Económica e Participações Sociedade Unipessoal Lda

Main positions in the last five years:
- Member of the Executive Board of Directors of EDP Energias de Portugal SA (CFO)

Other previous positions:
- In 1988, he joined the Planning and Strategy Department of Millennium BCP
- Associate Director of the Millennium BCP bank's Financial Investments Division
- Investor Relations Officer for the Millennium BCP Group
- Coordinating Manager of Millennium BCP Retail network
- Head of the Capital Markets Division of Millennium BCP Investimento
- Co-Head of Millennium BCP Investment Banking Division
- Chairman and CEO of CISF Dealer, the brokerage arm of Millennium BCP Investimento
- General Manager of Millennium BCP
- Executive Board Member of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets

Education:
- Degree in Naval Architecture and Marine Engineering
- Master in Business Administration by the University of Michigan

RUI TEIXEIRA
Born: 1972

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors, Member of the Executive Committee and Chief Financial Officer of EDP Renováveis SA
- Director of EDP Renewables Canada Ltd, EDP Renewables Europe SL, EDP Renewables Polska SP zoo, EDP Renewables SGPS SA, EDP Renewables UK Ltd, EDP Renováveis Brasil SA, EDP Renováveis Portugal SA, EDP Renováveis Servicios Financieros SL, EDPR PT Promoção e Operação SA and South Africa Wind & Solar Power SLU

Current positions in companies outside EDPR and EDP group of companies:
(none)
Main positions in the last five years:
- Chief Financial Officer of EDP Renováveis SA
- Member of the Executive Committee of EDP Renováveis SA
- Member of the Board of Directors of EDP Renováveis SA

Other previous positions:
- Assistant Director of the commercial naval department of Gellweiler - Sociedade Equipamentos Marítimos e Industriais, Lda
- Project Manager and ship surveyor for Det Norske Veritas, with responsibilities for offshore structures, shipbuilding, and ship repair
- Consultant at McKinsey & Company, focussing on energy, shipping, and retail banking
- Head of the Corporate Planning and Control within the EDP Group
- Chief Financial Officer of EDP Renewables Europe SL (former NEO)

Education:
- Master of Science degree in Naval Architecture and Marine Engineering from the Institute Superior Técnico de Lisboa
- Master in Business and Administration from the Universidade Nova de Lisboa
- Advance Management Program from Harvard Business School

GABRIEL ALONSO
Born: 1973

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for North America of EDP Renováveis SA
- Director of EDP Renewables North America LLC and EDP Renewables Canada Ltd

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of Directors and of the Executive Committee of the American Wind Energy Association (AWEA)

Main positions in the last five years:
- Chief Operating Officer for North America of EDP Renováveis SA
- Member of the Executive Committee of EDP Renováveis SA
- Member of the Board of Directors of EDP Renováveis SA

Other previous positions:
- He joined EDP in early 2007 as Managing Director for North America
- Chief Development Officer (CDO) and Chief Operating Officer (COO) of EDPR NA

Education:
- Law Degree and a Master of Science Degree in Economics, each from the University of Deusto in Spain
- Advanced Management Program at The University of Chicago Booth School of Business

JOAO PAULO COSTEIRA
Born: 1965

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for Europe & Brazil of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Renewables Italia SRL, EDP Renewables France Holding SA, EDP Renewables SGPS SA, EDP Renewables South Africa Ltd, EDP Renováveis Portugal SA, EDPR PT Promoção e Operação SA, ENEOP 2 SA, Greenwind SA and South Africa Wind & Solar Power SLU
- Director of EDP Renewables Europe SL, EDP Renewables Polska SP zoo, EDP Renewables Romania SRL, EDP Renewables UK Ltd, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros SL

Current positions in companies outside EDPR and EDP group of companies:
(none)
Main positions in the last five years:
- Chief Operating Officer for Europe, Brazil and South Africa of EDP Renováveis SA
- Member of the Executive Committee of EDP Renováveis SA
- Member of the Board of Directors of EDP Renováveis SA

Other previous positions:
- Commercial Director of Portgás
- General Manager of Lisboagás (Lisbon's Natural Gás LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), and Managing Director of Lusitaniagás (Natural gas LDC) at Galpenergia Group (Portugal's National Oil & Gas Company
- Member of the Management Team of GalpEmpresas and Galpgás
- Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain)

Education:
- Degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto
- Master in Business Administration by IEP/ESADE (Oporto and Barcelona)
- Executive Development Program at École des HEC (Université de Lausanne)
- Strategic Leadership Development Program at INSEAD (Fontainebleau)
- Advanced Management Program of IESE (Barcelona)

JOAO LOPES RAIMUNDO
Born: 1960

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors and of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- CEO and Board Member of Millennium BCP Capital SA
- Chairman of the Board of BCP Holdings (USA), Inc., General Manager of Banco Comercial Português
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS SA
- Member of the Investment Committees of the Fundo Revitalizar Norte, FCR (managed by Explorer Investments, SCR SA), Fundo Revitalizar Centro, FCR (Managed by Oxy Capital, SCR, SA) and Fundo Revitalizar Sul, FCR (Managed by Capital Criativo, SCR SA)

Main positions in the last five years:
- Member of the Board of Directors of CIMPOR - Cimentos de Portugal, SGPS SA
- Managing Director of Millennium BCP's Investment Banking Division

Other previous positions:
- Senior auditor of BDO—Binder Dijker Otte Co.
- Director of Banco Manufactures Hanover (Portugal) SA
- Member of the Boards of TOTTAFactor SA (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS SA In 1993, held positions with Nacional Factoring, da CISF - Imóveis and CISF Equipamentos
- Director of CISF - Banco de Investimento
- Member of the Board of Directors of Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing and Nacional Factoring
- Member of the Board of Directors of BCP Leasing, BCP Factoring and Leasefactor SGPS
- Chairman of the Board of Directors of Banque BCP (Luxemburg)
- Chairman of the Executive Committee of Banque BCP (France)
- Member of the Board of Banque Privée BCP (Switzerland)
- General Manager of BCP's Private Banking Division
- Member of the Board of Directors of Banco Millennium BCP de Investimento SA
- General Manager of Banco Comercial Português SA
- Vice-Chairman of the General Assembly Board of Millennium Angola
- Vice-Chairman and CEO of Millennium BCP Bank NA (USA)

Education:
- BSc in Business Administration from Universidade Católica Portuguesa
- Master in Business Administration from INSEAD

JOAO MANUEL DE MELLO FRANCO
Born: 1946

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors, Chairman of the Nominations and Remunerations Committee, Member of the Audit and Control Committee and Member of the Related-Party Transactions Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Chairman of the Board of Directors of Portugal Telecom SGPS, SA.
- Member of the Evaluation Committee of Portugal Telecom SGPS SA
- Member of the Board of Villas Boas ACP – Corretores de Seguros, Lda

Main positions in the last five years:
- Chairman of the Audit Committee of Sporting Clube de Portugal SAD

Other previous positions:
- Member of the Board of Directors of Tecnologia das Comunicações, Lda
- Chairman of the Board of Directors of Telefones de Lisboa e Porto SA
- Chairman of Associação Portuguesa para o Desenvolvimento das Comunicações
- Chairman of the Board of Directors of Companhia Portuguesa Rádio Marconi
- Chairman of the Board of Directors of Companhia Santomense de Telecomunicações e da Guiné Telecom
- Vice-Chairman of the Board of Directors and CEO of Lisnave (Estaleiros Navais) SA
- CEO and Chairman of the Board of Directors of Soponata
- Director and Member of the Audit Committee of International Shipowners Reinsurance Co SA
- Vice-Chairman of José de Mello Imobiliária SGPS SA
- Chairman of the Audit Committee, Member of the Corporate Governance Committee, Member of the Evaluation Committee and Member of the Remuneration Committee of Portugal Telecom SGPS SA

Education:
- BSc in Mechanical Engineering from Instituto Superior Técnico de Lisboa
- Certificate in strategic management and company boards
- Holder of a grant of Junta de Energia Nuclear

JORGE SANTOS
Born: 1951

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors and Chairman of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- President of the General Assembly of IDEFE
- Director at "Fundação Económicas"
- Coordinator of the Master Program in Economics of ISEG

Main positions in the last five years:
- President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade de Lisboa (ISEG)

Other previous positions:
- Coordinator of the committee for evaluation of the EC Support Framework II
- Member of the committee for the elaboration of the ex-ante evaluation of the EC Support Framework III. From 1998 to 2000
- Chairman of the research unit "Unidade de Estudos sobre a Complexidade na Economia (UECE)"
- Chairman of the scientific council of Instituto Superior de Economia e Gestão (ISEG) of the Universidade de Lisboa
- Coordinator of the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal

Education:
- Degree in Economics from Instituto Superior de Economia e Gestão
- Master degree(MSc) in Economics from the University of Bristol
- Ph.D. in economics from the University of Kent
- Doctorate Degree in Economics from the Instituto Superior de Economia e Gestão of Universidade de Lisboa

JOSE ARAUJO E SILVA
Born: 1951

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Consultant
- Professor at Católica Oporto Business School

Main positions in the last five years:
- Member of the Executive Committee of Rádio e Televisão de Portugal (RTP)
- Member of the Executive Board of Caixa Geral Depósitos SA
- Chairman of Caixa Seguros e Saúde
- Non-Executive Board Member of Banco Caixa Totta de Angola
- Non-Executive Board Member of AdP – Águas de Portugal SGPS
- Non-Executive Board Member of Artlant, SA

Other previous positions:
- Executive Board Member of Corticeira Amorim SGPS
- CFO and Controler, Sonae Industria
- CFO Sonae Investimentos SGPS
- Executive Board Member, Tafisa, Sonae Industria - Spain
- Executive Committee, Sonae Participações Financeiras; CEO MDS – In Company Risk management & Insurance Broker services
- Vice-Chairman Sonae Industria
- International Department Banco Espírito Santo
- Professor at FEUP and Católica University

Education:
- Faculdade Economia, University Porto (FEP)
- Post-Graduation University Paris IX, Dauphine and International Banker's Course, Midland Bank, London

MANUEL MENENDEZ MENENDEZ
Born: 1960

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Chairman of the Board of Directors Hidroeléctrica del Cantábrico SA
- Chairman of the Board of Directors of Naturgás Energía Grupo SA

Current positions in companies outside EDPR and EDP group of companies:
- CEO of Liberbank SA

Main positions in the last five years:
- Chairman and CEO of Liberbank SA
- Chairman of Banco de Castilla-La Mancha
- Chairman of Cajastur
- Chairman of Hidroeléctrica del Cantábrico SA
- Chairman of Naturgás Energía Grupo SA
- Member of the Board of Directors of EDP Renewables Europe SL
- Representative of Peña Rueda, SL in the Board of Directors of Enagas SA
- Member of the Board of Confederación Española de Cajas de Ahorro (CECA)
- Member of the Board of UNESA

Other previous positions:
- University Professor in the Department of Business Administration and Accounting at the University of Oviedo

Education:
- BSc in Economics and Business Administration from the University of Oviedo
- PhD in Economic Sciences from the University of Oviedo

RAFAEL CALDEIRA VALVERDE
Born: 1953

Current positions in EDPR or EDP group of companies:
- Member of the Board and Member of the Nominations and Remuneration Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Executive Vice-Chairman of the Board of Directors of Banco Espírito Santo de Investimento

Main positions in the last five years:
- Executive Vice-Chairman of the Board of Directors of Banco Espírito Santo de Investimento
- Vice-Chairman and Member of the Executive Committee of Banco Espírito Santo de Investimento, SA
- Member of the Board of Directors of BES Investimento do Brasil SA - Banco de Investimento
- Member of the Board of Directors of ESSI S.G.P.S. SA
- Member of the Board of Directors of ESSI Comunicações SGPS SA
- Member of the Board of Directors of ESSI Investimentos SGPS SA
- Member of the Board of Directors of Espírito Santo Investment Holdings Limited
- Member of the Board of Directors of EDP Renováveis SA
- Member of the Supervisory Board of Academia de Música de Sta. Cecília
- Vice-Chairman of Federação Portuguesa de Rugby
- Member of the Supervisory Board TRANS-POR

Other previous positions:
- Lecturer of Economics at the Universidade de Economia de Coimbra (1976-78)
- Manager at Instituto do Investimento Estrangeiro

Education:
- BSc in Economics from the Instituto de Economia da Faculdade Técnica de Lisboa

GILLES AUGUST
Born: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Lawyer and founder of August & Debouzy Law Firm
- Lecturer at École Supérieure des Sciences Economiques et Commerciales, at Collège de Polytechnique and at CNAM (Conservatoire National des Arts et Métiers)

Main positions in the last five years:
- Lawyer and founder of August & Debouzy Law Firm

Other previous positions:
- Lawyer at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC
- Associate and later became Partner at Baudel, Salés, Vincent & Georges Law Firm in Paris
- Partner at Salés Vincent Georges

Knight of thé Légion d'Honneur and Officer in thé Ordre National du Mérite

Education:
- Master in Laws from Georgetown University Law Center in Washington DC (1986)
- Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984)
- Master in Private Law from the same University (1981)
- Graduated from the École Supérieure des Sciences Economiques et Commerciales (ESSEC)

JOAO MARQUES DA CRUZ
Born: 1958

Current positions in EDPR or EDP group companies:
- Member of the Board of Directors of EDP Renováveis SA
- Executive Director of EDP Energias de Portugal SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of Companhia de Eletricidade de Macau CEM SA, EDP Ásia Investimentos e Consultoria Lda, EDP Ásia Soluções Energéticas Lda, EDP Internacional S.A.

Current positions in companies outside EDPR and EDP group of companies:
- Chairman of the Board of Directors of CEM – Macao Electrical Company

Main positions in the last five years:
- Member of the Board of EDP Internacional SA
- Chairman of the Board of Directors of CEM – Macao Electrical Company
- Member of the Executive Board of Directors of EDP Energias de Portugal SA

Other previous positions:
- General Director at TAP Group (Transportes Aéreos de Portugal)
- Member of the Board of TAPGER
- Member of the Board of several companies within the CP – Portuguese Railways, namely EMEF.
- CEO of AirLuxor between 2002 and 2005.
- Chairman and CEO of ICEP (later AICEP), Portuguese State Owned Agency for International Trade and Promotion

Education:
- Degree in Management at the Lisbon's ISE (Technical University of Lisbon) - Instituto Superior de Economia da Universidade Técnica de Lisboa.
- MBA in Management at the Technical University of Lisbon - Universidade Técnica de Lisboa
- Post-Graduation in Marketing and Management of Airlines at Bath University / International Air Travel Association – United Kingdom

ACACIO PILOTO
Born: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
(none)

Main positions in the last five years:
- Member of the Board of Directors and Member of the Audit Committee of INAPA IPG SA
- Millennium BCP General Manager responsible for the Asset Management business
- CEO of Millennium Gestão de Activos SGFIM
- Chairman of Millennium SICAV
- Chairman of BII International

Other previous positions:
- International Division of Banco Pinto e Sotto Mayor
- International and Treasury Division of Banco Comercial Português
- Head of International Corporate Banking
- Head of Treasury and Capital Markets Division at CISF- Banco de Investimento (BCP investment bank)
- Seconded to the Groups Subsidiary in charge of Asset Management, AF Investimentos, joining its Executive Committee and acting as Chairman of the following group companies: AF Investimentos, Fundos Mobiliários; AF Investimentos, Fundos Imobiliários; BPA Gestão de Patrimónios; BCP Investimentos International; AF Investimentos International and Prime International and member of the Executive Committee
- Executive Board Member of BCP - Banco de Investimento, in charge of Investment Banking
- Head of Treasury and Capital Markets of BCP – Banco de Investimento

Education:
- Law degree by the Law School of Lisbon University
- During 1984 and 1985 he was a scholar from the Hanns Seidel Foundation, Munich were he obtained a Post- Graduation in Economic Law by Ludwig Maximilian University
- Post- Graduation in European Community Competition Law by Max Planck Institut
- Trainee at the International Division of Bayerische Hypoteken und Wechsel Bank
- Professional education courses, mostly in banking and financial management, namely the International Banking School (Dublin, 1989), the Asset and Liability Management Seminar (Merrill Lynch International) and the INSEAD Executive Program (Fontainebleau)

ANTONIO NOGUEIRA LEITE
Born: 1962

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors and Member of the Nominations and Remunerations Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board at HipogesIberia--Advisory, SA
- Director of MP - Microprocessador, SA
- Member of the Advisory Committee at Incus Capital Advisors
- Vice-President of "Fórum para a Competitividade"

Main positions in the last five years:
Group Caixa Geral de Depósitos (Portugal's largest banking group):
- Vice-Chairman of the Executive Committee of Caixa Geral de Depósitos SA
- Chairman of the Board Caixa Banco de Investimento SA, Caixa Capital SCR SGPS SA, Caixa Leasing e Factoring SA, Partang SGPS SA

Group José de Mello (one of Portugal's leading private groups):
- Director of José de Mello Investimentos and General Manager of José de Mello SGPS SA
- Director of Companhia União Fabril CUF SGPS SA, Quimigal SA (2002-2006), CUF - Químicos Industriais SA, ADP SA – CUF – Adubos, SEC SA, Brisa SA, Efacec Capital SGPS SA, Comitur SGPS SA, Comitur Imobiliária SA, José de Mello Saúde SGPS SA
- Chairman of the Board of OPEX SA (2003 -2011)
- Member of the Advisory Council of IGCP, Portugal's National Debt Agency, (2002-2011)

Other previous positions:
- Director of Soporcel SA (1997-1999)
- Director of Papercel SGPS SA (1998-1999)
- Director of MC Corretagem SA (1998-1999)
- Chairman of the Board, Lisbon Stock Exchange (1998-9)
- Secretary of State for Treasury and Finance and Alternate Governor (IMF, EBRD, EIB, WB)
- Member of the Economic and Financial Committee of the European Union

Education:
- Degree, Universidade Católica Portuguesa, 1983
- Masters of Science in Economics, University of Illinois at Urbana-Champaign
- Ph.D. in Economics, University of Illinois at Urbana-Champaign

JOSE FERREIRA MACHADO
Born: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board and Chairman of the Related-Party Transactions Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Dean of Nova School of Business and Economics (Nova SBE), Universidade Nova de Lisboa

Main positions in the last five years:
- Professor of Economics, Associate Professor, Assistant Professor and Teaching Assistant at Nova SBE
- Visiting Assisting Professor at University of Illinois at Urbana Champaign
- Consultant at GANEC
- Op-ed columnist at O Sol

Other previous positions:
- Associate Dean at Nova SBE
- Consultant for the Research Department at Banco de Portugal
- Member of the Advisory Board of Instituto de Gestão de Crédito Público

Education:
- Degree in Economics by Universidade Técnica de Lisboa
- Agregacão (Habilitation) in Statistics and Econometrics by Universidade Nova de Lisboa
- PhD in Economics by the University of Illinois at Urbana-Champaign

SECRETARY OF THE BOARD OF DIRECTORS

EMILIO GARCIA-CONDE NORIEGA
Born: 1955

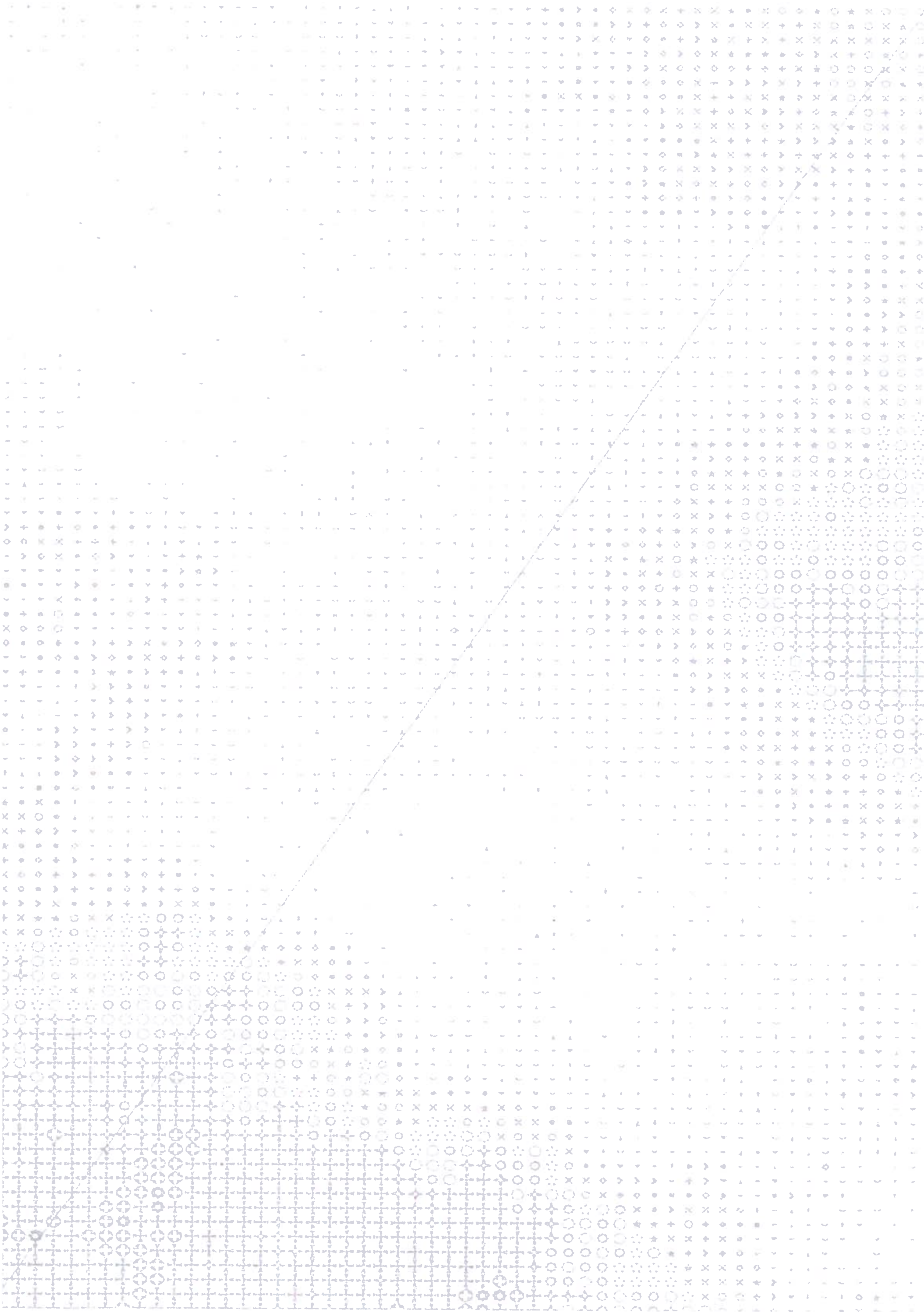
Current positions in EDPR or EDP group of companies:
- General Secretary and General Counsel of EDP Renováveis SA
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe

Current positions in companies outside EDPR and EDP group of companies:
(none)

Main positions in the last five years:
- General Secretary and General Counsel of EDP Renováveis SA
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe

Other previous positions:
- Legal Counsel of Soto de Ribera Power Plant (consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico)
- General Counsel of Soto de Ribera Power Plant
- Chief of administration and human resources of the consortium
- Legal Counsel of Hidrocantábrico
- General Counsel of Hidrocantábrico and member of the management committee

Education:
- Law Degree from the University of Oviedo



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

Audit report on the system of internal control over financial reporting

To the Board of Directors
EDP Renováveis, S.A.

Further to your request and to our engagement letter dated 24 July 2014, we have audited the system of internal control over financial reporting of EDP Renováveis, S.A. (the Company) and subsidiaries (the Group) at 31 December 2014, based on the criteria established in the Internal Control–Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures, and with the COBIT Framework for IT Governance and Control. The Board of Directors of the Company and senior Group management are responsible for adopting the measures required to reasonably guarantee the implementation, maintenance and supervision of an adequate system of internal control over financial reporting, assess its efficiency and make improvements to the system, as set forth in the report drawn up by Group management on the internal control over financial reporting system enclosed. Our responsibility is to express an opinion on the effectiveness of the Group's internal control over financial reporting system based on our audit.

An organisation's system of internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that are aimed at: (i) verifying the existence and maintenance of records that present fairly and in reasonable detail the Group's transactions and assets; (ii) providing reasonable assurance that transactions are adequately recorded so as to allow the Group to draw up consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) providing reasonable assurance regarding the timely prevention or detection of asset additions or disposals or unauthorised use of Group assets that might have a material effect on the consolidated annual accounts. Due to the limitations inherent in any form of internal control system, irrespective of the quality of the design and operation of the internal control system adopted for annual financial reporting, this system can only provide reasonable but not absolute assurance as to the objectives sought.

We have performed our audit in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000). This standard requires that we plan and perform our audit to obtain reasonable assurance about whether the Group system of internal control over financial reporting is effective in all material aspects. Our audit included our gaining an understanding of the Group's internal control over the financial reporting system, verifying and evaluating, on a selective test basis, the design and operating efficiency of the system, and performing other procedures that we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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Due to the limitations inherent in any form of internal control system, there is always the possibility that internal control over financial reporting may not prevent or detect the errors or irregularities that might arise, whether due to errors in judgement, human error, fraud or malpractice. Extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the levels of compliance with policies and procedures.

In our opinion, the Group's system of internal control for financial reporting at 31 December 2014 is effective in all material aspects, according to the criteria established in the Internal Control–Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures and the COBIT Framework for IT Governance and Control.

On 25 February 2015, in accordance with prevailing accounting legislation in Spain, we issued our audit report on the consolidated annual accounts of the Group for 2014, expressing an unqualified opinion thereon.

This report has been issued in accordance with your request. We accept no liability to any third parties other than the intended recipients of this report.

KPMG Auditores, S.L.

E. Bilbao

Estíbaliz Bilbao Belda

25 February 2015

Report from Management concerning responsibility for the System of Internal Control over Financial Reporting

The board of directors and management are responsible for establishing and maintaining an adequate System of Internal Control over Financial Reporting (SCIRF).

The SCIRF of EDP Renováveis Group is a set of processes designed to provide reasonable assurance as to the reliability of the financial information and the preparation of the consolidated annual accounts for external purposes, in accordance with the applicable financial information reporting framework.

Due to the limitations inherent to all internal control systems, it is possible that the system of internal control over financial reporting does not prevent or detect all errors that could occur and may only provide reasonable assurance with respect to the presentation and preparation of the consolidated annual accounts. Furthermore, extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the level of compliance with policies and procedures.

Management has assessed the effectiveness of the SCIRF at 31 December 2014 based on the criteria established in the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a result of this assessment, and based on the aforementioned criteria, management concludes that at 31 December 2014 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2014 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.

Chief Executive Officer

Chief Financial Officer

24 February 2015

The Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31 and other documents relating to the submission of annual accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A., containing a description of the principal risks and uncertainties that it faces.

Lisbon, February 24, 2015.

António Luis Guerra Nunes Mexia	João Manuel Manso Neto
Nuno Maria Pestana de Almeida Alves	João Manuel Veríssimo Marques da Cruz
Rui Manuel Rodrigues Lopes Teixeira	João Paulo Nogueira da Sousa Costeira
Gabriel Alonso Imaz	Acácio Jaime Liberado Mota Piloto
António do Pranto Nogueira Leite	João Manuel de Mello Franco
João José Belard da Fonseca Lopes Raimundo	Jorge Manuel Azevedo Henriques dos Santos
José Fernando Maia de Araújo e Silva	José António Ferreira Machado
Gilles August	Manuel Menéndez Menéndez
Rafael Caldeira Castel-Branco Valverde	

EDP Renováveis, S.A.

Consolidated Annual Accounts
31 December 2014

Directors' Report
Year 2014

(With Auditors' Report Thereon)

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

Independent Auditor's Report on the Consolidated Annual Accounts

To the Shareholders of
EDP Renováveis, S.A.

Report on the consolidated annual accounts

We have audited the consolidated annual accounts of EDP Renováveis, S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position at 31 December 2014 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

Directors' responsibility for the consolidated annual accounts

The Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they present fairly the consolidated equity, consolidated financial position and consolidated financial performance of EDP Renováveis, S.A. and its subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying consolidated annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the consolidated annual accounts by the Company directors in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts taken as a whole.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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N.I.F. B-78510153

Opinion

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2014 and their consolidated financial performance 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 the financial reporting framework applicable in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated directors' report for 2014 contains such explanations as the Directors of EDP Renováveis, S.A. consider relevant to the situation of the Group, its business performance 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 2014. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of EDP Renováveis, S.A. and subsidiaries.

KPMG Auditores, S.L.

E. Bilbao

Estíbaliz Bilbao Belda

25 February 2015

EDP Renováveis, S.A.

Consolidated Annual Accounts

31 December 2014

EDP Renováveis, S.A. and subsidiaries

Consolidated Income Statement
for the years ended 31 December 2014 and 2013

Thousands of Euros	Notes	2014	2013*
Revenues	6	1,153,126	1,191,246
Income from institutional partnerships in US wind farms	7	123,582	125,101
		1,276,708	1,316,347
Other income	8	45,667	41,361
Supplies and services	9	-256,645	-255,172
Personnel costs and employee benefits	10	-66,093	-66,466
Other expenses	11	-96,441	-115,563
		-373,512	-395,840
		903,196	920,507
Provisions		-20	-1,290
Amortisation and impairment	12	-480,767	-446,201
		422,409	473,016
Financial income	13	101,527	108,381
Financial expenses	13	-351,406	-370,090
Share of net profit in joint ventures and associates	18	21,756	14,726
Profit before tax		194,286	226,033
Income tax expense	14	-16,399	-56,907
Net profit for the year		**177,887**	**169,126**
Attributable to:			
Equity holders of EDP Renováveis	26	**126,007**	**135,116**
Non-controlling interests	28	**51,880**	**34,010**
Net profit for the year		**177,887**	**169,126**
Earnings per share basic and diluted - Euros	26	0.14	0.15

* Restated for the adoption of IFRS 10 and 11

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Consolidated statement of comprehensive income
for the year ended at 31 December 2014 and 2013

	2014		2013*	
Thousands of Euros	**Equity holders of the parent**	**Non controlling Interests**	**Equity holders of the parent**	**Non controlling Interests**
Net profit for the year	126,007	51,880	135,116	34,010
Items that will never be reclassified to profit or loss				
Actuarial gains / (losses)	-	-	14	-
Tax effect of actuarial gains / (losses)	-	-	-4	-
	-	-	10	-
Items that are or may be reclassified to profit or loss				
Fair value reserve (available for sale financial assets)	-639	-409	-1,204	-770
Tax effect of Fair value reserve (available for sale financial assets)	-	-	-	-
Fair value reserve (cash flow hedge)	-11,173	-5,404	17,341	3,372
Tax effect from the fair value reserve (cash flow hedge)	539	921	-4,586	-947
Share of other comprehensive income of joint ventures and associates, net of taxes	-15,463	-	8,080	-
Exchange differences arising on consolidation	28,706	26,913	-14,211	-14,507
	1,970	22,021	5,420	-12,852
Other comprehensive income for the year, net of income tax	1,970	22,021	5,430	-12,852
Total comprehensive income for the year	127,977	73,901	140,546	21,158

* Restated for the adoption of IFRS 10 and 11

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Financial Position
as at 31 December 2014, 2013 and 2012

Thousands of Euros	Notes	2014	2013*	2012*
Assets				
Property, plant and equipment	15	11,012,976	10,095,459	10,241,035
Intangible assets	16	117,704	87,933	22,837
Goodwill	17	1,287,716	1,213,500	1,259,704
Investments in joint ventures and associates	18	369,791	338,646	349,176
Available for sale financial assets		6,336	7,434	9,407
Deferred tax assets	19	46,488	109,213	88,420
Trade receivables	21	4,879	-	-
Debtors and other assets from commercial activities	22	36,320	53,160	55,153
Other debtors and other assets	23	396,980	320,435	263,398
Collateral deposits associated to financial debt	29	65,597	72,206	34,988
Total Non-Current Assets		13,344,787	12,297,986	12,324,118
Inventories	20	21,320	15,425	16,145
Trade receivables	21	141,145	202,264	175,848
Debtors and other assets from commercial activities	22	41,564	44,598	102,117
Other debtors and other assets	23	294,646	133,098	327,796
Current tax assets	24	89,093	103,392	55,079
Financial assets at fair value through profit or loss		-	76	389
Collateral deposits associated to financial debt	29	15,141	6,054	7,416
Cash and cash equivalents	25	368,623	255,462	221,978
Total Current Assets		971,532	760,369	906,768
Total Assets		14,316,319	13,058,355	13,230,886
Equity				
Share capital	26	4,361,541	4,361,541	4,361,541
Share premium		552,035	552,035	552,035
Reserves	27	-64,256	-69,605	-74,385
Other reserves and Retained earnings	27	806,319	692,179	458,202
Consolidated net profit attributable to equity holders of the parent		126,007	135,116	126,266
Total Equity attributable to equity holders of the parent		5,781,646	5,671,266	5,423,659
Non-controlling interests	28	549,113	418,057	324,993
Total Equity		6,330,759	6,089,323	5,748,652
Liabilities				
Medium / Long term financial debt	29	3,716,434	3,520,859	3,628,765
Provisions	30	98,911	64,536	59,898
Deferred tax liabilities	19	270,392	367,184	361,291
Institutional partnerships in US wind farms	31	1,801,963	1,508,495	1,679,753
Trade and other payables from commercial activities	32	464,367	418,140	376,503
Other liabilities and other payables	33	431,435	238,912	254,178
Total Non-Current Liabilities		6,783,502	6,118,126	6,360,388
Short term financial debt	29	185,489	145,018	209,505
Trade and other payables from commercial activities	32	687,904	474,208	702,319
Other liabilities and other payables	33	271,961	134,538	157,752
Current tax liabilities	34	56,704	97,142	52,270
Total Current Liabilities		1,202,058	850,906	1,121,846
Total Liabilities		7,985,560	6,969,032	7,482,234
Total Equity and Liabilities		14,316,319	13,058,355	13,230,886

* Restated for the adoption of IFRS 10 and 11

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A.

Consolidated Statement of Changes in Equity
for the year ended at 31 December 2014 and 2013

Thousands of Euros	Total Equity	Share Capital	Share Premium	Reserves and retained earnings	Exchange Differences	Hedging reserve	Fair value reserve	Equity attributable to equity holders of EDP Renováveis	Non-controlling Interests
Balance as at 31 December 2012	**5,748,827**	**4,361,541**	**552,035**	**584,468**	**-32,646**	**-46,185**	**4,446**	**5,423,659**	**325,168**
Comprehensive income:									
Fair value reserve (available for sale financial assets) net of taxes	-1,974	-	-	-	-	-	-1,204	-1,204	-770
Fair value reserve (cash flow hedge) net of taxes	15,180	-	-	-	-	12,755	-	12,755	2,425
Share of other comprehensive income of joint ventures and associates, net of taxes	8,080	-	-	-	3,355	4,725	-	8,080	-
Actuarial gains/(losses) net of taxes	10	-	-	10	-	-	-	10	-
Exchange differences arising on consolidation	-28,718	-	-	-	-14,211	-	-	-14,211	-14,507
Net profit for the year	169,126	-	-	135,116	-	-	-	135,116	34,010
Total comprehensive income for the year	161,704	-	-	135,126	-10,856	17,480	-1,204	140,546	21,157
Dividends paid	-34,892	-	-	-34,892	-	-	-	-34,892	-
Dividends attributable to non-controlling interests	-16,719	-	-	-	-	-	-	-	-16,719
Sale without loss of control of EDPR Portugal	226,048	-	-	148,334	-	-	-	148,334	77,714
Sale without loss of control of Wheat Field (EDPR NA)	34,977	-	-	-1,043	-231	-	-	-1,274	36,251
Acquisitions without changes of control	-15,987	-	-	-4,755	-	-409	-	-5,164	-10,823
Other changes resulting from acquisitions / sales and equity increases	-14,514	-	-	-	-	-	-	-	-14,514
Other	-121	-	-	57	-	-	-	57	-178
Balance as at 31 December 2013*	**6,089,323**	**4,361,541**	**552,035**	**827,295**	**-43,733**	**-29,114**	**3,242**	**5,671,266**	**418,057**
Comprehensive income:									
Fair value reserve (available for sale financial assets) net of taxes	-1,048	-	-	-	-	-	-639	-639	-409
Fair value reserve (cash flow hedge) net of taxes	-15,117	-	-	-	-	-10,634	-	-10,634	-4,483
Share of other comprehensive income of joint ventures and associates, net of taxes	-15,463	-	-	-	-10,975	-4,488	-	-15,463	-
Exchange differences arising on consolidation	55,619	-	-	-	28,706	-	-	28,706	26,913
Net profit for the year	177,887	-	-	126,007	-	-	-	126,007	51,880
Total comprehensive income for the year	201,878	-	-	126,007	17,731	-15,122	-639	127,977	73,901
Dividends paid	-34,892	-	-	-34,892	-	-	-	-34,892	-
Dividends attributable to non-controlling interests	-34,382	-	-	-	-	-	-	-	-34,382
Sale without loss of control of EDPR France	6,773	-	-	8,738	-	1,070	-	9,808	59,163
Sale without loss of control of EDPR France subsidiaries	27,645	-	-	3,199	-	2,100	-	5,299	22,346
Sale without loss of control of South Dundas (EDPR NA)	15,494	-	-	2,255	209	-	-	2,464	13,030
Other changes resulting from acquisitions / sales and equity increases	-3,317	-	-	-282	-	-	-	-282	-3,035
Other	39	-	-	6	-	-	-	6	33
Balance as at 31 December 2014	**6,330,759**	**4,361,541**	**552,035**	**932,326**	**-25,793**	**-41,066**	**2,603**	**5,781,646**	**549,113**

* Restated for IFRS 10 and 11 purposes

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Cash Flows
for the years ended 31 December 2014 and 2013

Thousands of Euros	2014		2013 (*)
Operating activities			
Cash receipts from customers	1,180,865		1,198,463
Payments to suppliers	-301,046		-306,255
Payments to personnel	-66,245		-66,751
Other receipts / (payments) relating to operating activities	-39,602		-76,686
Net cash from operations	773,972		748,771
Income tax received / (paid)	-66,880		-71,618
Net cash flows from operating activities	707,092		677,153
Investing activities			
Cash receipts relating to:			
Property, plant and equipment and intangible assets	1,464		2,193
Interest and similar income	26,283		3,477
Dividends	17,389		18,246
Loans to related parties	118,891		138,954
Other receipts from investing activities	23,147		2,122
	187,174		164,992
Cash payments relating to:			
Acquisition of assets / subsidiaries	-19,790		-46,728
Changes in cash resulting from perimeter variations	35		-17,551
Property, plant and equipment and intangible assets	-536,618		-809,705
Loans to related parties	-241,654		-174,443
Other payments in investing activities	-661		-1,669
	-798,688		-1,050,096
Net cash flows from investing activities	-611,514		-885,104
Financing activities			
Sale of assets / subsidiaries without loss of control	79,432	(**)	292,143
Receipts/ (payments) relating to loans	50,207		15,429
Interest and similar costs	-190,976		-48,101
Governmental grants received	-		90,539
Dividends paid	-67,884		-51,610
Receipts / (payments) from wind activity institutional partnerships - USA	147,860		-35,579
Other cash flows from financing activities	-15,442		-38,151
Net cash flows from financing activities	3,197		224,670
Changes in cash and cash equivalents	98,775		16,719
Effect of exchange rate fluctuations on cash held	14,386		-7,094
Cash and cash equivalents at the beginning of the period	255,462		245,837
Cash and cash equivalents at the end of the period (***)	368,623		255,462

(*) Restated for the adoption of IFRS 10 and 11
(**) Includes: -29,676 thousands of Euros of tax payment related to the sale in 2013 of 49% share interest in EDP Renováveis Portugal, S.A , 64,340 thousands of Euros related of de sale by EDPR Europe of 49% of interests in EDP Renewables France, 28,256 thousands of Euros related to the sale by EDPR France of 49% of its interests in several french companies (see note 5) and 6 thousands of Euros related to the sale by EDP Renewables Europe, S.L. of 7% of its interests in two french companies (see note 5).

(***) See Note 25 of the consolidated financial statements for a detailed breakdown of Cash and cash equivalents.

The following notes form an integral part of these Consolidated Annual Accounts

Notes to the Consolidated Annual Accounts

1. THE BUSINESS OPERATIONS OF THE EDP RENOVÁVEIS GROUP

EDP Renováveis, Sociedad Anónima (hereinafter referred to as “EDP Renováveis”) was incorporated on 4 December 2007. Its main corporate objective is to engage in activities related to the electricity sector, namely the planning, construction, operation and maintenance of electricity generating power stations, using renewable energy sources, mainly wind. The registered offices of the company are located in Oviedo, Spain. On 18 March 2008 EDP Renováveis was converted into a company incorporated by shares (Sociedad Anónima).

As at 31 December 2014 and 2013 the share capital is held 62.02% by EDP S.A. - Sucursal en España ("EDP Branch"), 15.51% by Hidroeléctrica del Cantábrico, S.A. and 22.47% of the share capital is free-float in the NYSE Euronext

As at 31 December 2014, EDP Renováveis holds a 100% stake in the share capital of the following companies: EDP Renewables Europe, S.L. (EDPR EU), EDP Renewables North America, L.L.C. (EDPR NA), EDP Renewables Canada, Ltd. (EDPR Canada), South África Wind & Solar Power, S.L.U. and EDP Renováveis Servicios Financieros, S.L. Also holds a 55% stake in the share capital of EDP Renováveis Brasil, S.A. (EDPR BR).

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

In December 2011, China Three Gorges Corporation (CTG) sign an agreement to acquire 780,633,782 ordinary shares in EDP from Parpública - Participações Públicas SGPS, S.A., representing 21.35% of the share capital and voting rights of EDP Energías de Portugal S.A., a majority shareholder of the Company. This operation was concluded in May 2012.

The terms of the agreements through which CTG became a shareholder of the EDP Group stipulate that CTG would make minority investments totalling 2,000 million of Euros in operating and ready-to-build renewable energy generation projects (including co-funding capex).

Within the agreement mentioned above, in June 2013, EDPR completed the sale of 49% equity shareholding in EDPR Portugal to CTG through CITIC CWEI Renewables S.C.A.

EDPR EU operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renováveis Portugal, S.A. (wind farms in Portugal), EDP Renovables España, S.L. (renewable resources electricity generation in Spain), EDP Renewables France (wind farms in France), EDP Renewables Belgium (wind farms in Belgium), EDP Renewables Polska, SP.ZO.O (wind farms in Poland), EDP Renewables Romania, S.R.L. (wind farms in Romania), EDP Renewables Italy, SRL (wind farms in Italy), EDPR UK Limited (offshore development projects) and EDPR RP PV, S.L.R. (photovoltaic solar farms in Romania).

EDPR NA's main activities consist in the development, management and operation of wind farms in the United States of America and providing management services for EDPR Canada.

EDPR Canada's main activities consist in the development, management and operation of wind farms in Canada.

The purpose of EDP Renováveis Brasil is to aggregate all the investments in the renewable energy market of Brazil.

EDP Renováveis Group, through its subsidiaries has an installed capacity, as follows :

Installed capacity MW	31 Dec 2014	31 Dec 2013
United States of America	3,805	3,476
Spain	2,194	2,194
Portugal	624	619
Romania	521	521
Poland	391	370
France	340	322
Brazil	84	84
Belgium	71	71
Italy	90	70
Canada	30	30
	8,150	**7,757**

Additionally, the EDP Renováveis Group through its equity consolidated companies has an installed capacity, as follows:

Installed capacity MW	31 Dec 2014	31 Dec 2013
United States of America	179	179
Spain	174	174
Portugal	533	455
	886	**808**

Regulatory framework for the activities in Spain

On December 2012, by means of Law15/2012 of 27 December, the Spanish Government approved 7% across-the-board tax on electricity generation, as well as new taxes on nuclear and large-scale hydropower, plus a new carbon levy. The tax will be applied from 2013 onwards.

On 4 February 2013, the Spanish Government published in the Official State Gazette the Royal Decree-Law 2/2013 that includes a set of regulatory modifications applicable to the Spanish electricity sector and affecting the wind energy assets.

According to these parameters, wind farms built in 2003 or earlier are not eligible to receive any incentive while newest farms will receive a flat premium per installed MW untill the end of their regulatory life. The flat premium will be subject of tri-annual modifications due to updates in the forecast of the parameters affecting the profitability of the installations. Overall, the wind sector will receive 1,191 millions of Euros in 2014 which compares to the forecast of 2,000 millions of Euros that would have been received under the old regulation. These cut of approximately 800 millions of Euros in wind sector represents a 45% of the total savings for the whole renewable sector that were estimated in 1,750 millions of Euros in the budget published within the tariff and charges provided in Ministerial Order.

The main regulatory modifications that Royal Decree-Law presents towards the Royal Decree-Law 661/2007 with impact in EDP Renováveis S.A. (EDPR) effective from 1 January 2013 onwards, are as follows:

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

- Energy production facilities operating under the special regime currently remunerated according to the market option were able to chose, until 15 February 2013 and for the remaining useful life of the asset, a remuneration based on the electricity wholesale market price with no renewable energy premium, and neither cap nor floor prices;

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

The Spanish government disclosed the Energy Market Reform, which aims to end with the Spanish tariff deficit. The government claims that the reform may eliminate 4.5 billions of Euros/year of the structural deficit by: (i) 2.7 billons of Euros reduction in regulated costs of utilities and renewable energy source companies, and (ii) 0.9 billions of Euros contribution from the Spanish Treasury which will pay throught the Budget 50% of the extra costs of generation in the non-mainland territories.

The complete regulatory package will consist of: (i) a Royal Decree-Law (RD-L 9/2013, published in the Diário Oficial da União on 13 July), (ii) eight Decrees and Orders and (iii) the submission in the Parliament of the Project of Law (“Anteproyecto de Ley”).

According to this RD-L 9/2013 , renewable energy source plants will be subject to a new legal and economic framework: previous RD 661 framework will disappear and renewable energy source plants will receive the market price plus a payment per installed MW, so that the return on investment will be equivalent to the Spanish Government 10-year bonds yield plus a spread of 300 bp.
This Royal Decree-Law also suppresses the renewables remuneration for reactive power (2€/MWh).

On 26 December 2013, the Spanish government published a new regulation that will govern the electricity sector (Law 24/ 2013) replacing the existing from 1997 (Law 54 /1997).

The government defines the new law´s objective is to guarantee the supply of electricity and adapt to the consumer need at the lowest possible cost. It refers to the need to finish with the sector´s structural deficit that that has been accumulated during the last decade as the motivation to undertake the reform.

Regarding the renewable sector, the development of new installations will be conditioned to market needs, and their retribution will be based on market price with complementary revenues in order to ensure a reasonable return rate. Details on the renewable remuneration will be disclosed in the next months upon approval of the Royal Decree-Law for renewables, namely for wind farms and cogeneration assets.

The Spanish Government published in 20 June 2014, the Order IET/1045/2014, which includes the parameters to remunerate the renewable energy assets, under the new remuneration framework that was approved by the Decree-Law 413/2014 of June 2014. The final legislation had no significant changes to the previous draft versions, which include the extension of wind farms scheme into operation in 2004, the increase of the remuneration per MW installed by 5%, and minor changes in methodology for the determination of the deviations from market prices.

The remuneration is now structured in order for a standard asset to receive a pre-tax return defined as the yield of the Spanish 10-year bonds plus 300 bps. The return is based on the assets' regulatory life (20 years for wind energy assets).

In the case of wind farms onshore, it has been confirmed that the wind farms in operation at 2003 and before will not receive any further incentive, while, while the incentive for the rest of the wind farms was calculated according to the new regulation in order to reach of 7.398% for a standard wind farm.

EDP Renováveis expects that this regulatory change will have a total annual negative impact of approximately 30 millions of Euros before tax (under an average windy year), when compared with the previous framework defined by Royal Decree-Law 2/2013.

Regulatory framework for the activities in Portugal

The Portuguese legal provisions applicable to the generation of electrical power based on renewable resources are currently established by Decree-Law 189/88 dated 27 May, as amended by Decree-Law 168/99 dated 18 May, Decree-Law 312/2001 dated 10 December , and Decree-Law 339-C/2001 dated 29 December. Also relevant is Decree-Law 33-A/2005, dated 16 February ("DL 33-A/2005"), which establishes the current amounts used in the remuneration formula applicable to energy produced by means of renewable resources and the deadlines for the application of such remuneration formula.

The Portuguese Govermment published on 28 February 2013, the Decree Law 35/2013, 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 producers in the Portuguese economy. The wind farm producers can voluntarily invest to obtain further remuneration stability, through a new tariff scheme to be applied upon the actual 15 years established by law. The total investment will be used to reduce the overall costs of the Portuguese electricity system. In order to maximise the number of wind developers that voluntarily adheres to the extension of the remuneration framework, the Government proposed four alternative tariff schemes to be elected by each of the wind developers, that include the following conditions: i) alternative cap and floor selling prices; ii) alternative durations to the new scheme beyond the initial 15 years of the current contracts; and consequently iii) alternative levels of investment (on a per MW basis) to adhere a new scheme. EDPR has chosen a 7 year extension of the tariff defined as the average market price of previous twelve months, with a floor of 74€/MWh and a cap of 98€/MWh values updated with inflation from 2021 onwards, in exchange for a payment of 5.800€/MW from 2013 to 2020. This decree also includes the possibility for wind farms under the new regime (i.e. ENEOP) to adhere to a similar sheme, still in negociation.

The Environment and Energy Ministry published, on 24 July, the Decree Law 94/2014 that allows the increase of installed capacity of wind farms up to 20%. The additional production generated from the capacity increase will have a fixed remuneration of 60 Euros/MWh, whilst the remaining production is remunerated at the previous tariff.

Regulatory framework for the activities in France

The electricity industry in France is governed primarily by Act 2000-108 (amended by Acts 2004-803 and 2006-1537) ("Act 2000'), passed on 10 February 2000, which governs the modernization and development of public energy services and is the general legislative framework for the operation of wind facilities in France.

Act 2000 provides that, operator of wind facilities may enter into long-term agreements for the purchase and sale of energy with Electricité de France (EDF). The tariffs are set by Order of July 10, 2006 which was repealed in August 2008 due to formal defect in its approval, and then republished without any amendment in December 2008. The tariffs are the following: i) during the first ten years of the EDF Agreement, EDF pays a fixed annual tariff, which is €82 per MWh for applications made during 2006 (tariff is amended annually based, in part, on a inflation-related index); ii) During years 11 to 15 of the EDF Agreement, the tariff is based on the annual average percentage of energy produced during the wind facility' s first ten years. These tariffs are also amended annually, based, in part, on a inflation-related index; iii) Beginning in the year 16, there is no specific support structure and the wind energy generators will sell their electricity at market price.

On March 2012, the legality of the 2008 feed-in tariff ministerial order for wind farm projects was questioned before the French Council of State (Conseil dÉtat) on the basis that the required notification to the European Commission on State Aid was missed. On 15 May, the French Council of State decided to raise the issue for a preliminary ruling before the EU Court of Justice (is expected 12 to 18 months to solve). In the event that the tariff is finally cancelled, the French government has urged the Council of State the postponement of this eventual ruling until 2013 onwards, thus, no retroactive effects are expected.

After years of litigation, the French Council of State decided to cancel the French Wind Tariff on May 2014. The EU Court of Justice argued that it constituted illegal State Aid as France failed to notify the European Commission of the subsidy back in 2008. Shortly after, the French Government approved and released a new tariff decree ("Arrêté du 17 juin 2014") that had previously received clearance from the European Union. This new decree contains the same parameters than the former decree and has come into force with retroactive effects. Therefore, it will not endanger or modify any power purchase agreement signed under the 2008 Order.

On 18 June, French energy minister unveiled a new law for a new energy model, which represents the culmination of a nation energy transition debate started in 2012. This new law sets targets to increase renewables production (32% for 2030 split between power (40%), heat (38%) and transport (15%)). New targets to reduce greenhouse gas emissions are also introduced (40% by 2030 compared to 1990). According to the law, nuclear dependence will also to be reduced, lowering its share to 50%.

Regulatory framework for the activities in the United States of America

The United States federal government and various state governments have implemented policies designed to promote the growth of renewable energy, including wind power. The primary federal renewable energy incentive program is the Production Tax Credit (PTC), which was established by the U.S. Congress as part of 1992 EPACT. Additionally, many states have passed legislation, principally in the form of renewable portfolio standards (“RPS”), which require utilities to purchase a certain percentage of their energy supply from renewable sources, similar to the Renewable Energy Directive in the EU.

American Recovery and Reinvestment Act of 2009 includes a number of energy related tax and policy provisions to benefit the development of wind energy generation, namely (i) a three year extension of the PTC until 2012 and (ii) an option to elect a 30% Investment Tax Credit ("ITC") that could replace the PTC through the duration of the extension. This ITC allows the companies to receive 30% of the cash invested in projects placed in service or with the beginning of construction in 2009 and 2010. In December 2010, the Tax Relief, Unemployment, Insurance and Reauthorization, and Job Creation Act of 2010 was approved and includes an one year extension of the ITC, which allow the companies to receive 30% of the cash invested in projects with beginning of construction until December 2011 as long as placed in service until December 2012.

On 16 December 2014, the US Congress approved the "Tax Increase Prevention Act of 2014" that included an extension of the PTC for wind, including the possibility of a 30% Investment Tax Credit instead of the PTC. Congress set a new expiration date of 31 December 2014 and kept the qualification criteria (projects can qualify as long as they are under construction by year-end 2014).

Regulatory framework for the activities in Poland

The legislation applicable to renewable energy in Poland is primarily contained in an Energy Act passed on 10 April 1997, which has been amended by the Act of 24 July 2002 and the Energy Act of 2 April 2004, which came into effect in January 2005 (together, the ‘‘Energy Act’’).

Pursuant to the Energy Act, power generation from renewable sources is supported. The following are forms of such support introduced in Poland: (i) A system of obligatory purchase of certificates of origin by the generation companies and trading companies selling electricity to the end user interconnected to a grid in Poland. These power companies are obliged to: a) obtain a certificate or origin and submit it to the ERA President for cancellation, or b) pay a substitute fee calculated in accordance with the Energy Act. ii) If the power company does not purchase certificates or origin or does not pay a substitute fee, the ERA President will penalize such company by the financial penalty calculated in accordance with the Energy Act.

On 13 November 2013, the Polish Government disclosed a new renewable act draft introducing a tendering scheme for renewable capacity. Then, the Ministry of Economy published a second version of the law on renewables at 2 January 2014. The law is not expected to be applicable before 1 January 2016 as it will come into force on the first day of the month commencing after the lapse of 12 months following the issuance of a positive decision of the European Commission on the compliance of the state aid regulations. According to this draft, operating plants will be entitled to choose between remaining under the Green Certificate (GC) scheme and participating in tenders. This version has already been referred in the Permanent Committee of the Council of Ministers.

Regulatory framework for the activities in Belgium

The regulatory framework for electricity in Belgium is conditioned by the the division of powers between the federal and the three regional entities: Wallonia, Flanders and Brussels-Capital. The federal regulatory field of competence includes electricity transmission (of transmission levels above 70 kV), generation, tariffs, planning and nuclear energy. The relevant federal legislation is the Electricity Act of 29 April 1999 (as modified) (the ‘‘Electricity Act’’). The regional regulatory entities are responsible for distribution, renewable energy and cogeneration (with the exception of offshore power plants) and energy efficiency. The relevant regional legislation, respectively, is: (a) for Flanders, the Electricity Decree of 17 July 2000; (b) for Wallonia, the Regional Electricity Market Decree of 12 April 2001; and (c) for Brussels-Capital, the Order of 19 July 2001 on the Organization of the Electricity Market.

The Belgian regulatory system promotes the generation of electricity from renewable sources (and cogeneration) by a system of green certificates (each a ‘‘GC’’), as described below. The Belgian federal government is responsible for offshore power plants and for imposing obligations on the transmission system operators. The various GC systems are very similar across the three regions and are similar to the GC system for federally-regulated offshore power plants. There are currently differences in terms of quotas, fines and thresholds for granting GCs.

On 21 March 2012, Walloon government approved a decree which fixes the quotas of GC until 2020. The new quotas are: (i) 19.4% in 2013; (ii) 23.1% in 2014; (iii) 26.7% in 2015; (iv) 30.4% in 2016. For the period from 1 January 2017 until 31 December 2019, the yearly quotas will at the latest be fixed in 2014 on the basis of an evaluation carried out beforehand by the energy regulator of Wallonia (CWaPE).

A new tax for wind generators has been approved in Wallonia last July. According to this regulation, all generators earning green certificates shall pay 0,54€/MWh. The energy regulator of Wallonia (CWaPE) will be the beneficiary of this tax, aimed at supporting the costs originated by green certificates management.

Regulatory frameworks for the activities in Romania

The promotion of electricity generated from renewable energy sources in Romania was set with the Electricity Law 318/2003. In 2005 a Green Certificate mechanism was introduced with mandatory quotas for suppliers, in order to comply with their EU renewable requirements.The regulatory authority establishes a fixed quota of electricity produced from RES which suppliers are obliges to buy, and, annually reviews applications form green generators in order to be awarded green certificates. Law 220/2008 of November, introduced some changes in the green certificates system. In particular, it allows wind generators to receive 2GC/MWh until 2015. From 2016 onwards generators receive 1 green certificate for each MWh . The price of electricity is determined in the electricity market and the price of green certificates is determined on a separate market.

The trading value of green certificates has a floor of 27€ and a cap of 55€, both indexed to Romanian inflation. Law 220/2008 also guarantees the access to the National Grid for the electricity produced from renewable sources.

Law 220/2008 on renewable energy was amended by the Emergency Order 88/2011. A key aspect of this amendment was the overcompensation analysis which must be carried out on a yearly basis. ANRE shall monitor the producers benefiting from the support system and prepare annual reports on this regard. If overcompensation is found, ANRE will propose a reduction of the applicability period of the support scheme or the number of GCs initially granted to the technology. This reduction would be applied only to new plants.

Law 123/2012 of 19 July 2012 on Electricity and Natural Gas eliminates the provision of bilateral contracts not publicly negotiated as a mean to sale electricity. Thus, trading of electricity must be carried out on a centralized market. On 4 September 2012, ANRE published the Order on Balancing Market. The new regulation has an impact for wind generation. On the one side, it states that for the energy reduced, the producer does not have the right to claim compensations for the loss of unproduced green certificates. This loss cannot be recovered. Also, new rules could result on larger balancing costs as the deficit price that wind generators have to face when the production is lower than the forecast may increase.

The Romanian Parliament passed on 17 December 2013, the law for the approval of the Government Emergency Ordinance 57/2013 (the Ordinance). The law brings several amendments to the Ordinance and implicitly to the Renewables Law (i.e. Law 220/2008). The amendments are:

- The postponement of Green Certificates of operating plants. The postponement will only apply to renewable energy operators accredited by ANRE before 2013. Wind power producers will receive 2 GCs/MWh until 2017 (inclusive) of which 1 GC will be postponed from trading between 1 July 2013 and 31 March 2017. Solar producers will see 2 GCs (out of 6 GCs) postponed from trading from 1 July 2013 and 31 March 2017. The GCs postponed will be gradually recovered until 31 December 2020 (starting on 1 April 2017 for solar PV and 1 January 2018 for wind);

- Wind facilities accredited after this date will receive 1,5 GC/MWh until 2017 and 0,75GC/MWh from 2018 onwards. All these GC will be immediately tradable;

- Solar facilities will only receive 3 GC from 1 January 2014 onwards.

On 24 March 2014, the President of Romania ratified EGO 57/2013 with the following amendments: (i) Reduction of the green certificates validity from 16 months to 12 months; and (ii) the obligation for National Agency for Energy Regulation (ANRE) to comunicate in each year the GC quota for the next year.

On 28 March 2014, the Romanian Official Gazette published a Government Decision containing the new green certificate quota for 2014 at a level of 11.1%. Additionally ANRE released on 27 June 2014, the 2015 mandatory quota for acquisition of green certificates at 11.9%, that as approved by the Government on 12 December 2014.

In the Order 78/2014, of 14 Augst 2014, ANRE regulations on bilateral contracts market for electricity by approving a new regulation which no longer allows the use of flexible contracts and imposes strict compliance with the framework agreements to by prepared by OPCOM (Romania gas and electricity market operator). This order will entered into force on 1 January 2015.

Regulatory frameworks for the activities in Italy

On 6 July 2012, the Government approved the new renewable regulation by means of the Decree on Renewables (DM FER) based on feed-in-tariff support scheme. The key aspects of the new regulation provided by the DM FER are the following: (i) Wind farms over 5 MW will be remunerated under a feed-in tariff scheme defined by tenders; (ii) capacity to be tendered is set in different technologies' capacity paths (only set until 2015); (iii) the reference tariff for 2013 is 127 €/MWh for onshore wind. Tender participants will bid offering discounts on a reference tariff (in %);(iv) The reference tariff will decrease 2% per year and will be granted for the whole average useful life of the renewable plant - 20 years for onshore wind.

The new system substitutes the previous one based on GCs. Under the previous system producers obtain their revenues from the sale of the electricity in the electricity market and from the sale of GCs. Wind farms built until December 2012 (with some exceptions) will continue to operate under the previous system until 2015 when the GC system will be transformed into a feed-in-premium.

Spalma Incentivi Decree, published in November 2014, specifies that wind farms currently under the GCs scheme can voluntarily adhere to an extension of the incentivation period of 7 years in exchange of a permanent reduction of the premium/GCs received, the coeficient of reduction will be calculated individually for each wind farm depending on their remaining regulatory life. As the option is voluntary, wind farms which that refuse to accept this change would remain under current GCs scheme. Wind farms have to decide whether or not to adhere to the extension before 17 February 2015.

Regulatory frameworks for the activities in Brazil

The Electrical Sector in Brazil is regulated by Federal Law nº 8,987 of 13 February 1995, which generally rules the concession and permission regime of public services; Law nº 9,074 of 7 July 1995, which rules the grant and extension of public services concession or permission contracts; Federal Law nº 10,438 of 26 April 2002, which governs the increase in Emergency Electric Power Supply and creates the 3,300 MW Program of Incentives for Alternative Electricity Sources (PROINFA); Federal Law nº 10,762 of 11 November 2003 and Law nº 10,848 of 15 March 2004, concerning commercial rules for the trade of Electric Power; and, subsequent amendments to the legislation.

The Decree nº 5,025 of 30 March 2004, regulates the Federal Law nº 10,438 and states the "Alternative Energy Sources" economical and legal framework. PROINFA participants have granted a PPA with ELETROBRÁS, and are subject to the regulator (ANEEL) authority. However, the first stage of PROINFA has ended and the second stage is highly uncertain.

After PROINFA program, renewable producers obtain their remuneration by participating in auctions where price is the only criteria. Winners of the auctions obtain a PPA contract at the price bid. Public Electricity Auctions are technically lead by the state “Energy Planning and Research Company” (EPE), who registers, analyses and allows potential participants.

2. ACCOUNTING POLICIES

a) Basis of preparation

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of EDP Renováveis, S.A. and consolidated entities. The consolidated annual accounts for 2014 and 2013 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2014 and 2013, the consolidated results of operations, consolidated cash flows and changes in consolidated equity for the years then ended.

In accordance with Regulation (EC) no. 1606/2002 of 19 July 2002, from the European Council and Parliament, the Group's consolidated annual accounts are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies.

The Board of Directors approved these consolidated annual accounts on 24 February 2015. The annual accounts are presented in thousands of Euros, rounded to the nearest thousand.

The annual accounts have been prepared under the historical cost convention, modified by the application of fair value basis for derivative financial instruments, financial assets and liabilities held for trading and available-for-sale, except those for which a reliable measure of fair value is not available.

The preparation of financial statements in accordance with the IFRS-EU requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and of the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors considered reasonable in accordance with the circumstances. They form the basis for making judgments regarding the values of the assets and liabilities whose valuation is not apparent from other sources. Actual results may differ from these estimates. The areas involving the highest degree of judgment or complexity, or for which the assumptions and estimates are considered significant, are disclosed in note 3 - Critical accounting estimates and judgments in applying accounting policies.

Accounting policies have been applied consistently by all Group companies and in all periods presented in the consolidated financial statements. Nevertheless, the first time adoption of IFRS 10 and 11 with effective date of 1 January 2014, implied the Group to apply this standard for comparative purposes for the annual period immediately preceding, that is 1 January 2013.

b) Basis of consolidation

Controlled entities

Investments in subsidiaries where the Group has control are fully consolidated from the date the Group assumes control over their financial and operating activities until the moment that control ceases to exist.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of the percentage of voting rights held.

Joint arrangements

The Group classifies an arrangement as a joint arrangement when the jointly control is contractually established. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of the percentage of voting rights held. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

After determining the existence of joint control, the Group classifies joint arrangements into two types - joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement, so the assets and liabilities (and related revenues and expenses) in relation to its interest in the arrangement are recognised and measured in accordance with relevant IFRSs applicable.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint venturers) have rights to the net assets of the arrangement, so this investment shall be accounted for using the equity method.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of joint ventures, accounted for under the equity method. When the Group's share of losses exceeds its interest in a jointly controlled entity, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of that entity.

Entities over which the Group has significant influence

Investments in associates are accounted for by the equity method from the date the Group acquires significant influence to the date it ceases. Associates are entities over which the Group has significant influence, but not control, over its financial and operating policies.

The existence of significant influence by the Group is usually evidenced by one or more of the following:
- Representation on the Executive Board of Directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends and other distributions;
- Existence of material transactions between the Group and the investee;
- Interchange of managerial personnel;
- Provision of essential technical information.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of associates, accounted for under the equity method. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of the associate.

Business combination

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:
• The fair value of the consideration transferred; plus
• The recognised amount of any non-controlling interests in the acquiree; plus
• If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
• The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Some business combinations in the period have been determined provisionally as the Group is currently in the process of measuring the fair value of the net assets acquired. The identifiable net assets have therefore initially been recognised at their provisional value. Adjustments during the measurement period have been recorded as if they had been known at the date of the combination and comparative information for the prior year has been restated where applicable. Adjustments to provisional values only include information relating to events and circumstances existing at the acquisition date and which, had they been known, would have affected the amounts recognised at that date.

After that period, adjustments to initial measurement are only made to correct an error.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Accounting for acquisitions of non-controlling interests

From 1 January 2010, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Investments in foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income in the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Balances and transactions eliminated on consolidation

Inter-company balances and transactions, including any unrealised gains and losses on transactions between group companies, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Common control transactions

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the EDP Renováveis Group has developed an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the EDP consolidated book values of the acquired company (subgroup). The difference between the carrying amount of the net assets received and the consideration paid, is recognised in equity.

Put options related to non-controlling interests

EDP Renováveis Group records written put options at the date of acquisition of a business combination or at a subsequent date as an advance acquisition of these interests, recording a financial liability for the present value of the best estimate of the amount payable, irrespective of the estimated probability that the options will be exercised. The difference between this amount and the amount corresponding to the percentage of the interests held in the identifiable net assets acquired is recorded as goodwill.

Until 31 December 2009, in years subsequent to initial recognition, the changes in the liability due to the effect of the financial discount are recognised as a financial expense in the consolidated income statement, and the remaining changes are recognised as an adjustment to the cost of the business combination. Where applicable, dividends paid to minority shareholders up to the date the options are exercised are also recorded as adjustments to the cost of the business combination. In the event that the options are not exercised, the transaction would be recorded as a sale of interests to minority shareholders.

As from January 2010, the Group applies IAS 27 (2008) to new put options related to non-controlling interests and there subsequent changes in the carrying amount of the put liability are recognised in profit or loss.

c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

d) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised on the trade date at fair value. Subsequently, the fair value of derivative financial instruments is re-measured on a regular basis, being the gains or losses on re-measurement recognised directly in the income statement, except for derivatives designated as hedging instruments. The recognition of the resulting gains or losses on re-measurement of the derivatives designated as hedging instruments depends on the nature of the risk being hedged and of the hedge model used.

The fair value of derivatives correspond to their quoted market prices as provided by an exchange, or is determined by through the use of net present value techniques, including discounted cash flows models and option pricing models, as appropriate.

Hedge accounting

The Group uses financial instruments to hedge interest and foreign exchange risks resulting from its operational and financing activities. The derivate financial instruments that do not qualify for hedge accounting are recorded as for trading.

The derivatives that are designated as hedging instruments are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model adopted by the Group. Hedge accounting is used when:

(i) At the inception of the hedge, the hedge relationship is identified and documented;
(ii) The hedge is expected to be highly effective;
(iii) The effectiveness of the hedge can be reliably measured;
(iv) The hedge is revalued on a on-going basis and is considered to be highly effective over the reporting period; and
(v) The forecast transactions hedged are highly probable and represent a risk to changes in cash flows that could affect the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedge

The effective portion of the changes in the fair value of the derivative financial instruments that are designated as hedging instruments in a cash flow hedge model is recognised in equity. The gains or losses relating to the ineffective portion of the hedging relationship are recognised in the income statement in the moment they occur.

The cumulative gains or losses recognised in equity are also reclassified to the income statement over the periods in which the hedged item will affect the income statement. When the forecast transaction hedge results in the recognition of a non-financial asset, the gains or losses recorded in equity are included in the acquisition cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in equity at that time stays recognised in equity until the hedged transaction also affects the income statement. When the forecasted transaction is no longer expected to occur, the cumulative gains or losses recognized in equity are recorded in the income statement.

Net investment hedge

The net investment hedge is applied on a consolidated basis to investments in subsidiaries in foreign currencies. The exchange differences recorded against exchange differences arising on consolidation are offset by the exchange differences arising from the foreign currency borrowings used for the acquisition of those subsidiaries. If the hedging instrument is a derivative, the gains or losses arising from fair value changes are also recorded against exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

e) Other financial assets

The Group classifies its other financial assets at acquisition date in the following categories:

Loans and receivable

Loans and receivable are initially recognised at their fair value and subsequently are measured at amortised cost less impairment losses.

Impairment losses are recorded based on the valuation of estimated losses from non-collection of loans and receivable at the balance sheet date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease in a later period.

Financial assets at fair value through profit or loss

This category includes: (i) financial assets held for trading, which are those acquired for the purpose of being traded in the short term, and (ii) financial assets that are designated at fair value through profit or loss at inception.

Available-for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group’s investments in equity securities are classified as available-for-sale financial assets.

Initial recognition, measurement and derecognition

Purchases and sales of: (i) financial assets at fair value through profit or loss and (ii) available-for-sale investments, are recognised on trade date, the date on which the Group commits to purchase or sell the assets.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, in which case these transaction costs are directly recognised in the income statement.

Financial assets are derecognised when: (i) the contractual rights to receive their cash flows have expired, (ii) the Group has transferred substantially all risks and rewards of ownership or (iii) although retaining some, but not substantially all of the risks and rewards of ownership, the Group has transferred the control over the assets.

Subsequent measurement

After initial recognition, financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in their fair value are included in the income statement in the period in which they arise.

Available-for-sale financial assets are also subsequently carried at fair value. However, gains and losses arising from changes in their fair value are recognised directly in equity, until the financial assets are derecognised or impaired. When this occurs, the cumulative gains or losses previously recognised in equity are immediately recognised in the income statement. Foreign exchange differences arising from equity investments classified as available-for-sale are also recognised in equity. Interest calculated using the effective interest rate method and dividends, are recognised in the income statement.

The fair values on quoted investments in active markets are based on current bid prices. For unlisted securities the Group determines the fair value through: (i) valuation techniques, including the use of recent arm's length transactions or discounted cash flow analysis and (ii) valuation assumptions based on market information.

Financial instruments whose fair value cannot be reliably measured are carried at cost.

Reclassifications between categories

The Group does not reclassify, after initial recognition, a financial instrument into or out of the fair value through profit or loss category.

Impairment

At each balance sheet date, an assessment is performed as to whether there is objective evidence of impairment, including any impairment resulting in an adverse effect on estimated future cash flows of the financial asset or group of financial assets.

If there is objective evidence of impairment, the recoverable amount of the financial asset is determined, and the impairment loss is recognised in the income statement.

A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after their initial recognition, such as: (i) in the case of listed securities, a significant or prolonged decline in the listed price of the security, and (ii) in the case of unlisted securities, when that event (or events) has an impact on the estimated amount of the future cash flows of the financial asset or group of financial assets, that can be reliably estimated.

Evaluating the existence of objective evidence of impairment involves judgement, in which case the Group considers, among other factors, price volatility and current economic situation. Thus, when listed securities are concerned, it is considered as continuous a devaluation in the listed price of the security for a period over 24 months and as significant a devaluation of the security's value above 40%.

If there is objective evidence of impairment on available-for-sale investments, the cumulative potential loss recognised in fair values reserves, corresponding to the difference between the acquisition cost and the fair value at the balance sheet date, less any impairment loss on that financial asset previously recognised in the income statement, is transferred to the income statement.

f) Financial liabilities

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or another financial asset, independently from its legal form. These financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest rate method.

The Group derecognises the whole or part of a financial liability when the obligations included in the contract have been satisfied or the Group is legally released of the fundamental obligation related to this liability either through a legal process or by the creditor.

g) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing costs incurred during the period.

The capitalisation of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted.

h) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of acquisition includes interest on external financing and personnel costs and other internal expenses directly or indirectly related to work in progress accrued solely during the period of construction. The cost of production is capitalised by charging costs attributable to the asset as own work capitalised under financial expenses and personnel costs and employee benefit expense in the consolidated income statement.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Group. All repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Group assesses assets impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method over their estimated useful lives, as follows:

	Number of years
Buildings and other constructions	8 to 40
Plant and machinery:	
- Wind farm generation	25
- Other plant and machinery	4 to 25
Transport equipment	3 to 5
Office equipment and tools	2 to 10
Other tangible fixed assets	3 to 10

i) Intangible assets

The other intangible assets of the Group are booked at acquisition cost less accumulated amortisation and impairment losses. The Group does not own intangible assets with indefinite lives.

The Group assesses for impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement.

Acquisition and development of software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of their expected useful lives.

Costs that are directly associated with the development of identifiable specific software applications by the Group, and that will probably generate economic benefits beyond one year, are recognised as intangible assets. These costs include employee costs directly associated with the development of the referred software and are amortised using the straight-line method during their expected useful lives.

Maintenance costs of software are charged to the income statement when incurred.

Industrial property and other rights

The amortisation of industrial property and other rights is calculated using the straight-line method for an expected useful live expected of less than 6 years.

Green Certificates

As a consequence of the regulatory changes in Romania there's a new category of Green Certificates (GCs) which although granted are restricted for sale until 2017 (solar) and 2018 (wind). These deferred GCs are recognised as intangible assets when generated at fair market value. These GCs will be offset as they will be collected.

Power purchase agreements

Acquired Power Purchase Agreements (PPAs) are booked as intangible assets and amortised using the straight-line method according with the duration of the contract.

j) Impairment of non financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is then estimated. For goodwill the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units which are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in circumstances that caused the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Leases

The Group classifies its lease agreements as finance leases or operating leases taking into consideration the substance of the transaction rather than its legal form. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases

Lease payments are recognised as an expense and charged to the income statement in the period to which they relate.

l) Inventories

Inventories are stated at the lower of the acquisition cost and net realisable value. The cost of inventories includes purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

The cost of inventories is assigned by using the weighted average method.

m) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months of the balance sheet date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months from the balance sheet date.

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

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

n) Provisions

Provisions are recognised when: (i) the Group has a present legal or constructive obligation, (ii) it is probable that settlement will be required in the future and (iii) a reliable estimate of the obligation can be made.

Dismantling and decommissioning provisions

The Group recognises dismantling and decommissioning provisions for property, plant and equipment when a legal or contractual obligation is settled to dismantling and decommissioning those assets at the end of their useful life. Consequently, the Group has booked provisions for property, plant and equipment related with wind turbines, for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation and are recognised as part of the initial cost or an adjustment to the cost of the respective asset, being depreciated on a straight-line basis over the asset useful life.

The assumptions used are:

	EDPR EU	**EDPR NA**
Average cost per MW (Euros)	14,000	19,768
Salvage value per MW (Euros)	41,000	28,828
Discount rate		
Euro	[1.90% - 2.50%]	-
PLN	[3.00% - 4.00%]	-
USD	-	[3.85% - 5.00%]
CAD	-	[3.35% - 4.25%]
RON	[4.50% - 5.65%]	-
Inflation rate		
Zona Euro	[1.75% - 1.85%]	-
Polónia	0.90%	-
USA	-	2.50%
Canadá	-	2.25%
Capitalisation (number of years)	25	25

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. The unwinding of the discount at each balance sheet date is charged to the income statement.

o) Recognition of costs and revenue

Costs and revenues are recorded in the year to which they refer regardless of when paid or received, in accordance with the accrual concept. Differences between amounts received and paid and the corresponding revenue and expenditure are recorded under other assets and other liabilities.

Revenue comprises the amounts invoiced on the sale of products or of services rendered, net of value added tax, rebates and discounts, after elimination of intra-group sales.

Revenue from energy sales is recognised in the period that energy is generated and transferred to customers.

Deferred Green Certificates (GCs) are recognised as revenue at fair market value.

p) Financial results

Financial results include interest payable on borrowings, interest receivable on funds invested, dividend income, unwinding of the discount of provisions and written put options to non-controlling interests, foreign exchange gains and losses and gains and losses on financial instruments and the accrual of tax equity estimated interest over outstanding liability.

Interest income is recognised in the income statement based on the effective interest rate method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

r) Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

s) Cash and cash equivalents

Cash and cash equivalents include balances with maturity of less than three months from the date of acquisition, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and specific demand deposits in relation to institutional partnerships that are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships in U.S.A., in the next twelve months.

t) Government grants

Government grants are recognised initially as deferred income under non-current liabilities when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

u) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

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

v) Institutional partnerships in US wind farms

The Group has entered in several partnerships with institutional investors in the United States, through limited liability company operating agreements that apportion the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTCs), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

The institutional investors purchase their minority partnership interests for an upfront cash payment with an agreed targeted internal rate of return over the period that the tax credits are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTC's / ITC's, allocated taxable income or loss and cash distributions received.

The control and management of these wind farms are a responsibility of EDPR Group and they are fully consolidated in these financial statements.

The upfront cash payment received is recognised under "Liabilities arising from institutional partnerships" and subsequently measured at amortised cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and ITC are recognized as Income from institutional partnerships on a pro-rata basis over the 25 year useful life of the underlying projects (see note 7). The value of the PTC's delivered are recorded as generated.

After the Flip Date, the institutional investor retains a small non-controlling interest for the duration of its membership in the structure. The non-controlling interest is entitled to cash distribution and income allocation percentages varying from 2.5% to 6.0%, with the exception of Vento VI in which the institutional investor is allocated 17.0% of income. EDPR NA also has an option to purchase the institutional investor's residual interest at fair market value on the Flip Date for PTC flip structures and generally, six months after the later of the 5-year anniversary of final turbine commissioning date or the Flip Date, or ten years after the final funding date if the Flip Date has not yet occured. The liability for residual interest is accreted on a straight line basis from the funding date through the Flip Date to reflect the institutional investors' minority interest position in the EDPR Group at the Flip Date.

The liability with institutional investors is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The IFRS set forth a range of accounting treatments and require the Board of Directors to apply judgment and make estimates in deciding which treatment is most appropriate.

The main accounting estimates and judgements used in applying the accounting policies are discussed in this note in order to improve the understanding of how their application affects the Group's reported results and disclosures. A broader description of the accounting policies employed by the Group is disclosed in note 2 to the Consolidated Financial Statements.

Although estimates are calculated by the Board of Directors based on the best information available at 31 December 2014 and 2013, future events may require changes to these estimates in subsequent years. Any effect on the financial statements of adjustments to be made in subsequent years would be recognised prospectively.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Renováveis, the Group's reported results could differ if a different treatment was chosen. EDP Renováveis believes that the choices made are appropriate and that the financial statments are presented fairly, in all material respects, the Group's financial position and results. The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statments and are not intended to suggest that other alternatives or estimates would be more appropriate.

Fair value of derivatives

Fair values are based on listed market prices, if available, otherwise fair value is determined either by dealer prices (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curves and volatility factors. These pricing models may require assumptions or judgments in estimating fair values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model may have produced different financial results for a particular period.

Review of the useful life of assets related to production

The Group regularly reviews the useful life of its electrical generation installations in order to bring it into line with the technical and economic measurements of the installations, taking into consideration their technological capacity and prevailing regulatory restrictions.

Impairment of non financial assets

Impairment test are performed whenever there is an indication that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of assets.

On an annual basis, the Group reviews the assumptions used to assess the existence of impairment in goodwill resulting from acquisitions of shares in subsidiaries. The assumptions used are sensitive to changes in macroeconomic indicators and business assumptions used by management. The net interest in associates is reviewed when circumstances indicate the existence of impairment.

Considering that estimated recoverable amounts related to property, plant and equipment, intangible assets and goodwill are based on the best information available, changes in the estimates and judgments could change the impairment test results which could affects the Group's reported results.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the global amount for income taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the period.

Tax Authorities are entitled to review EDP Renováveis, and its subsidiaries' determination of its annual taxable earnings, for a determined period that may be extended in case there are tax losses carried forward. Therefore, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, the EDP Renováveis and its subsidiaries, do not anticipate any significant changes to the income tax booked in the financial statements.

Dismantling and decommissioning provisions

The Board of Directors considers that Group has contractual obligations with the dismantling and decommissioning of property, plant and equipment related to wind electricity generation. For these responsibilities the Group has recorded provisions for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation.

The use of different assumptions in estimates and judgments referred may have produced different results from those that have been considered.

Green Certificates

As a consequence of the regulatory changes in Romania related to Green Certificates (GCs), the Group has the following assumptions:

(i) For estimating the price of GCs, the model is based on current regulation including the latest developments published in the last months and estimations on renewable capacity to be added in the following years;

(ii) Our GC model determines whether there will be excess or deficit of GCs to evaluate the price to apply;
In order to determine whether there will be excess or deficit of GCs, we compare demand with supply of GCs. Demand of GCs is calculated by multiplying gross electricity consumption and quotas of renewable electricity. Electricity demand growth is based in latest external estimates, including those from Romanian regulator ANRE. EDPR has made sensitivity analyses to the quotas and has assumed a conservative scenario that considers the latest regulatory changes.
Regarding supply of GCs, starting from year-end 2014 renewables installed capacity, EDPR assumes capacity additions in line with latest market view on renewables development in the country.

Entities included in the consolidation perimeter

In order to determine which entities must be included in the consolidation perimeter, the Group evaluates whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

This evaluation requires judgement, assumptions and estimates in order to conclude whether the Group is in fact exposed to variable returns and has the ability to affect those returns through its power over the investee.

Other assumptions and estimates could lead to a different consolidation perimeter of the Group, with direct impact in the consolidated financial statements.

4. FINANCIAL RISK MANAGEMENT POLICIES

The businesses of EDP Renováveis Group are exposed to a variety of financial risks, including the effects of changes in market prices, foreign exchange and interest rates. The main financial risks lie essentially in its debt portfolio, arising from interest-rate and the exchange-rate exposures. The unpredictability of the financial markets is analysed on an on-going basis in accordance with the EDPR's risk management policy. Financial instruments are used to minimize potential adverse effects resulting from the interest rates and foreign exchange rates risks on EDP Renováveis financial performance.

The Board of Directors of EDP Renováveis is responsible for the definition of general risk-management principles and the establishment of exposure limits. The management of financial risks of EDP Renováveis Group is outsourced to the Finance Department of EDP - Energias de Portugal, S.A., in accordance with the policies approved by the Board of Directors. The outsourcing service includes identification and evaluation of hedging mechanisms appropriate to each exposure.

All transactions undertaken using derivative financial instruments require the prior approval of the Board of Directors, which defines the parameters of each transaction and approves the formal documents describing their objectives.

Exchange-rate risk management

EDP Group's Financial Department is responsible for managing the foreign exchange exposure of the Group, seeking to mitigate the impact of exchange rate fluctuations on the net assets and net profits of the Group, using foreign exchange derivatives, foreign exchange debt and/or other hedging structures with symmetrical exposure characteristics to those of the hedged item. The effectiveness of these hedges is reassessed and monitored throughout their lives.

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. With the objective of minimizing the impact of exchange rates fluctuations, EDP Renováveis general policy is to fund each project in the currency of the operating cash flows generated by the project.

Currently, the main currency exposure is the US Dollar, resulting from the shareholding in EDPR NA. With the increasing capacity in other geographies, EDPR is also becoming exposed to other currencies (Brazilian Real, Zloty, New Romanian Leu and Canadian Dollar).

To hedge the risk originated with net investment in EDPR NA, EDP Renováveis entered into a CIRS in USD/EUR with EDP Branch and also uses financial debt expressed in USD. Following the same strategy adopted to hedge these investments in USA, EDP Renováveis has also entered into CIRS in BRL/EUR and in PLN/EUR to hedge the investments in Brazil and Poland (see note 35).

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2014 and 2013, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

	31 Dec 2014			
	Profit or loss		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD / EUR	5,825	-7,119	-	-
	5,825	-7,119	-	-

	31 Dec 2013			
	Profit or loss		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD / EUR	3,778	-4,617	-	-
	3,778	-4,617	-	-

This analysis assumes that all other variables, namely interest rates, remain unchanged.

Interest rate risk management

The Group's operating cash flows are substantially independent from the fluctuation in interest-rate markets.

The purpose of the interest-rate risk management policies is to reduce the exposure of debt cash flows to market fluctuations. As such, whenever considered necessary and in accordance to the Group's policy, the Group contracts derivative financial instruments to hedge interest rate risks.

In the floating-rate financing context, the Group contracts interest-rate derivative financial instruments to hedge cash flows associated with future interest payments, which have the effect of converting floating rate loans into fixed rate loans.

All these hedges are undertaken on liabilities in the Group's debt portfolio and are mainly perfect hedges with a high correlation between changes in fair value of the hedging instrument and changes in fair value of the interest-rate risk or upcoming cash flows.

The EDP Renováveis Group has a portfolio of interest-rate derivatives with maturities up to 12 years. The Financial Department of EDP Group undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations or upcoming cash flows.

About 92% of EDP Renováveis Group financial debt bear interest at fixed rates, considering operations of hedge accounting with financial instruments.

Sensitivity analysis - Interest rates

The management of interest rate risk associated to activities developed by the Group is outsourced to the Financial Department of EDP Group, contracting derivative financial instruments to mitigate this risk.

Based on the debt portfolio of the EDPR EU Group and the related derivative financial instruments used to hedge associated interest rate risk, as well as on the shareholder loans received by EDP Renováveis, a change of 50 basis points in the interest rates with reference to 31 December 2014 and 2013 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

	31 Dec 2014			
	Profit or loss		Equity	
Thousands of Euros	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp
Cash flow hedge derivatives	-	-	12,343	-12,844
Unhedged debt (variable interest rates)	-1,094	1,094	-	-
	-1,094	1,094	12,343	-12,844

	31 Dec 2013			
	Profit or loss		Equity	
Thousands of Euros	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp
Cash flow hedge derivatives	-	-	19,389	-20,973
Unhedged debt (variable interest rates)	-687	687	-	-
	-687	687	19,389	-20,973

This analysis assumes that all other variables, namely foreign exchange rates, remain unchanged.

Counter-party credit-rate risk management in financial transactions

The EDP Renováveis Group policy in terms of the counterparty risk on financial transactions with companies outside EDP Group is managed by an analysis of the technical capacity, competitiveness, credit rating and exposure to each counter-party. Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions or to the EDP Group.

The EDP Renováveis Group documents financial operations according to international standards. Most derivative financial instruments contracted with credit institutions are engaged under ISDA Master Agreements.

In the specific case of the EDPR EU Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are operators and distributors in the energy market of their respective countries (OMIE and MEFF in the case of the Spanish market).

In the specific case of EDPR NA Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are regulated utility companies and regional market agents in the U.S.

EDP Renováveis believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of Trade receivables and Other debtors, net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exist that have not been recognised as such and provided for.

Liquidity risk

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group strategy to manage liquidity is to ensure, as far as possible, that it will always have significant liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity policy followed ensures compliance with payment obligations acquired, through maintaining sufficient credit facilities and having access to the EDP Group facilities.

The EDP Renováveis Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with its main shareholder, as well as directly in the market with national and international financial institutions, assuring the necessary funds to perform its activities.

Market price risk

As at 31 December 2014, market price risk affecting the EDP Renovavéis Group is not significant. In the case of EDPR NA, the great majority of the plants are under power purchase agreements, with fixed or escalating prices. In the case of EDPR EU, the electricity is sold in Spain through regulated tariffs. In the remaining countries, prices are mainly determined through regulated tariffs except for Romania and Poland, where most plants are under power purchase agreements with fixed prices or floors.

For the small share of energy generated with market exposure, this risk is managed through electricity sales swaps. EDPR EU and EDPR NA have electricity sales swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the years 2014 to 2018 (see note 35). The purpose of EDP Renováveis Group is to hedge a volume of energy generated to reduce its exposure to the energy price volatility.

Capital management

The Group’s goal in managing equity, in accordance with the policies established by its main shareholder, is to safeguard the Group’s capacity to continue operating as a going concern, grow steadily to meet established growth targets and maintain an optimum equity structure to reduce equity cost.

In conformity with other sector groups, the Group controls its financing structure based on the leverage ratio. This ratio is calculated as net financial borrowings divided by total equity and net borrowings. Net financial borrowings are determined as the sum of financial debt, institutional equity liabilities corrected for non-current deferred revenues, less cash and cash equivalents.

5. CONSOLIDATION PERIMETER

During the year ended in 31 December 2014, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:
- EDP Renewables Polska, S.P. ZO.O acquired 100% of the share capital of Radziejów Wind Farm Sp. ZO.O.;
- EDP Renewables Italia, S.R.L. acquired 100% of the share capital of Wincap, S.R.L.
- EDP Renewables Europe, S.L. acquired 99,9667% of the share capital of Eólica de Coahuila, S. de R.L. de C.V, through its subsidiary Tarcan B.V. After the acquisition, the Company entered into an agreement for the future sale of a significant share capital and, therefore and considering the substance of the transaction and accounting impacts related to the purchase transaction, EDPR Group considered this investment as a joint venture with a shareholding equivalent to 51% of the share capital.

Disposal of non-controlling interests and companies liquidated:

- EDPR-France S.A.S. sold 49% of its interests, by 28,256 thousands of Euros (deducted of 153 thousands of Euros of transation fees), in the following companies:
  - Parc Eolien du Clos Bataille, S.A.S.;
  - C.E. Canet-Pont de Salars, S.A.S.;
  - C.E. Gueltas Noyal-Pontivy, S.A.S.;
  - C.E. Patay, S.A.S.;
  - C.E. Saint Barnabe, S.A.S.;
  - Eolienne de Saugueuse, S.A.R.L.;
  - C.E. Segur, S.A.S.;
  - Parc Eolien de Varimpre, S.A.S.;
  - Parc Eolien des Vatines, S.A.S.

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 5,299 thousands of Euros, was booked against reserves under the corresponding accounting policy.
- EDP Renewables Europe, S.L. sold 7% of its interests, by 6 thousands of Euros, of the following companies:
  - Les Eoliennes en Mer de Dieppe - Le Tréport, S.A.S.;
  - Les Eoliennes en Mer de Vendée, S.A.S.
- EDPR Renovables España, S.L. liquidated Sotromal, S.A. and Rasacal Cogeneración, S.A;
- EDP Renewables Canada, Ltd sold 49% of the share capital of SBWF GP Inc. and 49% the share capital of South Dundas Wind Farm LP through its subsidiary EDP Renewables Canada LP Holdings, Ltd. by 16,506 thousands of Euros (24,200 thousands of Canadian Dollar). This transaction was treated as a disposal of non-controlling interests not resulting in a loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 2,464 thousands of Euros, was booked against reserves under the corresponding accounting policy.
- A 49% share interest in EDP Renewables France, S.A.S. was sold by 64,340 thousands of Euros (deducted of 256 thousands of Euros of transation fees), with a subsequent loss of share interest in Parc Eolien du Clos Bataille, S.A.S., C.E. Canet-Pont de Salars, S.A.S., C.E. Gueltas Noyal-Pontivy, S.A.S., SOCPE Le Mee, S.A.R.L., Mardelle, S.A.R.L., C.E. Patay, S.A.S., SOCPE Petite Piece, S.A.R.L., Plouvien Breiz, S.A.S., Quinze Mines, S.A.R.L., Parc Eolien de Roman, S.A.R.L., C.E. Saint Barnabe, S.A.S., Eolienne de Saugueuse, S.A.R.L., SOCPE Sauvageons, C.E. Segur, S.A.S., Parc Eolien de Tarzy, S.A.R.L., Truc L'homme , S.A.R.L., Vallée du Molain, S.A.R.L., Parc Eolien de Varimpre, S.A.S. and Parc Eolien des Vatines, S.A.S.

  This transaction was treated as a disposal of non-controlling interests not resulting in a loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 9,808 thousands of Euros, was booked against reserves under the corresponding accounting policy.

Companies merged:

- The following companies were merged into EDP Renewables Canada LP, Holdings Ltd.:
  - 8067241 BC, Ltd.;
  - 0867242 BC, Ltd.;
  - South Branch Wind Farm, Inc.

Companies incorporated:

- EDPR Wind Ventures XII *;
- EDPR Solar Ventures I;
- Parc Eolien de Boqueho - Pouagat, S.A.S.;
- Parc Eolien de Francourville, S.A.S. (Company was incorporated under the name of Parc Eolien de Preuseville, S.A.S. and was then renamed to Parc Eolien de Francourville, S.A.S.);
- 2014 Vento XII, L.L.C.;
- 2014 Sol I, L.L.C.;
- Parc Eolien d'Escardes, S.A.S.;
- Green Country Wind Farm, L.L.C. *;
- Central Eólica Aventura, S.A.;
- EDPR RO Trading S.R.L.

* EDP Renováveis Group holds, through its subsidiary EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally incorporated without share capital and that as at 31 December 2014 do not have any assets, liabilities, or operating activity.

Other changes:

- Increase of the financial interest in S.C. Ialomita Power, S.R.L. from 85% to 100% through a share capital increase fully subscribed by EDP Renewables Europe, S.L.;
- Due to the date of effectiveness of IFRS 10 - Consolidated Financial Statements, the EDPR Group changed the method of consolidation from Full Consolidated to the Equity Method in Ceprastur A.I.E.;
- Due to the date of effectiveness of IFRS 11 - Joint Arrangements, the EDPR Group changed the method of consolidation from Proportional Method to the Equity Method in the following companies:
  - Compañía Eólica Aragonesa, S.A.;
  - Desarrollos Energeticos Canarios S.A.;
  - Evolución 2000, S.L.;
  - Flat Rock Windpower II, L.L.C.;
  - Flat Rock Windpower, L.L.C.;
  - Tébar Eólica, S.A.

During the year ended in 31 December 2013, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renewables, SGPS, S.A. acquired 100% of the share capital of Gravitangle - Fotovoltaica Unipessoal, Lda. (see note 17);
- South África Wind & Solar Power, S.L. (which was incorporated in March 2013) acquired 42.5% of the share capital of Modderfontein Wind Energy Project, Ltd., 100% of the share capital of Dejann Trading and Investments Proprietary Ltd., 100% of the share capital of EDP Renewables South Africa, Proprietary Ltd. and 100% of the share capital of Jouren Trading and Investments Pty Ltd. (see note 17);
- EDP Renewables North America L.L.C. acquired 100% of the share capital of Lone Valley Solar Park I L.L.C. (ex- EDPR Agincourt L.L.C.), 100% of the share capital of Lone Valley Solar Park II L.L.C. (ex- EDPR Marathon L.L.C.) and 100% of the share capital of Rising Tree Wind Farm III (see note 17);
- EDP Renewables Polska, S.P. ZO.O acquired 65,07% of the share capital of Molen Wind II S.P. ZO.O. (see note 17).

Disposal of non-controlling interests and companies liquidated:

- A 49% share interest in EDP Renováveis Portugal, S.A. was sold by 257.954 thousands of Euros, as part of a transaction totalling 368.483 thousands of Euros deducted of loans totalling 110.529 thousands of Euros, with a subsequent loss of share interest in Eólica da Alagoa, S.A., Eólica de Montenegrelo, S.A., Eólica da Serra das Alturas, S.A. and Malhadizes, S.A.
  This transaction was treated as a disposal of non-controlling interests not resulting in a loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 148.334 thousands of Euros, was booked against reserves under the corresponding accounting policy.
- A 49% share interest in Wheat Field Holding, L.L.C. (which was incorpored in September 2013) was sold by 34,977 thousands of Euros (corresponding to a sale price of 48,400 thousands of US Dollar deducted of capital contributions, transaction fees and tax effect), with a subsequent loss of share interest in Wheat Field Wind Power Project, L.L.C.;
  This transaction was treated as a disposal of non-controlling interests not resulting in a loss of control and therefore the negative difference between the book value and the fair value of the non-controlling interests sold, totalling -1,274 thousands of Euros, was booked against reserves under the corresponding accounting policy.
- EDPR Renovables España, S.L. liquidated Parc Eolic Molinars S.L.

Companies incorporated:

- South África Wind & Solar Power, S.L.;
- Sustaining Power Solutions, L.L.C.;
- Green Power Offsets, L.L.C.;
- Bourbriac II, S.A.S.;
- EDPR France Holding, S.A.S.;
- Parc Eolien de Montagne Fayel, S.A.S.;
- Arbuckle Mountain;
- Rising Tree Wind Farm II *;
- Wheat Field Holding, L.L.C.;
- Les Eoliennes en Mer de Dieppe - Le Tréport, S.A.S.;
- Les Eoliennes en Mer de Vendée, S.A.S.;

* EDP Renováveis Group holds, through its subsidiary EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally incorporated without share capital and that as at 31 December 2013 do not have any assets, liabilities, or operating activity.

Other changes:

- EDP Renewables Europe, S.L. increased its shareholding to 100% in the share capital of Greenwind, S.A.;
- EDP Renewables Europe, S.L. increased its shareholding to 100% in the share capital of Relax Wind Park I, S.P. ZO.O through its subsidiary EDP Renewables Polska, S.P. ZO.O.

6. REVENUES

Revenues are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Revenues by business and geography		
Electricity in Europe	740,515	813,133
Electricity in United States of America	376,221	347,774
Electricity, other	30,948	24,250
	1,147,684	1,185,157
Other revenues	306	2,225
	1,147,990	1,187,382
Services rendered	5,785	5,466
Changes in inventories and cost of raw material and consumables used		
Cost of consumables used	-1,249	20
Changes in inventories	600	-1,622
	-649	-1,602
Total Revenues	1,153,126	1,191,246

7. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

Income from institutional partnership in US Wind Farms in the amount of 123,582 thousands of Euros (31 December 2013: 125,101 thousands of Euros), includes revenue recognition related to production tax credits (PTC), investments tax credits (ITC) and other tax benefits, mostly from accelerated tax depreciation related to projects Vento I, II, III, IV, V, VI, VII, VIII, IX, X, XI and XII (see note 31).

8. OTHER INCOME

Other income is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Estimation of the revised selling price of EDPR PT	17,491	-
Gains related with business combinations	-	3,477
Amortisation of deferred income related to power purchase agreements	8,938	8,362
Contract and insurance compensations	5,204	21,368
Other income	14,034	8,154
	45,667	41,361

As referred in note 1 and according with the contract terms, the future adjustment in the selling price of EDPR PT has been revised in the amount of 17,491 thousands of Euros.

During 2013, EDP Renewables Polska carried out the purchase price allocation of the identificable assets acquired and liabilities of Molen Wind II, S.P. ZO.O., which originated an operating income of 3,477 thousands of Euros, booked under the caption Gain related with business combinations (see note 17).

The power purchase agreements between EDPR NA and its customers were valued based on market assumptions, at the acquisition date of the business combination, using discounted cash flow models. At that date, these agreements were valued at approximately 190,400 thousands of USD and booked as a non-current liability (see note 32). This liability is amortised over the period of the agreements against Other income. As at 31 December 2014, the amortisation for the period amounts to 8,938 thousands of Euros (31 December 2013: 8,362 thousands of Euros).

As at 31 December 2013, Contract and insurance compensations include 13,779 thousands of Euros related with the indemnity received following an amendment of the power purchase agreement between Mesquite Wind, L.L.C. (subsidiary of Vento I, L.L.C) and its client.

9. SUPPLIES AND SERVICES

This caption is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Rents and leases	40,130	41,696
Maintenance and repairs	148,578	142,967
Specialised works:		
- IT Services, legal and advisory fees	15,872	17,282
- Shared services	7,437	7,784
- Other services	11,119	11,661
Other supplies and services	33,509	33,782
	256,645	255,172

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Personnel costs		
Board remuneration	674	539
Remunerations	54,714	53,235
Social charges on remunerations	9,836	8,902
Employee's variable remuneration	11,837	9,512
Other costs	1,018	1,347
Own work capitalised	-19,546	-13,913
	58,533	59,622
Employee benefits		
Costs with pension plans	2,805	2,572
Costs with medical care plans and other benefits	3,506	2,967
Other	1,249	1,305
	7,560	6,844
	66,093	66,466

As at 31 December 2014, Costs with pension plans relates to defined contribution plans (2,803 thousands of Euros) and defined benefit plans (2 thousands of Euros).

The average breakdown by management positions and professional category of the permanent staff as of 31 December 2014 and 2013 is as follows:

	31 Dec 2014	31 Dec 2013
Board members	17	17
	17	17
Senior management / Senior officers	69	69
Middle management	547	532
Highly-skilled and skilled employees	222	213
Other employees	62	61
	900	875
	917	892

11. OTHER EXPENSES

Other expenses are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Taxes	64,707	67,005
Losses on fixed assets	4,547	12,591
Other costs and losses	27,187	35,967
	96,441	115,563

The caption Taxes, on 31 December 2014, includes the amount of 24 millions of Euros (31 December 2013: 31.8 thousands of Euros) related to taxes for energy generators in Spain, affecting all the wind farms in operation, amounting to 7% of revenues for each wind farm.

12. AMORTISATION AND IMPAIRMENT

This caption is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Property, plant and equipment		
Buildings and other constructions	687	1,398
Plant and machinery	458,783	438,604
Other	11,555	10,953
Impairment loss	15,578	12,196
	486,603	463,151
Intangible assets		
Industrial property, other rights and other intangibles	1,461	1,522
Impairment loss	11,434	-
	12,895	1,522
Impairment of goodwill	278	-
	499,776	464,673
Amortisation of deferred income (Government grants)	-19,009	-18,472
	480,767	446,201

In 2014, EDPR Group booked an impairment loss in Property, plant and equipment of 15,571 thousands of Euros and 11,434 thousands of Euros in Intangible assests as a result of the recoverability assessment of wind farms and deferred green certificates in Romania (see note 15 and 16).

In 2013, EDPR Group booked an impairment loss of 12,196 thousands of Euros referring to 8,479 and 3,717 thousands of Euros in EDPR EU and in EDPR NA, respectively. The impairment loss booked in EDPR EU results from regulatory changes issued in Spain (see note 1), and in EDPR NA results from the write-off of work in progress recognised during the second quarter of 2013 (see note 15).

13. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

	31 Dec 2014	31 Dec 2013
Financial income		
Interest income	25,312	20,704
Derivative financial instruments:		
Interest	1,247	1,459
Fair value	66,958	68,167
Foreign exchange gains	7,944	17,388
Other financial income	66	663
	101,527	108,381
Financial expenses		
Interest expense	206,531	197,143
Derivative financial instruments:		
Interest	26,576	29,973
Fair value	29,515	70,400
Foreign exchange losses	46,939	15,203
Own work capitalised	-26,814	-15,579
Unwinding	60,818	64,885
Other financial expenses	7,841	8,065
	351,406	370,090
Financial income / (expenses)	-249,879	-261,709

Derivative financial instruments includes interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 35 and 37).

In accordance with the accounting policy described on note 2 g), the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2014 amounted to 26,814 thousands of Euros (31 December 2013: 15,579 thousands of Euros) (see note 15), and are included under Own work capitalised (financial interest). The interest rates used for this capitalisation vary in accordance with the related loans, between 1.12% and 13.24% (31 December 2013: 1.69% and 11.27%).

Interest expense refers to interest on loans bearing interest at contracted and market rates.

Unwinding expenses refers essentially to the financial update of provisions for dismantling and decommissioning of wind farms of 3,752 thousands of Euros (31 December 2013: 3,475 thousands of Euros) (see note 30) and the implied return in institutional partnerships in US wind farms of 56,551 thousands of Euros (31 December 2013: 60,840 thousands of Euros) (see note 31).

14. INCOME TAX EXPENSE

As per the currently applicable tax legislation, tax periods are open to review and reassessment during a limited number of years by the various Tax Administrations. Statutes of limitation differ from country to country: US, Belgium, France and the Netherlands (3 years); Portugal and Spain (4 years); Brazil, Romania, Poland, Italy (5 years); and UK (no limit).

Tax losses generated in each year, are also subject to Tax Administrations' review and adjustment. Losses may be used to offset yearly taxable income and if not fully utilized, may be carried forward to be set off against company's taxable profits for: 5 years in Poland; 7 years in Romania; 9 years in the Netherlands; 12 years in Portugal and indefinitely in Spain, France, Italy, Belgium and Brazil (although limited to 30% of the company's yearly taxable income in this latter case). Whenever possible and allowed by the tax legislation of the country in which the Group entities are incorporated, companies opt for the formation of a tax consolidation regime, thus being taxed on a consolidated basis instead of on an individual basis.

EDP Renováveis S.A. and its subsidiaries file individual tax declarations in accordance with applicable tax legislation. Nevertheless, the company and the majority of its Spanish subsidiaries pay corporate income tax following the specific principles of the Tax Consolidation Regime, contained in articles 64 and 82 of Law 27/2014 of 27 November 2014, which amended the Corporate Income Tax Code. The companies of EDPR Group in Spain are included in the Tax consolidation perimeter of EDP, S.A. - Sucursal en España (EDP Branch).

This caption is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Current tax	-49,997	-88,929
Deferred tax	33,598	32,022
	-16,399	-56,907

The effective income tax rate as at 31 December 2014 and 2013 is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Profit before tax	194,286	226,033
Income tax expense	-16,399	-56,907
Effective Income Tax Rate	8.44%	25.18%

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 31 December 2014 and 2013 is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Profit before taxes	194,286	226,033
Nominal income tax rate	30.00%	30.00%
Expected income taxes	-58,286	-67,810
Income taxes for the year	-16,399	-56,907
Difference	41,887	10,903
Accounting revaluations, amortizations, depreciations and provisions	1,926	7,219
Tax losses and tax credits	-2,004	-3,938
Financial investments in associates	5,939	5,467
Effect of tax rates in foreign jurisdictions	-10,340	-3,933
Tax benefits	6,949	4,124
Other	39,417	1,964
	41,887	10,903

On 31 December 2014, Other includes the amount of 30.1 millions of Euros, related to the impact on deferred tax assets and liabilities, following the corporate income tax reduction from 30% to 28% in 2015 and to 25% from 2016 onwards, introduced by the Spanish Corporate Income Tax Reform (published in the Spanish official gazette on 28 November 2014).

On 31 December 2013, Accounting revaluations, amortizations, depreciations and provisions include the fiscal revaluation of EDPR assets in Spain in accordance with Law 16/2012 of 27 December, which does not have accounting impact but led to an increase of the assets' tax basis in 50.3 millions of Euros. Therefore, the Group recognised deferred tax assets of 14.2 millions of Euros benefiting from a tax credit for the period ended 31 December 2013, net of an upfront fee ("gravamen único") that amounted to 2.4 millions of Euros, corresponding to 5% of the revaluation revenue.

15. PROPERTY, PLANT AND EQUIPMENT

This caption is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Cost		
Land and natural resources	32,977	32,546
Buildings and other constructions	17,257	16,095
Plant and machinery:		
- Renewables generation	12,753,798	11,395,493
- Other plant and machinery	6,712	6,692
Other	88,046	73,568
Assets under construction	1,259,732	1,058,677
	14,158,522	12,583,071
Accumulated depreciation and impairment losses		
Depreciation charge	-471,025	-450,955
Accumulated depreciation in previous years	-2,605,773	-1,984,817
Impairment losses	-15,578	-12,196
Impairment losses in previous years	-53,170	-39,644
	-3,145,546	-2,487,612
Carrying amount	11,012,976	10,095,459

The movement in Property, plant and equipment during 2014, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost							
Land and natural resources	32,546	436	-1,210	-	1,205	-	32,977
Buildings and other constructions	16,095	111	-	-	1,051	-	17,257
Plant and machinery	11,402,185	33,257	-2,803	561,673	727,006	39,192	12,760,510
Other	73,568	2,704	-73	7,602	4,666	-421	88,046
Assets under construction	1,058,677	712,378	-2,687	-569,275	58,832	1,807	1,259,732
	12,583,071	748,886	-6,773	-	792,760	40,578	14,158,522

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses/ Reverses	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated depreciation and impairment losses							
Buildings and other constructions	8,333	687	-	-	735	-	9,755
Plant and machinery	2,435,384	458,783	15,571	-675	158,492	9,370	3,076,925
Other	43,895	11,555	7	-50	3,416	43	58,866
	2,487,612	471,025	15,578	-725	162,643	9,413	3,145,546

Plant and machinery includes the cost of the wind farms and solar plants under operation.

Transfer from assets under construction into operation, refer mainly to wind and solar farms of EDP Renováveis that become operational in Poland, Italy, France ,United States of America and Canada.

Impairment losses / Reverses are related to wind farms in Romania (see note 12).

The caption Changes in perimeter/Other includes the effect of the aquisition of Wincap, S.R.L by EDP Renewables Italia, S.R.L.(see note 5).

The movement in Property, plant and equipment during 2013, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost							
Land and natural resources	24,601	8,209	-677	2,070	-539	-1,118	32,546
Buildings and other constructions	16,700	28	-	-	-633	-	16,095
Plant and machinery	11,579,323	6,811	-1,435	523,805	-269,862	-436,457	11,402,185
Other	76,537	2,352	-5,521	10,070	-1,466	-8,404	73,568
Assets under construction	1,080,675	566,039	-8,181	-535,945	-30,164	-13,747	1,058,677
	12,777,836	583,439	-15,814	-	-302,664	-459,726	12,583,071

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated depreciation and impairment losses							
Buildings and other constructions	7,187	1,398	-	-	-252	-	8,333
Plant and machinery	2,196,605	438,604	12,196	-291	-49,470	-162,260	2,435,384
Other	37,137	10,953	-	-43	-934	-3,218	43,895
	2,240,929	450,955	12,196	-334	-50,656	-165,478	2,487,612

Transfers from assets under construction into operation in 2013, refer mainly to wind farms of EDP Renováveis that become operational.

Impairment losses / Reverses are related to wind generation assets in Spain and in United States of America (see note 12).

The caption Changes in perimeter/Other includes mainly the effect of the aquisition of Lone Valley Solar Park I L.L.C. (ex-EDPR Agincourt L.L.C.) and Lone Valley Solar Park II L.L.C. (ex-EDPR Marathon L.L.C.) by EDP Renewables NA, and the liquidation Parc Eolic Molinars S.L. by EDPR Renovables España, S.L (see note 5). Additionally, also includes the impact of the adoption of IFRS 10 and 11 (see note 39), related with the opening balance.

Assets under construction as at 31 December 2014 and 2013 are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
EDPR EU Group	639,286	675,513
EDPR NA Group	559,853	302,239
Other	60,593	80,925
	1,259,732	1,058,677

Assets under construction as at 31 December 2014 and 2013 are essentially related to wind farms and solar plants under construction and development in EDPR EU and EDPR NA.

Financial interests capitalised amount to 26,814 thousands of Euros as at 31 December 2014 (31 December 2013: 15,579 thousands of Euros) (see note 13).

Personnel costs capitalised amount to 19,546 thousands of Euros as at 31 December 2014 (31 December 2013: 13,913 thousands of Euros) (see note 10).

The EDP Renováveis Group has lease and purchase obligations disclosed in Note 36 - Commitments.

16. INTANGIBLE ASSETS

This caption is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Cost		
Industrial property, other rights and other intangible assets	145,482	105,514
Intangible assets under development	8,622	4,862
	154,104	110,376
Accumulated depreciation		
Depreciation charge	-1,461	-1,522
Accumulated depreciation in previous years	-23,505	-20,921
Impairment losses	-11,434	-
	-36,400	-22,443
Carrying amount	117,704	87,933

Industrial property, other rights and other intangible assets include 91,359 thousands of Euros and 14,035 thousands of Euros related to wind generation licenses of EDPR NA Group (31 December 2013: 76,065 thousands of Euros) and EDPR Portugal (31 December 2013: 14,035 thousands of Euros), respectively, and 37,426 thousands of Euros related with deferred green certificates in Romania (31 December 2013: 12,791 thousands of Euros) (see note 2 i)).

The movement in Intangible assets during 2014, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Additions	Disposals / Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost							
Industrial property, other rights and other intangible assets	105,514	29,481	-	-	10,484	3	145,482
Intangible assets under development	4,862	3,754	-	-	6	-	8,622
	110,376	33,235	-	-	10,490	3	154,104

Thousands of Euros	Balance at 01 Jan	Charge for the year	Impairment	Disposals / Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated amortisation							
Industrial property, other rights and other intangible assets	22,443	1,461	11,434	-	1,062	-	36,400
	22,443	1,461	11,434	-	1,062	-	36,400

Additions include the recognition of deferred green certificates rights in Romania in the amount of 24,885 thousands of Euros.

Impairment losses are related to deferred green certificates in Romania (see note 12).

The movement in Intangible assets during 2013, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Additions	Disposals / Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost							
Industrial property, other rights and other intangible assets	47,221	63,967	-	-	-3,422	-2,252	105,514
Intangible assets under development	4	4,481	-76	-	-188	641	4,862
	47,225	68,448	-76	-	-3,610	-1,611	110,376

Thousands of Euros	Balance at 01 Jan	Charge for the year	Impairment	Disposals / Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated amortisation							
Industrial property, other rights and other intangible assets	22,310	1,522	-	-	-348	-1,041	22,443
	22,310	1,522	-	-	-348	-1,041	22,443

Additions include the power purchase agreements of Rising Tree (see note 2 i) and 17) in the amount of 47,297 thousands of Euros and the recognition of the deferred portion of green certificates rights in Romania in the amount of 12,941 thousands of Euros.

The caption Changes in perimeter / Other includes the impact of the adoption of IFRS 10 and 11 (see note 39), related with the opening balance.

17. GOODWILL

For the Group, the breakdown of Goodwill resulting from the difference between the cost of the investments and the corresponding share of the fair value of the net assets acquired, is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Goodwill booked in EDPR EU Group:	635,111	637,031
- EDPR Spain Group	492,385	492,213
- EDPR France Group	61,460	64,047
- EDPR Portugal Group	42,915	42,915
- Other	38,351	37,856
Goodwill booked in EDPR NA Group	651,264	574,867
Other	1,341	1,602
	1,287,716	1,213,500

The movements in Goodwill, by subgroup, during 2014 are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impair-ment	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
EDPR EU Group:							
- EDPR Spain Group	492,213	172	-	-	-	-	492,385
- EDPR France Group	64,047	-	-2,587	-	-	-	61,460
- EDPR Portugal Group	42,915	-	-	-	-	-	42,915
- Other	37,856	651	-	-	-156	-	38,351
EDPR NA Group	574,867	-	-	-	76,397	-	651,264
Other	1,602	-	-	-278	17	-	1,341
	1,213,500	823	-2,587	-278	76,258	-	1,287,716

The movements in Goodwill, by subgroup, during 2013 are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impair-ment	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
EDPR EU Group:							
- EDPR Spain Group	534,610	-	-172	-	-	-42,225	492,213
- EDPR France Group	65,752	-	-1,705	-	-	-	64,047
- EDPR Portugal Group	42,588	327	-	-	-	-	42,915
- Other	57,284	348	-19,173	-	-603	-	37,856
EDPR NA Group	600,302	-	-	-	-25,435	-	574,867
Other	1,394	477	-	-	-269	-	1,602
	1,301,930	1,152	-21,050	-	-26,307	-42,225	1,213,500

EDPR EU Group

The decrease in goodwill movement in EDPR EU Group in the year 2014 is related with the cancellation of the sucess fee associated to a project in EDPR France.

The goodwill movement in EDPR EU Group in 2013 includes essentially a decrease in the amount of 19,173 thousands of Euros related to the contingent prices revision of some purchase agreements signed before 1 January 2010, date of the adoption of the revised IFRS 3 (as described in accounting policy 2 b)).

The adoption of IFRS 10 and 11 in 2014 implied the comparative adoption of these IFRS's, for comparative purposes, as at 1 January 2013. For EDPR Group, this adoption has generated a negative variation of 42,225 thousands of Euros related to the change in the consolidation method of Compañía Eólica Aragonesa, S.A. and Evolución 2000, S.L. Since these companies started to be consolidated by equity, their goodwill was reclassified to the caption Investments in joint ventures and associates.

Other information for business combinations included in 2014

During 2014 the EDPR Group has paid an amount of 8,541 thousands of Euros (31 December 2013: 46,728 thousands of Euros) for business combinations and success fees related to acquisition of the companies of EDPR NA Group (5,327 thousands of Euros), EDPR Poland Group (1,600 thousands of Euros), EDPR Italia Group (735 thousands of Euros), EDPR UK Group (603 thousands of Euros) and Other (276 thousands of Euros).

Other business combinations

During 2014, EDPR Group acquire 100% of the following companies: Wincap, S.R.L. and Radziejów Wind Farm Sp. ZO.O. (see note 5), with the following agreggated impacts:

Thousands of Euros	Assets Liabilities at fair value
Property, plant and equipment	1,387
Other assets (including licenses)	422
Total assets	1,809
Deferred tax liabilities	-
Current liabilities	-
Total liabilities	375
Net assets	1,434
Non-controlling interests	-
Net assets acquired	1,434
Consideration transferred	2,085
Goodwill	651

Other information for purchase price allocation and business combinations included in 2013

EDPR EU - Other

During 2013 the EDP Renewables Polska, S.P. ZO.O acquired 65,07% of the share capital of the company Molen Wind II, S.P. ZO.O. (see note 5) and has carried out the purchase price allocation that originates the recognition of an operating income of 3,477 thousands of Euros (nota 8).

Thousands of Euros	Book value	PPA	Assets Liabilities at fair value
Property, plant and equipment	1,691	10,739	12,430
Other assets (including licenses)	10,112	-	10,112
Total assets	11,803	10,739	22,542
Deferred tax liabilities	-	2,040	2,040
Current liabilities	1,868	-	1,868
Total liabilities	1,868	2,040	3,908
Net assets	9,935	8,699	18,634
Non-controlling interests	-3,470	-3,039	-6,509
Net assets acquired	6,465	5,660	12,125
Consideration transferred	8,648		8,648
Badwill			-3,477

Goodwill impairment tests - EDPR Group

The goodwill of the EDPR Group is tested for impairment each year with basis of September. In the case of operational wind farms, it is performed by determining the recoverable value through the value in use. Goodwill is allocated to each country where EDPR Group performs its activity, so the EDPR Group aggregate all the CGUs cash flows in each country in order to calculate the recoverable amount of goodwill allocated.

To perform this analysis, a Discounted Cash Flow (DCF) method was used. This method is based on the principle that the estimated value of an entity or business is defined by its capacity to generate financial resources in the future, assuming these can be removed from the business and distributed among the company's shareholders, without compromising the maintenance of the activity.

Therefore, for the businesses developed by EDPR's CGUs, the valuation was based on free cash flows generated by the business, discounted at appropriate discount rates.

The future cash flows projection period used is the useful life of the assets (25 years) which is consistent with the current depreciation method. The cash flows also incorporate the long-term off-take contract in place and long-term estimates of power prices, whenever the asset holds merchant exposure.

The main assumptions used for the impairment tests are as follows:

- Power produced: net capacity factors used for each CGU utilize the wind studies carried out, which takes into account the long-term predictability of wind output and that wind generation is supported in nearly all countries by regulatory mechanisms that allow for production and priority dispatching whenever weather conditions permit;

- Electricity remuneration: regulated or contracted remuneration has been applied where available, as for the CGUs that benefit from regulated remuneration or that have signed contracts to sell their output during all or part of their useful life; where this is not available, prices were derived using price curves projected by the company based on its experience, internal models and using external data references;

- New capacity: tests were based on the best information available on the wind farms expected to be built in coming years, adjusted by probability of success and by the growth prospects of the company based on the Business Plan Targets, its historical growth and market size projections. The tests considered the contracted and expected prices to buy turbines from various suppliers;

- Operating costs: established contracts for land leases and maintenance agreements were used; other operating costs were projected consistent with the company's experience and internal models;

- Terminal value: considered as a 15% of the initial investment in each wind farm, considering inflation;

- Discount rate: the discount rates used are post-tax, reflect EDPR Group's best estimate of the risks specific to each CGU and range as follows:

	2014	2013
Europe	4.0% - 6.4%	4.8% - 7.6%
United States	5.1% - 7.1%	6.0% - 7.3%
Brazil	8.6% - 10.3%	8.6% - 9.9%

Impairment tests done have taken into account the regulation changes in each country, as disclosed in note 1.

EDPR has performed a series of sensitivity analyses of the results of impairment tests to reasonable changes in some of the key variables, such as:
- EDPR NA, decrease in the Net Capacity Factors;
- EDPR NA, 5% and 10% reduction of Merchant Prices.

Furthermore, EDPR Group has done an additional sensitivity analysis increasing 100 basis points the discount rate used in case base for EDPR EU and EDPR Brasil CGU's. These sensitivity analyses performed for each assumption independently would not suppose any impairment for the goodwill allocated to each country.

18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

This caption is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Investments in associates		
Interests in joint ventures	294,146	273,986
Interests in associates	75,645	64,660
Carrying amount	369,791	338,646

For the purpose of the consolidated financial statements presentation, goodwill arising from the acquisition of joint ventures and associated companies is presented in this caption.

The movement in Investments in joint ventures and associates, is analysed as follows:

Thousands of Euros	2014	2013
Balance as at 1 January	338,646	47,473
Acquisitions / Increases	6,178	40
Share of profits of joint ventures and associates	21,756	14,726
Dividends received	-18,132	-17,951
Exchange differences	25,838	-3,743
Hedging reserve in joint ventures and associates	-4,488	4,724
Others	-7	293,377
Balance as at 31 December	369,791	338,646

In 2013, Others includes the impact of the adoption of IFRS 10 and 11 (see note 39), related with the opening balance.

The following table resumes the companies' financial information of joint ventures included in the Group consolidated accounts, as of December 2014:

Thousands of Euros	Flat Rock Windpower	Flat Rock Windpower II	Compañía Eólica Aragonesa	Other
Companies' financial information of joint ventures				
Non-Current Assets	289,039	115,477	134,860	78,209
Current Assets	4,392	869	16,560	11,983
Cash and cash equivalents	2,525	534	12,677	8,982
Total Equity	290,048	115,012	108,144	19,273
Long term Financial debt	-	-	-	40,070
Non-Current Liabilities	30,066	3,156	-	-
Short term Financial debt	-	-	-	-
Current Liabilities	227	119	13,210	16,133
Revenues	31,488	8,392	14,167	10,106
Fixed and intangible assets amortisations	-18,206	-6,165	-5,257	-6,078
Other financial expenses	-147	-57	-174	-1,479
Income tax expense	-	-	2,531	815
Net profit for the year	2,403	-1,345	4,282	-793
Amounts proportionally attributed to EDPR Group				
Net assets	145,024	57,506	66,657	24,967
Goodwill	-	-	39,558	-
Dividends paid	11,689	2,813	2,500	737

The following table resumes the companies' financial information of joint ventures included in the Group consolidated accounts, as of December 2013:

Thousands of Euros	Flat Rock Windpower	Flat Rock Windpower II	Compañía Eólica Aragonesa	Other
Companies' financial information of joint ventures				
Non-Current Assets	267,622	107,611	127,966	66,959
Current Assets	6,488	1,467	12,727	11,574
Cash and cash equivalents	3,039	930	7,011	8,282
Total Equity	271,332	107,966	108,862	21,196
Long term Financial debt	-	-	-	46,396
Non-Current Liabilities	2,637	1,015	21,971	-
Short term Financial debt	-	-	-	-
Current Liabilities	141	97	9,860	8,847
Revenues	24,579	5,847	30,652	20,407
Fixed and intangible assets amortisations	-16,004	-6,177	-4,811	-5,564
Other financial expenses	-140	-54	-1,018	-1,947
Income tax expense	-	-	-3,434	-2,354
Net profit for the year	-2,418	-3,750	12,703	5,487
Amounts proportionally attributed to EDPR Group				
Net assets	135,666	53,983	68,428	15,909
Goodwill	-	-	39,558	-
Dividends paid	5,900	1,094	4,972	4,524

The following table resumes the companies' financial information of associates included in the Group consolidated accounts, as of December 2014:

Thousands of Euros	Seaenergy Renewables Inch Cape	ENEOP	Pq. Eólico Sierra del Madero	Other
Companies' financial information of associates				
Non-Current Assets	46,688	1,296,820	55,915	96,497
Current Assets	2,662	365,479	9,145	12,748
Equity	-3,228	98,056	21,909	47,822
Non-Current Liabilities	46,169	1,399,319	2,644	46,031
Current Liabilities	6,408	164,923	40,508	15,505
Revenues	-	212,687	8,990	11,211
Net profit for the year	-1,201	36,167	-390	-4,467
Amounts proportionally attributed to EDPR Group				
Net assets	14,190	35,261	9,202	16,992
Goodwill	15,772	-	-	8,205
Dividends paid	-	-	-	393

The following table resumes the companies' financial information of associates included in the Group consolidated accounts, as of December 2013:

Thousands of Euros	Seaenergy Renewables Inch Cape	ENEOP	Pq. Eólico Sierra del Madero	Other
Companies' financial information of associates				
Non-Current Assets	19,778	1,184,916	58,190	86,370
Current Assets	1,033	282,449	5,435	8,578
Equity	-1,854	74,739	21,519	42,734
Non-Current Liabilities	19,211	1,248,590	3,439	20,748
Current Liabilities	3,453	144,037	38,668	30,644
Revenues	-	193,736	14,020	14,127
Net profit for the year	-731	37,220	4,749	1,157
Amounts proportionally attributed to EDPR Group				
Net assets	13,827	26,876	9,038	14,919
Goodwill	14,735	-	-	8,205
Dividends paid	-	-	-	1,578

During 2014, the significant companies' financial information of joint ventures and associates presents the following fair value reconciliation of net assets proportionally attributed to EDP Group:

Milhares de Euros	Equity	% EM	Fair Value Ajustments	Goodwill	Others	Net Assets
Flat Rock Windpower	290,048	50.00%	-	-	-	145,024
Flat Rock Windpower II LLC	115,012	50.00%	-	-	-	57,506
Compañía Eólica Aragonesa	108,144	50.00%	12,585	-	-	66,657
SeaEnergy Renewables Inch Cape Limitec	-3,228	49.00%	-	15,772	-	14,190
ENEOP - Éolicas de Portugal, SA	98,056	35.96%	-	-	-	35,261
Parque Eólico Sierra del Madero	21 909	42.00%	-	-	-	9,202

During 2013, the significant companies' financial information of joint ventures and associates presents the following fair value reconciliation of net assets proportionally attributed to EDP Group:

Milhares de Euros	Equity	% EM	Fair Value Ajustments	Goodwill	Others	Net Assets
Flat Rock Windpower	271,332	50.00%	-	-	-	135,666
Flat Rock Windpower II LLC	107,966	50.00%	-	-	-	53,983
Compañía Eólica Aragonesa	108,862	50.00%	13,997		-	68,428
SeaEnergy Renewables Inch Cape Limitec	-1,854	49.00%	-	14,735	-	13,827
ENEOP - Éolicas de Portugal, SA	74,739	35.96%	-	-	-	26,876
Parque Eólico Sierra del Madero	21 519	42.00%	-	-	-	9 038

Operating guarantees granted by joint ventures included in the Group consolidated accounts under the equity method, as at 31 December 2014 and 2013, are disclosed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Guarantees of operational nature		
Compañía Eólica Aragonesa	1,440	1,440
Others	307	307
	1,747	1,747

The commitments relating to short and medium-long term financial debt, finance lease commitments, other long term commitments and other liabilities relating to purchases and future lease payments under operating leases for joint ventures included in the Group consolidated accounts under the equity method are disclosed, as at 31 December 2014 and 2013, are as follows:

	2014				
	Capital outstanding by maturity				
Thousands of Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Short and long term financial debt	23,814	3,356	7,043	7,341	6,074
Operating lease commitments	22,178	1,344	2,727	2,779	15,327
Purchase obligations	9,019	4,612	3,841	567	-
	55,011	9,312	13,611	10,687	21,401

	2013				
	Capital outstanding by maturity				
Thousands of Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Short and long term financial debt	27,374	3,354	6,912	7,297	9,811
Operating lease commitments	10,786	539	1,111	1,155	7,981
Purchase obligations	9,709	4,792	4,220	697	-
	47,869	8,685	12,243	9,149	17,792

19. DEFERRED TAX ASSETS AND LIABILITIES

The EDP Renováveis Group records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis, which are analysed as follows:

	Deferred tax assets		Deferred tax liabilities	
Thousands of Euros	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Tax losses brought forward	848,119	684,286	-	-
Provisions	24,382	21,399	5,956	4,265
Derivative financial instruments	12,488	11,472	3,300	625
Property, plant and equipment	50,935	47,409	430,175	332,213
Allocation of fair value to assets and liabilities from business combinations	-	-	357,768	406,199
Income from institutional partnerships in US wind farms	-	-	389,475	299,403
Non-deductible financial expenses	27,621	21,113	-	-
Netting of deferred tax assets and liabilities	-917,062	-676,449	-917,062	-676,449
Other	5	-17	780	928
	46,488	109,213	270,392	367,184

Deferred tax assets and liabilities is mainly related to Europe and United States of America, as follows:

	Deferred tax assets		Deferred tax liabilities	
Thousands of Euros	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Europe:				
Tax losses brought forward	25,724	17,579	-	-
Provisions	16,854	15,422	5,956	4,265
Derivative financial instruments	12,399	9,465	1,810	500
Property, plant and equipment	47,631	44,471	52,542	18,796
Non-deductible financial expenses	27,621	21,113	-	-
Allocation of fair value to assets and liabilities from business combinations	-	-	231,219	308,390
Netting of deferred tax assets and liabilities	-84,371	-	-84,371	-
Other	4	-16	780	830
	45,862	108,034	207,936	332,781
United States of America:				
Tax losses brought forward	820,673	665,054	-	-
Provisions	7,310	5,761	-	-
Derivative financial instruments	-	2,007	1,490	-
Property, plant and equipment	3,304	2,937	376,403	313,029
Allocation of fair value to assets and liabilities from business combinations	-	-	122,009	93,090
Income from institutional partnerships in US wind farms	-	-	389,475	299,403
Netting of deferred tax assets and liabilities	-831,287	-675,759	-831,287	-675,759
	-	-	58,090	29,763

The movements in net deferred tax assets and liabilities during the year are analysed as follows:

	Deferred tax assets		Deferred tax liabilities	
Thousands of Euros	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Balance as at 1 January	109,213	89,378	-367,184	-380,592
Charges to the profit and loss account	13,360	39,181	20,238	-7,160
Charges against reserves	3,312	-5,464	-2,867	-320
Exchange differences and other variations	-79,397	-13,882	79,421	20,888
Balance as at 31 December	46,488	109,213	-270,392	-367,184

The Group tax losses carried forward are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Expiration date:		
2014	-	259
2015	103	107
2016	1,435	1,523
2017	4,787	3,597
2018	26,610	33,923
2019	20,538	3,122
2020 to 2034	2,141,294	1,752,812
Without expiration date	279,280	229,144
	2,474,047	2,024,487

20. INVENTORIES

This caption is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Advances on account of purchases	4,367	2,952
Finished and intermediate products	3,793	2,248
Raw and subsidiary materials and consumables	13,160	10,225
	21,320	15,425

21. TRADE RECEIVABLES

Trade receivables are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Trade receivables - Non-current		
Europe:		
- Spain	4,879	-
	4,879	-
Trade receivables - Current		
Europe:		
- Spain	37,814	68,578
- Romania	9,170	40,464
- Poland	21,085	19,237
- Rest of Europe	27,510	33,022
	95,579	161,301
United States of America	43,428	39,590
Other	3,480	2,715
	142,487	203,606
Impairment losses	-1,342	-1,342
	141,145	202,264
	146,024	202,264

Trade receivables - Non- Current, is related to the establishment of the pool boundaries adjustment in EDPR EU in Spain, as a result of the publication of Royal Decree-Law 413/2014 and Order IET/1045/2014 (see note 1).

22. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Debtors and other assets from commercial activities - Non-current		
Deferred costs	11,380	41,771
Sundry debtors and other operations	24,940	11,389
	36,320	53,160
Debtors and other assets from commercial activities - Current		
Prepaid turbine maintenance	6,839	7,125
Services rendered	6,495	11,596
Advances to suppliers	2,903	1,709
Sundry debtors and other operations	25,327	24,168
	41,564	44,598
	77,884	97,758

23. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Other debtors and other assets - Non-current		
Loans to related parties	359,133	300,054
Derivative financial instruments	16,365	14,148
Sundry debtors and other operations	21,482	6,233
	396,980	320,435
Other debtors and other assets - Current		
Loans to related parties	246,587	95,327
Derivative financial instruments	32,514	11,154
Sundry debtors and other operations	15,545	26,617
	294,646	133,098
	691,626	453,533

Loans to related parties - Non-current mainly includes 358,120 thousands of Euros of loans to ENEOP - Eólicas de Portugal, S.A. Group (31 December 2013: 286,520 thousands of Euros). The maturity date of this loan is December 2017.

Loans to related parties - Current mainly includes 35.343 thousands of Euros of loans to ENEOP - Eólicas de Portugal, S.A. Group (31 December 2013: 18,456 thousands of Euros), 21.541 thousands of Euros of loans to SeaEnergy Renewables Inch Cape Limited (31 December 2013: 9,428 thousands of Euros), 168,935 thousands of Euros of loans to EDP Servicios Financieros España, S.A. (31 December 2013: 63,775 thousands of Euros) and 12.929 thousands of Euros loans to Parque Eólico Sierra del Madero, S.A.

24. CURRENT TAX ASSETS

Current tax assets is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Income tax	12,336	18,744
Value added tax (VAT)	71,512	78,734
Other taxes	5,245	5,914
	89,093	103,392

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Cash	-	-
Bank deposits		
Current deposits	246,652	205,920
Term deposits	16	10,540
Specific demand deposits in relation to institutional partnerships	78,855	62
	325,523	216,522
Other short term investments	43,100	38,940
	368,623	255,462

Specific demand deposits in relation to institutional partnerships are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 31). The governing agreements of these partnerships and specific escrow agreements define the appropriate expenditure of these funds.

The caption Other short term investments includes very short term investments promptly convertible into cash.

26. SHARE CAPITAL

At 31 December 2014 and 2013, the share capital of the Company is represented by 872,308,162 shares of Euros 5 par value each, all fully paid. The shares are in book-entry bearer form, the company is entitled to request the listing of its shares and all the shareholders are registered in the relevant book-entry records. These shares have the same voting and profit-sharing rights and are freely transferable.

EDP Renováveis, S.A. shareholder's structure as at 31 December 2014 and 2013 is analysed as follows:

	No. of Shares	% Capital	% Voting rights
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	541,027,156	62.02%	62.02%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.51%	15.51%
Other(*)	196,024,306	22.47%	22.47%
	872,308,162	**100.00%**	**100.00%**

(*) Shares quoted on the Lisbon stock exchange

In 2007 and 2008, the Company carried out various share capital increases, which were subscribed through non-monetary contributions comprising 100% of the shares in EDPR NA and EDPR EU.

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

Earning per share attributable to the shareholders of EDPR are analysed as follows:

	31 Dec 2014	31 Dec 2013
Profit attributable to the equity holders of the parent (in thousands of Euros)	126,007	135,116
Profit from continuing operations attributable to the equity holders of the parent (in thousands of Euros)	126,007	135,116
Weighted average number of ordinary shares outstanding	872,308,162	872,308,162
Weighted average number of diluted ordinary shares outstanding	872,308,162	872,308,162
Earnings per share (basic) attributable to equity holders of the parent (in Euros)	0.14	0.15
Earnings per share (diluted) attributable to equity holders of the parent (in Euros)	0.14	0.15
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.14	0.15
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.14	0.15

The EDPR Group calculates its basic and diluted earnings per share attributable to equity holders of the parent using the weighted average number of ordinary shares outstanding during the period.

The company does not hold any treasury stock as at 31 December 2014 and 2013.

The average number of shares was determined as follows:

	31 Dec 2014	31 Dec 2013
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Effect of shares issued during the period	-	-
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the period	872,308,162	872,308,162
Diluted average number of shares during the period	872,308,162	872,308,162

27. RESERVES AND RETAINED EARNINGS

This caption is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Reserves		
Fair value reserve (cash flow hedge)	-41,066	-29,114
Fair value reserve (available-for-sale financial assets)	2,603	3,242
Exchange differences arising on consolidation	-25,793	-43,733
	-64,256	-69,605
Other reserves and retained earnings		
Retained earnings and other reserves	710,278	601,838
Additional paid in capital	60,666	60,666
Legal reserve	35,375	29,675
	806,319	692,179
	742,063	622,574

Additional paid in capital

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the Group EDPR has adopted an accounting policy for such transactions, judged appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the book values of the acquired company (subgroup) in the EDPR consolidated financial statements. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

Legal reserve

The legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses, if no other reserves are available, or to increase the share capital.

Profit distribution (parent company)

The EDP Renováveis, S.A. proposal for 2014 profits distribution to be presented in the Annual General Meeting is as follows:

	Euros
Profit for the period	212,703,502.15
Distribution:	
Legal reserve	21,270,350.22
Dividends	34,892,326.48
Retained earnings	156,540,825.46
	212,703,502.15

The EDP Renováveis, S.A. proposal for 2013 profits distribution to be presented in the Annual General Meeting is as follows:

	Euros
Profit for the period	56,998,823.86
Distribution	
Legal reserve	5,699,882.39
Dividends	34,892,326.48
Retained earnings	16,406,614.99
	56,998,823.86

Fair value reserve (cash flow hedge)

The Fair value reserve (cash flow hedge) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Fair value reserve (available-for-sale financial assets)

This reserve includes the cumulative net change in the fair value of available-for-sale financial assets as at the balance sheet date.

Thousands of Euros	
Balance as at 1 January 2013	4,446
Parque Eólico Montes de las Navas, S.L.	-1,204
Balance as at 31 December 2013	3,242
Parque Eólico Montes de las Navas, S.L.	-639
Balance as at 31 December 2014	2,603

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the financial statments of subsidiaries and associated companies from their functional currency into Euros. The exchange rates used in the preparation of the consolidated financial statements are as follows:

		Exchange rates as at 31 December		**Exchange rates as at 31 December**	
Currency		**Closing Rate**	**Average Rate**	**Closing Rate**	**Average Rate**
US Dollar	USD	1.214	1.329	1.379	1.328
Zloty	PLN	4.273	4.184	4.154	4.197
Brazilian Real	BRL	3.221	3.122	3.258	2.868
New Leu	RON	4.483	4.444	4.471	4.419
Pound Sterling	GBP	0.779	0.806	0.834	0.849
Canadian Dollar	CAD	1.406	1.466	1.467	1.368

28. NON-CONTROLLING INTERESTS

This caption is analysed as follows:

Thousands of Euros	**31 Dec 2014**	**31 Dec 2013**
Non-controlling interests in income statement	51,880	34,010
Non-controlling interests in share capital and reserves	497,233	384,047
	549,113	418,057

Non-controlling interests, by subgroup, are analysed as follows:

Thousands of Euros	**31 Dec 2014**	**31 Dec 2013**
EDPR NA Group	232,358	198,348
EDPR EU Group	283,543	192,241
EDPR BR Group	33,212	27,468
	549,113	418,057

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits of the year attributable to non-controlling interests of 51,880 thousands of Euros; (ii) Sale without loss of control of EDPR France attributable to non-controlling interests of 59,163 thousands of Euros (see note 5); (iii) Sale without loss of control of EDPR France subsidiaries attributable to non-controlling interests of 22,346 thousands of Euros (see note 5); (iv) Sale without loss of control of South Dundas Wind Farm attributable to non-controlling interests of 13,030 thousands of Euros (see note 5); (v) equity decreases in EDPR NA group attributable to non-controlling interests of 28,712 thousands of Euros; (vi) share capital increases from non-controlling interests in EDPR EU group of 25,677 thousands of Euros; (vii) dividends attributable to non-controlling interests in EDPR EU group of 34,382 thousands of Euros; (viii) and exchange differences arising on consolidation attributable to non-controlling interests of 26,913 thousands of Euros.

29. FINANCIAL DEBT

This caption is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Financial debt - Non-current		
Bank loans:		
- EDPR EU Group	664,948	642,927
- EDPR BR Group	47,142	53,833
- EDPR NA Group	30,633	-
Non convertible bonds:		
- EDPR BR Group	-	29,102
Loans receive from EDP group entities:		
- EDP Renováveis, S.A.	368,506	324,417
- EDP Renováveis Servicios Financieros, S.L.	2,595,344	2,458,436
Other loans:		
- EDPR EU Group	9,861	11,363
Interest payable	-	781
Total Debt and borrowings - Non-current	3,716,434	3,520,859
Collateral Deposits - Non-current (*)		
Collateral Deposit - Project Finance and others	-65,597	-72,206
Total Collateral Deposits - Non-current	-65,597	-72,206

Thousands of Euros	31 Dec 2014	31 Dec 2013
Financial debt - Current		
Bank loans:		
- EDPR EU Group	133,561	80,881
- EDPR BR Group	7,307	7,160
- EDPR NA Group	3,155	-
Non convertible bonds:		
- EDPR BR Group	29,497	-
Commercial Paper:		
- EDPR BR Group	-	6,139
Loans receive from EDP group entities:		
- EDP Renováveis Servicios Financieros, S.L.	-	34,262
Other loans:		
- EDPR EU Group	1,763	9,716
- EDPR NA Group	-	1,208
Interest payable	10,206	5,652
Total Debt and borrowings - Current	185,489	145,018
Collateral Deposits - Current (*)		
Collateral Deposit - Project Finance and others	-15,141	-6,054
Total Collateral Deposits - Current	-15,141	-6,054
	3,821,185	3,587,617

(*) Collateral Deposits informative note
Collateral Deposits refer mainly to amounts held in bank accounts to comply with obligations under project finance agreements entered into by certain EDP Renewable subsidiaries.

Financial debt Non-current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV (2.963.850 thousands of Euros). These loans have an average maturity of 4 and half years and bear interest at fixed market rates.

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2014, these financings amount to 870,074 thousands of Euros (31 December 2013: 779,451 thousands of Euros), which are included in the total debt of the Group.

The breakdown of Financial debt by maturity, is as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Bank loans		
Up to 1 year	148,545	92,883
1 to 5 years	306,853	310,595
Over 5 years	435,869	386,165
	891,267	789,643
Non convertible bonds		
Up to 1 year	34,318	-
1 to 5 years	-	29,883
	34,318	29,883
Loans receive from EDP group entities		
Up to 1 year	863	35,072
1 to 5 years	2,830,726	2,199,205
Over 5 years	133,124	583,648
	2,964,713	2,817,925
Commercial Paper		
Up to 1 year	-	6,139
	-	6,139
Other loans		
Up to 1 year	1,763	10,924
1 to 5 years	9,862	11,363
	11,625	22,287
	3,901,923	3,665,877

The fair value of EDP Renováveis Group's debt is analysed as follows:

	31 Dec 2014		31 Dec 2013	
Thousands of Euros	Carrying Value	Market Value	Carrying Value	Market Value
Financial debt - Non-current	3,716,434	3,958,635	3,520,859	3,489,948
Financial debt - Current	185,489	185,489	145,018	145,018
	3,901,923	4,144,124	3,665,877	3,634,966

The market value of the medium/long-term (non-current) debt and borrowings that bear a fixed interest rate is calculated based on the discounted cash flows at the rates ruling at the balance sheet date. The market value of debt and borrowing that bear a floating interest rate is considered not to differ from its book value as these loans bear interest at a rate indexed to Euribor. The book value of the short-term (current) debt and borrowings is considered to be the market value.

As at 31 December 2014, the scheduled repayments of Group's debt are as follows:

Thousands of Euros	Total	2015	2016	2017	2018	2019	Subsequent years
Debt and borrowings - Non-current	3,716,434	-	323,293	82,218	2,183,772	558,158	568,993
Debt and borrowings - Current	185,489	185,489	-	-	-	-	-
	3,901,923	185,489	323,293	82,218	2,183,772	558,158	568,993

The breakdown of guarantees is presented in note 36 to the financial statments accounts.

The breakdown of Financial debt, by currency, is as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Loans denominated in EUR	2,026,075	2,106,792
Loans denominated in USD	1,513,243	1,333,401
Loans denominated in other currencies	362,605	225,684
	3,901,923	3,665,877

30. PROVISIONS

Provisions are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Dismantling and decommission provisions	96,676	62,461
Provision for other liabilities and charges	2,026	1,877
Employee benefits	209	198
	98,911	64,536

Dismantling and decommission provisions refer to the costs to be incurred with dismantling wind farms and restoring sites and land to their original condition, in accordance with the accounting policy described in note 2 o). The above amount respects mainly to 49,413 thousands of Euros for wind farms in the United States of America (31 December 2013: 36,134 thousands of Euros) and 46,403 thousands of Euros for wind farms in Europe (31 December 2013: 25,535 thousands of Euros).

EDP Renováveis believes that the provisions booked on the consolidated statement of financial position adequately cover the foreseeable obligations described in this note. Therefore, it is not expected that they will give rise to liabilities in addition to those recorded.

As at 31 December 2014 and 2013, the EDP Renováveis Group does not have any significant tax-related contingent liabilities or contingent assets related to unresolved disputes with the tax authorities.

The movements in Provisions for dismantling and decommission provisions are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Balance at the beginning of the year	62,461	63,336
Capitalised amount for the year	24,878	1,362
Unwinding	3,752	3,475
Other and exchange differences	5,585	-5,712
Balance at the end of the year	96,676	62,461

Capitalised amount for the year and other includes the impact of the update of dismantling provisions assumptions.

The movements in Provision for other liabilities and charges are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Balance at the beginning of the year	1,877	267
Charge for the year	21	1,290
Other and exchange differences	128	320
Balance at the end of the year	2,026	1,877

31. INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

This caption is analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Deferred income related to benefits provided	735,260	672,154
Liabilities arising from institutional partnerships in US wind farms	1,066,703	836,341
	1,801,963	1,508,495

The movements in Institutional partnerships in US wind farms are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Balance at the beginning of the period	1,508,495	1,679,753
Proceeds received from institutional investors	219,256	-
Cash paid for deferred transaction costs	-1,780	-
Cash paid to institutional investors	-69,616	-35,579
Income (see note 7)	-123,582	-125,101
Unwinding (see note 13)	56,551	60,840
Exchange differences	212,639	-68,930
Others	-	-2,488
Balance at the end of the period	1,801,963	1,508,495

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that apportions the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTC), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

During 2014 EDPR Group, through its subsidiary EDPR NA, has secured 193 millions of USD (approximately 145 millions of Euros) of institutional equity financing from BAL Investment & Advisory, Inc. (Bank of America) in exchange for an interest in the Vento XI portfolio, 66 millions of USD (approximately 50 millions of Euros) of institutional equity financing from Bankers Commercial Corporation (Union Bank) in exchange for an interest in the Vento XII portfolio and 32 millions of USD (approximately 24 millions of Euros) of institutional equity financing from Firststar Development, LLC (US Bank).

32. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

Trade and other payables from commercial activities are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Trade and other payables from commercial activities - Non-current		
Government grants / subsidies for investments in fixed assets	430,426	379,975
Electricity sale contracts - EDPR NA	30,827	35,750
Other creditors and sundry operations	3,114	2,415
	464,367	418,140
Trade and other payables from commercial activities - Current		
Suppliers	68,343	68,304
Property and equipment suppliers	569,070	330,225
Advance payments EDPR Spain	377	25,885
Other creditors and sundry operations	50,114	49,794
	687,904	474,208
	1,152,271	892,348

Government grants for investments in fixed assets are essentially related to grants received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government.

At the moment of the EDPR North America acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousands of USD, being booked as a non-current liability under Electricity sale contracts - EDPR NA, which is depreciated over the useful life of the contracts under Other income (see note 8).

33. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Other liabilities and other payables - Non-current		
Success fees payable for the acquisition of subsidiaries	10,707	14,172
Loans from non-controlling interests	227,819	125,693
Derivative financial instruments	192,194	97,797
Other creditors and sundry operations	715	1,250
	431,435	238,912
Other liabilities and other payables - Current		
Success fees payable for the acquisition of subsidiaries	1,479	-
Derivative financial instruments	220,602	37,105
Loans from non-controlling interests	29,128	49,454
Other creditors and sundry operations	20,752	47,979
	271,961	134,538
	703,396	373,450

Success fees payable for the acquisition of subsidiaries non-current includes mainly the amounts related to the contingent prices of several European and Brazilian projects.

Derivative financial instruments non-current and current includes 129,982 and 212,249 thousands of Euros respectively (31 December 2013: 62,874 and 19,898 thousands of Euros respectively) related to a hedge instrument of USD and EUR with EDP Branch, which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see note 35).

The caption Loans from non-controlling interests Current and Non-Current is related to EDPR Portugal loan formerly due to EDPR EU in the second quarter of 2013 in the amount of 110,529 thousands of Euros that following the sale process of 49% of its shareholding in EDPR Portugal to CTG, shareholder of EDP Group, were also acquired by CTG. The maturity date of this loan is December 2022, bearing interest at a fixed rate of 5.5% andthe interests are paid half-yearly. At 31 December 2014, this loan amounts to 90,610 thousands of Euros. Additionally, the caption Loans from non-controlling interests Non-Current also includes the amount 93,553 thousands of Euros of loans to pay to Vortex, due the sale of 49% of several interests of EDPR France, the fixed rate used for this loans vary between 3.10% and 7.12%.

Other creditors and sundry operations - current include 6,292 thousands of Euros (31 December 2013: 30,915 thousands of Euros) related with the estimated corporate income tax due to EDP Energias de Portugal, S.A. Sucursal en España.

According to Spanish law 15/2010 of 5 July the Group disclose the details of payments made from Spanish companies to suppliers during the year 2014 (distinguishing those who have exceeded the legal limits of postponement), the average payments period, the outstanding balances that at 31 December 2014 and 2013 with an overdue greater than the legal period, are the following:

	Payments and outstandig payments at year end			
	31 Dec 2014		**31 Dec 2013 (*)**	
Thousands of Euros	**Value**	**%**	**Value**	**%**
Within the legal deadline	67,229	62.26%	70,691	59.83%
Rest	40,746	37.74%	47,469	40.17%
Total payments for the year	107,975	100.00%	118,160	100.00%
Average payment period (days)	36.55		92.48	
Outstanding balances with an overdue greater than the legal period	9,668		5,844	

At 31 December 2014, the outstanding balances with an overdue greater then the legal period includes 5,492 thousands of Euros regarding group companies (31 December 2013: 2,672 thousands of Euros).

This law stipulates a maximum legal payment period of 60 days in 2014 and 2013. The Company has applied this criterion when preparing the information required by the Spanish Accounting and Auditing Institute (ICAC) resolution of 29 December 2010 on disclosures in notes to financial statements of late payments to suppliers in commercial transactions.

(*) Restated for the adoption of IFRS 10 and 11

34. CURRENT TAX LIABILITIES

This caption is analysed as follows:

Thousands of Euros	**31 Dec 2014**	**31 Dec 2013**
Income tax	11,833	52,694
Withholding tax	19,178	16,879
Value added tax (VAT)	13,370	15,795
Other taxes	12,323	11,774
	56,704	97,142

35. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2014, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
Thousands of Euros	Assets	Liabilities	Until 1 year	From 1 to 5 years	More than 5 years	Total
Net investment hedge						
Cross currency rate swaps	13,894	-342,231	1,252,469	722,733	-	1,975,202
	13,894	-342,231	1,252,469	722,733	-	1,975,202
Cash flow hedge						
Power price swaps	16,706	-8,683	199,744	129,680	-	329,424
Interest rate swaps	8	-55,410	83,567	167,005	245,262	495,834
	16,714	-64,093	283,311	296,685	245,262	825,258
Trading						
Power price swaps	5,404	-6,371	45,457	26,517	-	71,974
Interest rate swaps	-	-101	470	1,411	-	1,881
Cross currency rate swaps	2,943	-	-	69,750	-	69,750
Currency forwards	9,924	-	365,957	-	-	365,957
	18,271	-6,472	411,884	97,678	-	509,562
	48,879	-412,796	1,947,664	1,117,096	245,262	3,310,022

As of 31 December 2013, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
Thousands of Euros	Assets	Liabilities	Until 1 year	1 to 5 years	More than 5 years	Total
Net investment hedge						
Cross currency rate swaps	12,438	-82,772	438,827	1,509,759	-	1,948,586
Currency forwards	2,360	-	33,305	-	-	33,305
	14,798	-82,772	472,132	1,509,759	-	1,981,891
Cash flow hedge						
Power price swaps	4,164	-5,378	55,769	61,578	-	117,347
Interest rate swaps	-	-32,405	46,586	206,773	269,229	522,588
Currency forwards	169	-	2,749	-	-	2,749
	4,333	-37,783	105,104	268,351	269,229	642,684
Trading						
Power price swaps	5,046	-7,863	30,965	46,818	-	77,783
Interest rate swaps	-	-110	470	1,881	-	2,351
Cross currency rate swaps	486	-86	-	69,750	-	69,750
Currency forwards	639	-6,288	539,199	-	-	539,199
	6,171	-14,347	570,634	118,449	-	689,083
	25,302	-134,902	1,147,870	1,896,559	269,229	3,313,658

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 23) or Other liabilities and other payables (note 33), if the fair value is positive or negative, respectively.

The net investment derivatives are related to the Group CIRS in USD and EUR with EDP Branch as referred in the notes 37 and 38. The net investment derivatives also include Currency forwards in CAD and CIRS in PLN and BRL with EDP with the purpose of hedging EDP Renováveis Group's operations in Canada, Poland and Brazil.

Interest rate swaps are related to the project finances and have been formalised to convert variable to fixed interest rates.

Cash flow hedge power price swaps are related to the hedging of the sales price. EDPR NA has entered into a power price swap to hedge the variability in the spot market prices received for a portion of the production of Maple Ridge I project. Additionally, both EDPR NA and EDPR EU have entered in short term hedges to hedge the short term volatility of certain un-contracted generation of its wind farms.

In certain US power markets, EDPR NA is exposed to congestion and line loss risks which typically have a negative impact on the price received for power generated in these markets. To economically hedge these risk exposures, EDPR NA entered into Financial Transmission Rights (“FTR”) and a three year fixed for floating Locational Marginal Price (LMP) swap.

The trading derivative financial instruments are derivatives contracted for economic hedging that are not eligible for hedge accounting. These include a USD/EUR forward contract with EDP Servicios Financieros used to mitigate the exchange rate risk arising from the net assets in USD, as a complement of the net investment hedge.

Fair value of derivative financial instruments is based on quotes indicated by external entities. These entities use discount cash flows techniques usually accepted and data from public markets. As such, according to IFRS13 requirements, the fair value of the derivative financial instruments is classified as of Level 2 (note 38).

The changes in the fair value of hedging instruments and risks being hedged are as follows:

			31 Dec 2014		31 Dec 2013	
			Changes in fair value		Changes in fair value	
Thousands of Euros	Hedging instrument	Hedged item	Instrument	Risk	Instrument	Risk
Net Investment hedge	Cross currency rate swaps	Subsidiary accounts in USD, PLN and BRL	-258,003	257,877	96,316	-95,793
Net Investment hedge	Currency forward	Subsidiary accounts in CAD	-2,360	2,158	2,360	-2,360
Cashflow hedge	Interest rate swap	Interest rate	-22,997	-	20,189	-
Cashflow hedge	Power price swaps	Power price	9,237	-	-3,487	-
Cashflow hedge	Currency forward	Exchange rate	-169	-	169	-
			-274,292	260,035	115,547	-98,153

During 2014 and 2013 the following market inputs were considered for the fair value calculation:

Instrument	Market input
Cross currency interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, daily brazilian CDI, Wibor 3M; and exchange rates: EUR/BRL, EUR/PLN e EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, Wibor 3M, Wibor 6M and CAD Libor 3M.
Foreign exchange forwards	Fair value indexed to the following exchange rates: USD/EUR, EUR/RON, EUR/PLN, CAD/DKK, CAD/USD and EUR/CAD.
Power price swaps	Fair value indexed to the price of electricity.

The movements in cash flow hedge reserve have been as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Balance at the beginning of the year	-40,804	-64,400
Fair value changes	-20,527	24,430
Transfers to results	-1,396	3,072
Non-controlling interests included in fair value changes	5,404	-3,372
Effect of the acquisition of 3% of Relax Wind Park I, S.P. ZO.O and 30% of Greenwind, S.A.	-	-534
Effect of the sale without loss of control of EDPR France and its subsidiaries	4,755	-
Balance at the end of the year	-52,568	-40,804

EDPR has adopted cashflow hedge accounting in order to hedge exchange rate risk in the future sell of green certificates granted to Cernavoda, Pestera and VS windfarms in Roménia. The sell price is indexed to EUR/RON exchange rate for which EDPR elected as hedging instrument the project finance loans contracted in EUR for those projects.

The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Net investment hedge - inefectiveness	-328	523
Cash-flow hedge		
Transfer to results from hedging of financial liabilities	-10	2,711
Transfer to results from hedging of commodity prices	1,406	-5,783
Non eligible for hedge accounting derivatives	37,781	-5,467
	38,849	-8,016

The amount from transfers to results from hedging of commodity prices is registered in Revenues while the remaining gains and losses are registered in Financial income and Financial expense, respectively (see note 13).

The effective interest rates for derivative financial instruments associated with financing operations during 2014, were as follows:

	EDP Renováveis Group		
	Currency	Pays	Receives
Interest rate contracts			
Interest rate swaps	EUR	[1.36% - 4.45%]	[0.17% - 0.30%]
Interest rate swaps	PLN	[3.30% - 5.41%]	[2.05% - 2.06%]
Interest rate swaps	CAD	[2.59%]	[1.30%]
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[0.61% - 4.26%]	[0.28% - 3.98%]
CIRS (currency interest rate swaps)	EUR/BRL	[9.02% - 9.37%]	[0.08%]
CIRS (currency interest rate swaps)	EUR/PLN	[1.08% - 2.07%]	[0.08% - 0.09%]

The effective interest rates for derivative financial instruments associated with financing operations during 2013, were as follows:

	EDP Renováveis Group		
	Currency	Pays	Receives
Interest rate contracts			
Interest rate swaps	EUR	[1.36% - 4.95%]	[0.33% - 0.39%]
Interest rate swaps	PLN	[3.30% - 5.41%]	[2.70% - 0.33%]
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[1.35% - 4.25%]	[1.19% - 4.19%]
CIRS (currency interest rate swaps)	EUR/BRL	[7.62% - 7.91%]	[0.22% - 0.29%]
CIRS (currency interest rate swaps)	EUR/PLN	[1.73% - 2.55%]	[0.25% - 0.29%]

36. COMMITMENTS

As at 31 December 2014 and 2013, the financial commitments not included in the statement of financial position in respect of financial, operational and real guarantees provided, are analysed as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
Guarantees of financial nature		
EDPR NA Group	3,706	3,263
	3,706	3,263
Guarantees of operational nature		
EDP Renováveis, S.A.	594,909	314,979
EDPR NA Group	830,645	499,612
EDPR EU Group	11,459	44,646
EDPR BR Group	16,932	8,609
	1,453,945	867,846
Total	1,457,651	871,109
Real guarantees	37,837	16,166

As at 31 December 2014 and 31 December 2013, EDPR has operational guarantees regarding its commercial activity, in the amount of 142,867 thousands of Euros and 303,182 thousands of Euros respectively, already reflected in liabilities.

The guarantees related to the companies that changed the consolidation method to equity under IFRS 10 and 11 (referred in note 5), are presented in note 18.

Regarding the information disclosed above:

i) The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2014, these financings amount to 870,074 thousands of Euros (31 December 2013: 779,451 thousands of Euros), which are included in the total debt of the Group;

ii) EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, willful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 31 December 2014 and 31 December 2013, EDPR's obligations under the tax equity agreements, in the amount of 948,216 thousands of Euros and 803,006 thousands of Euros, respectively are reflected in the statement of financial position under the caption Institutional Partnerships in US Wind farms.

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

	31 Dec 2014				
	Debt capital by period				
Thousands of Euros	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	4,749,935	309,766	771,038	2,974,243	694,888
Operating lease rents not yet due	777,445	31,339	62,203	63,797	620,106
Purchase obligations	1,960,896	942,896	858,067	49,446	110,487
Other long term commitments	1,292	939	352	-	-
	7,489,568	1,284,940	1,691,660	3,087,486	1,425,481

	31 Dec 2013				
	Debt capital by period				
Thousands of Euros	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	4,587,375	315,552	772,496	2,409,071	1,090,256
Operating lease rents not yet due	742,467	30,484	58,504	57,672	595,807
Purchase obligations	726,037	468,889	91,462	46,626	119,060
	6,055,879	814,925	922,462	2,513,369	1,805,123

Purchase obligations include debts related with long-term agreements of property, plant and equipment and operational and maintenance contracts product and services supply related to the Group operational activity. When prices are defined under forward contracts, these are used in estimating the amounts of the contractual commitments.

The Operating lease rents not yet due are essentially related with the land where the wind farms are built. Usually the leasing period cover the useful life of the wind farms.

The commitments related to the companies that changed the consolidation method to equity under IFRS 10 and 11 (referred in note 5), are presented in note 18.

As at 31 December 2014 the Group has the following contingent liabilities/rights related with call and put options on investments:

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over Cajastur for all the shares held by Cajastur on company "Quinze Mines" (51% of share capital). Cajastur holds an equivalent put option on these shares over EDPR EU. The price of exercising these options will be determined under an independent investment bank valuation process. This options can be exercised between 17 July 2014 and 17 July 2016, inclusively;

- EDP Renováveis, through its subsidiary EDPR EU, exercised the call option over Cajastur for 51% of interest held by Cajastur in the companies Sauvageons, Le Mee and Petite Pièce in December 2014;

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over the remaining shareholders of Re Plus (WPG, Galilea and Gant Partners) for 10% of its share capital. The price of exercising these options is 7,500 thousands of Euros. The options can be exercised (i) if a change occur in the shareholding structure of the remaining shareholders of Re Plus and (ii) always before the last project starts in operation;

- EDP Renováveis, through its subsidiary EDPR EU, holds a put option of 15% of the share capital of Rowy, over the other shareholders. The exercise price is 80% of equity value with a cap of 5,000 thousands of Euros. The exercise period is the earlier of (i) two years following the beginning of construction date or (ii) 31 December 2019;

- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of the remaining 40% of the share capital of J&Z Wind Farms SP. ZO.O., whose exercise price corresponds to 90% of the market value of this participation. This option can be exercised between 3 and 5 years after the start of construction works of the first park;

- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of the remaining 35% of the share capital of Molen Wind II, S.P. ZO.O., whose exercise price corresponds to 90% of the market value of this participation. This option can be exercised until 2 years after the maturity of financial debt for the park construction.

37. RELATED PARTIES

The number of shares held by company officers as at 31 December 2014 and 2013 are as follows:

	31 Dec 2014	31 Dec 2013
	No. of shares	No. of shares
Executive Board of Directors		
António Luís Guerra Nunes Mexia	4,200	4,200
Nuno Maria Pestana de Almeida Alves	5,000	5,000
Rui Manuel Rodrigues Lopes Teixeira	12,370	12,370
Acácio Jaime Liberado Mota Piloto	300	300
António do Pranto Nogueira Leite	400	400
Gabriel Alonso Imaz	26,503	26,503
João José Belard da Fonseca Lopes Raimundo	840	840
João Manuel de Mello Franco	380	380
João Manuel Veríssimo Marques da Cruz	1,200	1,200
João Paulo Nogueira Sousa Costeira	3,000	3,000
Jorge Manuel Azevedo Henriques dos Santos	200	200
José António Ferreira Machado	630	630
José Fernando Maia de Araújo e Silva	80	80
	55,103	**55,103**

According to Article 229º of "Ley de Sociedades de Capital" (Spanish Companies Law), the members of the Board of Directors of EDP Renováveis have not communicated, or the parent company has knowledge, of any conflict of interests or incompatablity that could affect the performance of their duties.

Remuneration of company officers

In accordance with the Company's by-laws, the remuneration of the members of the Board of Directors is proposed by the Nominations and Remunerations Committee to the Board of Directors on the basis of the overall amount of remuneration authorized by the General Meeting of Shareholders. The Board of Directors approves the distribution and exact amount paid to each Director on the basis of this proposal.

The remuneration paid to the members of the Executive Board of Directors in 2014 and 2013 were as follows:

Thousands of Euros	31 Dec 2014	31 Dec 2013
CEO	-	-
Board members	674	539
	674	**539**

EDPR signed an Executive Management Services Agreement with EDP, under which EDP bears the cost for the services render by its Executive and Non-Executive Directors, which are João Manso Neto, Nuno Alves, António Mexia and João Marques da Cruz. This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Under this contract, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-executive Managers. The amount due under said Agreement for the management services rendered by EDP in 2014 is 1,107 thousands of Euros (994 thousands of Euros in 2013), of which 1,017 thousands of Euros refers to the management services rendered by the Executive Members and 90 thousands of Euros to the management services rendered by the non-executive Members.

The retirement savings plan for the members of the Executive Committee not including the Chief Executive Officer range betweeen 3% to 6% of their annual salary.

Due to the termination of the expatriation conditions of the members of the Executive Committee that are also Officers (Rui Teixeira, CFO; João Paulo Costeira, COO EU, BR & South Africa; and Gabriel Alonso COO NA & Mexico), new employment contracts were signed with other group companies, as follows: Rui Teixeira with EDP Energias de Portugal S.A. Sucursal en España; João Paulo Costeira with EDP Energias de Portugal S.A. Sucursal en España and Gabriel Alonso with EDP Renewables North America LLC. The total remuneration of this three Officers in 2014, was 1,688 thousands of Euros (1,026 thousands of Euros in 2013), corresponding to the fixed remuneration, 2014 annual variable remuneration and 2011-2013 multi-annual variable remuneration.

The Company has no pension or life insurance obligations with its former or current Board members in 2014 or 2013.

Relevant balances and transactions with subsidiaries and associates of China Three Gorges Group

With the sale of 49% of EDPR Portugal equity shareholding to CTG through CITIC CWEI Renewables S.C.A, the EDPR Group has loans of CTG in the amount of 90,6 millions of Euros (9,3 millions of Euros as current and 81,3 millions of Euros as non-current).

Balances and transactions with EDP Group companies

As at 31 December 2014, assets and liabilities with related parties, are analysed as follows:

	Assets		
Thousands of Euros	Loans and interests to receive	Others	Total
EDP Energias de Portugal, S.A.	-	22,730	22,730
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	-	-
Hidrocantábrico Group companies (electric sector)	1	21,793	21,794
Joint Ventures and Associated companies	436,034	4,522	440,556
Other EDP Group companies	168,934	19,675	188,609
	604,969	68,720	673,689

	Liabilities		
Thousands of Euros	Loans and interests to pay	Others	Total
EDP Energias de Portugal, S.A.	210	2,750	2,960
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	355,888	355,888
Hidrocantábrico Group companies (electric sector)	20	3,374	3,394
Joint Ventures and Associated companies	-	52	52
Other EDP Group companies	2,963,860	7,695	2,971,555
	2,964,090	369,759	3,333,849

As at 31 December 2013, assets and liabilities with related parties, are analysed as follows:

	Assets		
Thousands of Euros	Loans and interests to receive	Others	Total
EDP Energias de Portugal, S.A.	-	20,456	20,456
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	9,771	9,771
Hidrocantábrico Group companies (electric sector)	1	48,285	48,286
Joint Ventures and Associated companies	331,587	1,674	333,261
Other EDP Group companies	63,777	13,772	77,549
	395,365	93,958	489,323

	Liabilities		
Thousands of Euros	Loans and interests to pay	Others	Total
EDP Energias de Portugal, S.A.	-	10,040	10,040
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	119,528	119,528
Hidrocantábrico Group companies (electric sector)	24	1,898	1,922
Joint Ventures and Associated companies	-	48	48
Other EDP Group companies	2,817,125	9,118	2,826,243
	2,817,149	140,632	2,957,781

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 2,722,850 thousands of Euros (31 December 2013: 2,782,853 thousands of Euros).

With the purpose of hedging the foreign exchange risk of EDP Renováveis and EDP Branch, the EDP Group establishing a Cross-Currency Interest Rate Swap (CIRS) in USD and EUR between EDP Branch and EDP Renováveis. At each reporting date, this CIRS is revalued to its market value, which corresponds to a spot foreign exchange revaluation, resulting in a perfect hedge (revaluation of the investment in EPDR NA and of the USD external financing). As at 31 December 2014, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 342,231 thousands of Euros (31 December 2013: 82,772 thousands of Euros) (see notes 33 and 35).

Transactions with related parties for the year ended 31 December 2014 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	688	13,433	-1,845	-16,123
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	-	-10,645	-8,081
Hidrocantábrico Group companies (electric sector)	315,703	-	-4,091	-1,216
Joint Ventures and Associated companies	2,653	21,786	-659	-
Other EDP Group companies	162,504	41,748	-5,591	-166,727
	481,548	76,967	-22,831	-192,147

Operating income includes mainly the electricty sales to suppliers of last resource in Portugal due to regulatory legislation and electricity sales to HC Group that act as a commercial agent of subsidiaries of EDPR Group in Spain. Hidroeléctrica del Cantábrico (HC Energia) is the parent company of an industrial group that operates in the electricity and gas sectors in Spain. In the electricity sector, HC Energia generates, distributes and supplies electricity.

Financial income and Financial expenses with EDP, S.A. are mainly related to derivative financial instruments, namely to a dequalification from cash flow hegde accounting of EDPR EU power swaps due to new regulation and to changes in market fair value.

Transactions with related parties for the year ended 31 December 2013 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	-	45,179	-1,955	-45,548
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	333	-8,236	-9,371
Hidrocantábrico Group companies (electric sector)	454,859	-	-4,187	-1,075
Joint Ventures and Associated companies	4,338	16,759	-281	-
Other EDP Group companies	158,265	19,263	-6,241	-179,216
	617,462	81,534	-20,900	-235,210

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers and in connection with renewable energy contracts. Usually, these guarantees are granted by EDP, S.A., through EDP Branch. As at 31 December 2014, EDP, S.A. and Hidrocantábrico granted financial (7,840 thousands of Euros, 31 December 2013: 45,235 thousands of Euros) and operational (282,883 thousands of Euros, 31 December 2013: 243,580 thousands of Euros) guarantees to suppliers in favour of EDPR EU and EDPR NA. The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to the acquisition of property, plant and equipment, supply agreements, turbines and energy contracts (power purchase agreements) (see note 36).

In the normal course of its activity, EDP Renováveis performs business transactions and operations with its related parties based on normal market conditions.

38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of financial instruments is based, whenever available, on quoted market prices. Otherwise, fair value is determined through internal models, which are based on generally accepted cash flow discounting techniques and option valuation models or through quotations supplied by third parties.

Non-standard instruments may require alternative techniques, which consider their characteristics and the generally accepted market practices applicable to such instruments. These models are developed considering the market variables that affect the underlying instrument, namely yield curves, exchange rates and volatility factors.

Market data is obtained from generally accepted suppliers of financial data (Bloomberg and Reuters).

As at 31 December 2014 and 2013, the following table presents the interest rate curves of the major currencies to which the Group is exposed. These interest rates were used as the base for the fair value calculations made through internal models referred above:

	31 Dec 2014 Currencies			31 Dec 2013 Currencies		
	EUR	USD	BRL	EUR	USD	BRL
3 months	0.08%	0.26%	12.19%	0.29%	0.25%	10.50%
6 months	0.17%	0.36%	12.43%	0.39%	0.35%	10.79%
9 months	0.25%	0.50%	12.61%	0.49%	0.55%	10.94%
1 year	0.33%	0.63%	12.62%	0.56%	0.58%	11.06%
2 years	0.18%	0.90%	12.39%	0.52%	0.48%	11.93%
3 years	0.22%	1.30%	12.24%	0.73%	0.86%	12.49%
5 years	0.36%	1.78%	12.13%	1.25%	1.75%	12.91%
7 years	0.53%	2.05%	11.97%	1.68%	2.43%	13.07%
10 years	0.81%	2.28%	11.94%	2.15%	3.03%	13.20%

Non-listed equity instruments, for which a reliable and consistent fair value estimate is not available either by internal models or external providers, are recognized at their historical cost.

Available-for-sale financial instruments and financial assets at fair value through profit or loss

Listed financial instruments are recognized at fair value based on market prices. The financial instruments for which reliable fair value estimates are not available, are recorded in the statement of financial position at their cost.

Cash and cash equivalents, trade receivables and suppliers

These financial instruments include mainly short term financial assets and liabilities. Given their short term nature at the reporting date, their book values are not significantly different from their fair values.

Financial debt

The fair value of the financial debt is estimated through internal models, which are based on generally accepted cash flow discounting techniques. At the reporting date, the carrying amount of floating rate loans is approximately their fair value. In case of fixed rate loans, mainly the intercompany loans granted by EDP Group, their fair value is obtained through internal models based on generally accepted discounting techniques.

Derivative financial instruments

All derivatives are accounted at their fair value. For those which are quoted in organized markets, the respective market price is used. For over-the-counter derivatives, fair value is estimated through the use of internal models based on cash flow discounting techniques and option valuation models generally accepted by the market, or by dealer price

CIRS with EDP Branch (note 35)

With the purpose of hedging the foreign exchange risk resulting from the net investment in EDPR NA, the Group entered into a CIRS in USD and EUR with EDP Branch. This financial derivative is presented in the statement of financial position at its fair value, which is estimated by discounting the projected USD and EUR cash flows. The discount rates and forward interest rates were based on the interest rate curves referred to above and the USD/EUR exchange rate is disclosed on note 27. See also notes 13 and 23.

The fair values of assets and liabilities as at 31 December 2014 and 31 December 2013 are analysed as follows:

Thousands of Euros	31 December 2014 Carrying amount	31 December 2014 Fair value	31 December 2014 Difference	31 December 2013 Carrying amount	31 December 2013 Fair value	31 December 2013 Difference
Financial assets						
Available-for-sale investments	6,336	6,336	-	7,434	7,434	-
Trade receivables	146,024	146,024	-	202,264	202,264	-
Debtors and other assets from commercial activities	77,884	77,884	-	97,758	97,758	-
Other debtors and other assets	642,747	642,747	-	428,231	428,231	-
Derivative financial instruments	48,879	48,879	-	25,302	25,302	-
Financial assets at fair value through profit or loss	-	-	-	76	76	-
Cash and cash equivalents	368,623	368,623	-	255,462	255,462	-
	1,290,493	1,290,493	-	1,016,527	1,016,527	-
Financial liabilities						
Financial debt	3,901,923	4,144,124	242,201	3,665,877	3,634,966	-30,911
Suppliers	637,413	637,413	-	398,529	398,529	-
Institutional partnerships in US wind farms	1,801,963	1,801,963	-	1,508,495	1,508,495	-
Trade and other payables from commercial activities	84,432	84,432	-	113,844	113,844	-
Other liabilities and other payables	290,600	290,600	-	238,548	238,548	-
Derivative financial instruments	412,796	412,796	-	134,902	134,902	-
	7,129,127	7,371,328	242,201	6,060,195	6,029,284	-30,911

The fair value levels used to valuate EDP Renováveis Group financial assets and liabilities are defined as follows:
- Level 1 - Quoted prices (unadjusted) in active market for identical assets and liabilities;
- Level 2 - Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices);
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Thousands of Euros	31 December 2014 Level 1	31 December 2014 Level 2	31 December 2014 Level 3	31 December 2013 Level 1	31 December 2013 Level 2	31 December 2013 Level 3
Financial assets						
Available-for-sale investments	-	-	6,336	-	-	7,434
Derivative financial instruments	-	48,879	-	-	25,302	-
Financial assets at fair value through profit or loss	-	-	-	-	76	-
	-	48,879	6,336	-	25,378	7,434
Financial liabilities						
Liabilities arising from options with non-controlling interests	-	-	12,760	-	-	16,987
Derivative financial instruments	-	412,796	-	-	134,902	-
	-	412,796	12,760	-	134,902	16,987

The remaining assets and liabilities are valuated within Level 1 or correspond to assets and liabilities which fair value is the same as its carrying amount. In 2014, does not have transfers between levels.

The movement in 2014 and 2013 of the financial assets and liabilities within Level 3 are analysed was as follows:

Thousands of Euros	Available for sale investments 31 Dec 2014	Available for sale investments 31 Dec 2013	Trade and other payables 31 Dec 2014	Trade and other payables 31 Dec 2013
Balance at the begining of the year	7,434	9,407	16,987	7,785
Gains / (Losses) in other comprehensive income	-1,048	-1,973	-	-
Purchases	-	-	-	12,650
Fair value changes/Payments	-	-	24	74
Disposals	-50	-	-4,251	-3,522
Balance at the end of the year	6,336	7,434	12,760	16,987

The Trade and other payables within level 3 are related with Liabilities arising from options with non-controlling interests.

The movements in 2014 and 2013 of the derivative financial instruments are presented in note 35.

39. ADOPTION OF STANDARDS IFRS 10 - CONSOLIDATED FINANCIAL STATEMENTS AND IFRS 11 - JOINT ARRANGEMENTS

As referred in the note 2 b), the Group adopted the standards IFRS 10 - Consolidated Financial Statements and IFRS 11 - Joint Arrangements with an effective date of mandatory application for periodos beginning on or after 1 January 2014, and restated the comparative periods from 1 January 2013.

The impacts of the adoption of these standards are presented as follows:

Consolidated Income Statement

Thousands of Euros	Dec 2013	IFRS 10 and 11 impacts	Dec 2013 restated
Revenues	1,230,963	-39,717	1,191,246
Income from institutional partnerships in US wind farms	125,101	-	125,101
	1,356,064	-39,717	1,316,347
Other income	41,726	-365	41,361
Supplies and services	-262,795	7,623	-255,172
Personnel costs and employee benefits	-66,554	88	-66,466
Other expenses	-121,314	5,751	-115,563
	-408,937	13,097	-395,840
	947,127	-26,620	920,507
Provisions	-1,290	-	-1,290
Amortisation and impairment	-472,686	26,485	-446,201
	473,151	-135	473,016
Financial income	108,411	-30	108,381
Financial expenses	-371,629	1,539	-370,090
Share of net profit in joint ventures and associates	15,909	-1,183	14,726
Profit before income tax	225,842	191	226,033
Income tax expense	-56,718	-189	-56,907
Net profit for the year	169,124	2	169,126
Attributable to:			
Equity holders of EDP Renováveis	135,116	-	135,116
Non-controlling interests	34,008	2	34,010
Net profit for the year	169,124	2	169,126
Earnings per share basic and diluted - Euros	**0.15**	**0**	**0.15**

Consolidated Statement of Comprehensive Income

	Dec 2013		IFRS 10 and 11 impacts		Dec 2013 restated	
Thousands of Euros	Equity holders of the parent	Non controlling Interests	Equity holders of the parent	Non controlling Interests	Equity holders of the parent	Non controlling Interests
Net profit for the year	135,116	34,008	-	2	135,116	34,010
Items						
Actuarial gains / (losses)	14	-	-	-	14	-
Tax effect of actuarial gains/(losses)	-4	-	-	-	-4	-
	10	-	-	-	10	-
Items						
Fair value reserve (available for sale financial assets)	-1,204	-770	-	-	-1,204	-770
Tax effect of Fair value reserve (available for sale financial assets)	-	-	-	-	-	-
Fair value reserve (cash flow hedge)	18,177	3,372	-836	-	17,341	3,372
Tax effect from the fair value reserve (cash flow hedge)	-4,837	-947	251	-	-4,586	-947
Share of other comprehensive income of associates, net of taxes	3,873	-	4,207	-	8,080	-
Fair value reserve (available for sale investments)	-	-	-	-	-	-
Exchange differences arising on consolidation	-10,589	-14,507	-3,622	-	-14,211	-14,507
	5,420	-12,852	-	-	5,420	-12,852
Other	5,430	-12,852	-	-	5,430	-12,852
Total	140,546	21,156	-	2	140,546	21,158

Consolidated Statement of Financial Position

Thousands of Euros	Dec 2013	IFRS 10 and 11 impacts	Dec 2013 restated
Assets			
Property, plant and equipment	10,358,725	-263,266	10,095,459
Intangible assets	89,796	-1,863	87,933
Goodwill	1,255,725	-42,225	1,213,500
Investments in joint ventures and associates	64,660	273,986	338,646
Available for sale financial assets	7,434	-	7,434
Deferred tax assets	111,055	-1,842	109,213
Debtors and other assets from commercial activities	53,160	-	53,160
Other debtors and other assets	320,440	-5	320,435
Collateral deposits associated to financial debt	74,172	-1,966	72,206
Total Non-Current Assets	12,335,167	-37,181	12,297,986
Inventories	15,489	-64	15,425
Trade receivables	207,189	-4,925	202,264
Debtors and other assets from commercial activities	45,768	-1,170	44,598
Other debtors and other assets	133,094	4	133,098
Current tax assets	103,652	-260	103,392
Financial assets at fair value through profit or loss	76	-	76
Collateral deposits associated to financial debt	6,054	-	6,054
Cash and cash equivalents	265,229	-9,767	255,462
Total Current Assets	776,551	-16,182	760,369
Total Assets	13,111,718	-53,363	13,058,355
Equity			
Share capital	4,361,541	-	4,361,541
Share premium	552,035	-	552,035
Reserves	-69,605	-	-69,605
Other reserves and Retained earnings	692,179	-	692,179
Consolidated net profit attributable to equity holders of the parent	135,116	-	135,116
Total Equity attributable to equity holders of the parent	5,671,266	-	5,671,266
Non-controlling Interests	418,230	-173	418,057
Total Equity	6,089,496	-173	6,089,323
Liabilities			
Medium / Long term financial debt	3,543,805	-22,946	3,520,859
Provisions	68,539	-4,003	64,536
Deferred tax liabilities	383,329	-16,145	367,184
Institutional partnerships in US wind farms	1,508,495	-	1,508,495
Trade and other payables from commercial activities	418,140	-	418,140
Other liabilities and other payables	239,770	-858	238,912
Total Non-Current Liabilities	6,162,078	-43,952	6,118,126
Short term financial debt	148,131	-3,113	145,018
Trade and other payables from commercial activities	478,853	-4,645	474,208
Other liabilities and other payables	134,511	27	134,538
Current tax liabilities	98,649	-1,507	97,142
Total Current Liabilities	860,144	-9,238	850,906
Total Liabilities	7,022,222	-53,190	6,969,032
Total Equity and Liabilities	13,111,718	-53,363	13,058,355

Consolidated and Company Statement of Cash Flows

Thousands of Euros	Dec 2013	IFRS 10 and 11 impacts	Dec 2013 restated
Operating activities			
Cash receipts from customers	1,239,154	-40,691	1,198,463
Payments to suppliers	-314,289	8,034	-306,255
Payments to personnel	-66,842	91	-66,751
Other receipts / (payments) relating to operating activities	-81,256	4,570	-76,686
Net cash from operations	776,767	-27,996	748,771
Income tax received / (paid)	-76,655	5,037	-71,618
Net cash from operating activities	700,112	-22,959	677,153
Investing activities			
Cash receipts relating to:			
Property, plant and equipment	2,193	-	2,193
Interest and similar income	3,468	9	3,477
Dividends	1,985	16,261	18,246
Loans to related parties	138,954	-	138,954
Other receipts from investing activities	2,170	-48	2,122
	148,770	16,222	164,992
Cash payments relating to:			
Acquisition of assets / subsidiaries	-46,728	-	-46,728
Changes in cash resulting from perimeter variations	-	-17,551	-17,551
Property, plant and equipment	-809,705	-	-809,705
Loans to related parties	-174,443	-	-174,443
Other payments in investing activities	-1,669	-	-1,669
	-1,032,545	-17,551	-1,050,096
Net cash from investing activities	-883,775	-1,329	-885,104
Financing activities			
Sale of assets / subsidiaries without loss of control	292,143	-	292,143
Receipts / (payments) relating to loans	1,187	14,242	15,429
Interest and similar costs	-49,381	1,280	-48,101
Governmental grants received	90,539	-	90,539
Dividends paid to non-controlling interests	-51,610	-	-51,610
Receipts / (payments) from wind activity institutional partnerships - USA	-35,579	-	-35,579
Other cash flows from financing activities	-37,293	-858	-38,151
Net cash from financing activities	210,006	14,664	224,670
Changes in cash and cash equivalents	26,343	-9,624	16,719
Effect of exchange rate fluctuations on cash held	-6,951	-143	-7,094
Cash and cash equivalents at the beginning of the period	245,837	-	245,837
Cash and cash equivalents at the end of the period	265,229	-9,767	255,462

40. RELEVANT AND SUBSEQUENT EVENTS

EDPR executes a new asset rotation transaction in the US

During the third quarter of 2014, EDP Renováveis S.A. (EDPR) has reached an agreement with Fiera Axium Infrastructure US L.P. (Fiera Axium) to sell a minority cash equity interest in a US wind portfolio with a total production capacity of 1,101 MW. Fiera Axium's interest in the portfolio will represent 394.5 MW and is the second asset rotation transaction announced by EDPR with Fiera Axium, further strengthening the existing partnership.

The portfolio is comprised of 9 operating wind farms. All of the wind farms have long-term offtake agreements in place.

Based on i) the transaction price and ii) the expected tax equity liabilities of the projects, the total enterprise value on the 1,101 MW portfolio amounts to US 1.7 billion of US Dollar translating to 1.54 million of US Dollar/MW.

The transaction is subject to regulatory approvals. The offer contemplates an initial funding to occur upon obtaining regulatory approvals and a final funding to occur upon achievement of commercial operations of the assets under construction.

Acquisition by EDPR of 45% of the share capital of EDP Renováveis Brasil

In November 2014, EDP Renováveis,S.A. and EDP Energias do Brasil (EDP Brasil) have signed a Memorandum of Understanding envisaging the acquisition by EDPR of 45% of the share capital of EDP Renováveis Brasil, S.A. controlled by EDP Brasil. Following this transaction EDPR will control 100% of the share capital of EDPR Brasil. EDPR Brasil operates 84 MW of wind energy and has in execution 237 MW of wind energy projects with long-term power purchase agreements (PPAs) awarded in the 2011 and 2013 energy auctions.

EDPR announces the sale of minority stakes in wind farms in Brazil to CTG

In December 2014, EDP Renováveis, S.A. through its subsidiary EDPR Brasil entered into an agreement with CWEI (Brasil) Participações Ltda, a subsidiary of CTG to sell an equity shareholding of 49% in both operational and under development wind farms in Brasil. The transaction scope covers 84 MW in operation, as mentioned above, with an average age of 4 years, as well as 237 MW under development, remunerated according to long-term awarded contracts to sell the electricity produced for 20 years.

EDP Renováveis executes project finance for 120 MW in Brazil

On 26 January 2015, EDP Renováveis, S.A. (EDPR) has executed project finance structure agreements with the Brazilian Development Bank (BNDES) for the Baixa do Feijão project, which comprises four wind farms with a total capacity of 120 MW. The Baixa do Feijão project is currently under construction and is located in the State of Rio Grande do Norte, one of the windiest locations of Brazil.

The long-term contracted debt facilities amount to 306 million of Brazilian Reais and its financial closing is subject to customary conditions. The execution of this agreement reflects EDPR financing strategy to contract long-term debt in local currency at competitive prices in order to mitigate the refinancing risk and to reduce the foreign exchange risk by having a natural hedge between revenues and costs.

In December 2011, at the Brazilian energy A-5 auction, these four projects were awarded with 20-year Power Purchase Agreements (PPAs) starting in January 2016.

41. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS USED

The new standards and interpretations that have been issued and are already effective and that the Group has applied on its consolidated financial statements with significant impact are the following:

- **IFRS 10 - Consolidated Financial Statements**

  The International Accounting Standards Board (IASB), issued in May 2011, IFRS 10 - Consolidated Financial Statements, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

  This standard introduces a new approach in determining which investments should be consolidated, replacing IAS 27 - Consolidated and Separate Financial Statements and SIC 12 - Consolidation SPE. This standard establishes a single model to be applied in assessing the existence of control over subsidiaries, where an investor has control over a subsidiary when it is exposed, or has the right, to variable returns arising from its involvement in the subsidiary and has the ability to influence these returns because of the power over it. Additionally, was introduced the concept of "de facto control".

  The Group presents the impact from the adoption of this standard on note 39.

- **IFRS 11 - Joint Arrangements**

  The International Accounting Standards Board (IASB), issued in May 2011, IFRS 11 - Joint Arrangements, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

  This standard superseded IAS 31 - Interests in Joint Ventures and introduces several changes for accounting jointly controlled investments, the main aspect is the elimination of the option to consolidate joint ventures by the proportional method, being the equity method mandatory.

  The structure of a joint agreement ceases to be the main factor in determining the accounting model to adopt. The classification of a joint agreement requires the identification and evaluation of the structure, legal form of the contractual agreement and other facts and circumstances.

  The Group presents the impact from the adoption of this standard on note 39.

- **IFRS 12 - Disclosure of Interests in Other Entities**

  The International Accounting Standards Board (IASB), issued in May 2011, IFRS 12 - Disclosure of Interests in Other Entities, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

  The information disclosed has to help users of the financial statements evaluate the nature and risks associated with its interests in other entities and the effects of those interests on the financial statements. The main issues considered are as follows:

  - for the interests in subsidiaries, it should be disclosed: (i) the composition of the group; (ii) non-controlling interests; (iii) significant restrictions on the parent's ability to access or use the assets and settle the liabilities of its subsidiares; (iv) the nature of, and changes in, the risks associated with interests in consolidated structured entities;

  - for the interests in joint arrangements and associates, it should be disclosed: (i) the nature, extent and financial effects of its interests in joint arrangements and associates, including information about contractual relationships with other parties; and (ii) the nature of, and the changes in, the associated risks with its interests in joint ventures and

  - for the interests in unconsolidated structured entities, it should be disclosed: (i) the nature and the extent of its interests in unconsolidated structured entities; and (ii) the evaluation of the nature and changes in the risks associated with the interests in unconsolidated structured entities.

  The disclosures resulted from the adoption of this standard were made in the notes 5 and 18.

The new standards and interpretations that have been issued and are already effective and that the Group has applied on its consolidated financial statements with no significant impact are the following:

- IAS 28 (Amended) - Investments in Associates and Joint Ventures;
- IAS 32 (Amended) - Financial Instruments: Presentation -Offsetting Financial Assets and Financial Liabilities;
- IAS 36 (Amended) - Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets;
- IAS 39 (Amended) - Financial Instruments: Novation of Derivatives and Continuation of Hedge
- Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27.

Standards, amendments and interpretations issued but not yet effective for the Group

- **IFRS 9 - Financial Instruments**

  The International Accounting Standards Board (IASB), issued in November 2009, IFRS 9 - Financial instruments part I: Classification and measurement, with effective date of mandatory application for periods beginning on or after 1 January 2018, being allowed its early adoption. This standard, changed in July 2014, has not yet been adopted by the European Union.

  This standard is included in the IASB's comprehensive project to replace IAS 39 and relates to issues of classification and measurement of financial assets. The main issues considered are as follows:

  - the financial assets can be classified in two categories: at amortised cost or at fair value. This decision will be made upon the initial recognition of the financial assets. Its classification depends on how the entity presents these financial assets and the contractual cash flows associated to each financial asset in the business;

  - debt instruments can only be measured at amortised cost when the contractual cash-flows represent only principal and interest payments, which means that it contains only basic loan features, and for which an entity holds the asset to collect the contractual cash flows. All the other debt instruments are recognised at fair value;

  - equity instruments issued by third parties are recognised at fair value with subsequent changes recognised in the profit and loss. However an entity could irrevocably select equity instruments at initial recognition for which fair value changes and the realised gain or loss are recognised in fair value reserves. Gains and losses recognised in fair value reserves can not be recycled to profit and loss. This is a discretionary decision, and does not imply that all the equity instruments should be treated on this basis. The dividends received are recognised as income for the year;

  - the exemption that allows unquoted equity investments and related derivatives to be measured at cost, under IAS 39, is not allowed under IFRS 9; and

  - changes in fair value attributable to own credit risk of financial liabilities classified as fair value through profit or loss, shall be recognised in Other comprehensive income. The remaining fair value changes related to these financial liabilities shall be recognised through profit or loss. The amounts recognised in Other comprehensive income shall not be reclassified/transferred to profit and loss.

  The Group is evaluating the impact of adopting this standard.

- **IFRS 11 (Amended) - Accounting for Acquisitions of Interests in Joint Operations**

The International Accounting Standards Board (IASB), issued in December 2014, IFRS 11 (Amended) - Accounting for acquisitions of Interests in Joint Operations, with effective date of mandatory application for periods beginning on or after 1 January 2016, being allowed its early adoption. This amendment has not yet been adopted by the European Union.

This amendment introduces guidance on accounting that should be made in the acquisition of participation in joint operations that qualifies as a business, by applying the principles of IFRS 3 - Business Combinations.

The Group is evaluating the impact of adopting this amendments.

- **IFRS 15 - Revenue from the Contracts with Customers**

The International Accounting Standards Board (IASB), issued in May 2014, IFRS 14 - Revenue from the Contracts with Customers, with effective date of mandatory application for periods beginning on or after 1 January 2016, being allowed its early adoption. This standard has not yet been adopted by the European Union.

This new standard applies only to contracts for the delivery of products or services, and requires an entity to recognize revenue when the contractual obligation to deliver assets or services is satisfied and the amount that reflects the consideration to which the entity is entitled, as provided in the "5 steps methodology".

The 5 steps methodology consists in the following steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to performance obligations; and (v) recognise revenue when (or as) the entity satisfies a performance obligation.

The Group is evaluating the impact of adopting this standard.

- **IAS 1 (Amended) - Initiative Disclosures**

The International Accounting Standards Board (IASB), issued in December 2014, IAS 1 - Presentation of Financial Statements, with effective date of mandatory application for periods beginning on or after 1 January 2016, being allowed its early adoption. This amendment has not yet been adopted by the European Union.

The following narrow.scope amendments have been made to IAS1:

- Materiality and aggregation: clarifies that an entity should not obscure useful information by aggregating our disaggregating information; and that materiality considerations apply to the primary statements, notes and any specific disclosure requirements in IFRSs, i.e. disclosures specifically requiredby IFRSs need to be provided only if the information is material;

- Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income: clarifies that the list of line items specifid by IAS 1 for these statements can be disaggregated as relevant. Additional guidance has been on the presentation of subtotals in these statements;

- Presentation of items of Other Comprehensive Income ("OCI"): clarifies that an entity's share of OCI of equity-accounted a in associates and joint ventures shoul be be presented in aggregate as single line items basd on whether or not it will subsequently be reclassified to profit or loss;

- Notes: clarifies that entities have the flexibilitywhen designing the stracture of the notes and provides guidance on how to determine a systematic order of the notes.

The Group is evaluating the impact of adopting this amendment.

The standards, amendments and interpretations issued but not yet effective for the Group with no significant impact are the following:

- IFRS 10 (Amended) and IAS 28 (Amended) - Sale or Contribution of Assets between na Investor and its Associate or Joint Venture: no significant impact in the Group is expected from the adoption of these amendments;
- IFRS 10 (Amended), IFRS 12 (Amended) and IAS 28 (Amended) - Investment Entities : Applying the Consolidation Exception: no significant impact in the Group is expected from the adoption of these amendments;
- IFRS 14 - Regulatory Deferral Accounts: no significant impact in the Group is expected from the adoption of this standard;
- IAS 16 (Amended) and IAS 38 (Amended) - Clarification of Acceptable Methods of Depreciation and Amortisation: no significant impact in the Group is expected from the adoption of these amendments;
- IFRIC 21 - Levies: no significant impact in the Group is expected from the adoption of this interpretation;
- Annual Improvement Project (2010-2012): no significant impact in the Group is expected from the adoption of this amendment;
- Annual Improvement Project (2011-2013): no significant impact in the Group is expected from the adoption of this amendment;
- Annual Improvement Project (2012-2014): no significant impact in the Group is expected from the adoption of this amendment.

42. ENVIRONMENT ISSUES

Expenses of environmental nature are the expenses that were identified and incurred to avoid, reduce or repair damages of an environmental nature that result from the Group's normal activity.

These expenses are booked in the income statement of the year, except if they qualify to be recognised as an asset, according to IAS 16.

During the year, the environmental expenses recognised in the income statement in the amount of 2,849 thousands of Euros (31 December 2013: 2,813 thousands of Euros) refer to costs with the environmental management plan.

As referred in accounting policy 2o), the Group has established provisions for dismantling and decommissioning of property, plant and equipment when a legal or contractual obligation exists to dismantle and decommission those assets at the end of their useful lifes. Consequently, the Group has booked provisions for property, plant and equipment related to electricity wind generation for the responsibilities of restoring sites and land to its original condition, in the amount of 96,676 thousands of Euros as at 31 December 2014 (31 December 2013: 62,461 thousands of Euros) (see note 30).

43. OPERATING SEGMENTS REPORT

The Group generates energy from renewable resources and has three reportable segments which are the Group’s business platforms, Europe, North America and Brazil. The strategic business units have operations in different geographic zones and are managed separately because their characteristics are quite different. For each of the strategic business units, the Group’s CEO reviews internal management reports on at least a quarterly basis.

The accounting policies of the reportable segments are the same as described in note 3. Information regarding the results of each reportable segment is included in Annex 2. Performance is based on segment operating profit measures, as included in the internal management reports that are reviewed by the Management. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm’s length basis.

A business segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, and it is subject to risks and returns that can be distinguished from those of other business segments.

The Group generates energy from renewable sources in several locations and its activity is managed based on the following business segments:

- Europe: refers to EDPR EU Group companies operating in Spain, Portugal, Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom;
- North America: refers to EDPR NA and EDPR Canada Group companies that operate in United Stares of America and Canada, respectively;
- Brazil: refers to EDPR Brasil Group companies that operate in this country.

Segment definition

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter, including the intra-segment eliminations, without any inter-segment allocation adjustment.

The financial information disclosed by each business segment is determined based on the amounts booked directly in the subsidiaries that compose the segment, including the intra-segment eliminations, without any inter-segment allocation adjustment.

44. AUDIT AND NON AUDIT FEES

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2014 and 2013. This company and the other related entities and persons in accordance with Royal-Decree 1/2011 of 1 July, have invoiced for the year ended in 31 December 2014 and 2013, fees and expenses for professional services, according to the following detail:

	31 December 2014					
Thousands of Euros	**Portugal**	**Spain**	**Brasil**	**United States of America**	**Other**	**Total**
Audit and statutory audit of accounts	141	588	138	760	632	2,259
Other audit services	-	229	-	-	17	246
	141	**817**	**138**	**760**	**649**	**2,505**
Tax consultancy services	-	53	-	135	-	188
Other services	11	-	-	-	3	14
	11	**53**	**-**	**135**	**3**	**202**
Total	**152**	**870**	**138**	**895**	**652**	**2,707**

	31 December 2013					
Thousands of Euros	**Portugal**	**Spain**	**Brasil**	**United States of America**	**Other**	**Total**
Audit and statutory audit of accounts	194	667	118	798	543	2,320
Other audit services	180	68	-	104	34	386
	374	**735**	**118**	**902**	**577**	**2,706**
Tax consultancy services	-	90	-	-	-	90
Other services	-	42	-	12	-	54
	-	**132**	**-**	**12**	**-**	**144**
Total	**374**	**867**	**118**	**914**	**577**	**2,850**

ANNEX 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2014 and 2013, are as follows:

Company	Head Office	Auditor	2014 % of capital	2014 % of voting rights	2013 % of capital	2013 % of voting rights
Group's parent holding company and Related Activities:						
EDP Renováveis, S.A. (Group's parent holding company)	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renováveis Servicios Financieros, S.L.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Europe Geography / Platform:						
Spain:						
EDP Renewables Europe, S.L. (Europe Parent Company)	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Acampo Arias,S.L.	Zaragoza	KPMG	98.19%	98.19%	98.19%	98.19%
Aplicaciones Industriales de Energías Limpias, S.L.	Zaragoza	n.a.	61.50%	61.50%	61.50%	61.50%
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	n.a.	48.70%	60.63%	48.70%	60.63%
Bon Vent de Corbera, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de L'Ebre, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de Vilalba, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Compañía Eólica Campo de Borja, S.A.	Zaragoza	KPMG	75.83%	75.83%	75.83%	75.83%
Desarrollo Eólico Almarchal, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Buenavista, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Corme, S.A.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Lugo, S.A.U.	Lugo	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Tarifa, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Dumbria, S.A.U.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Rabosera, S.A.	Huesca	KPMG	95.08%	95.08%	95.08%	95.08%
Desarrollo Eólico Santa Quiteria, S.L.	Huesca	KPMG	83.96%	100.00%	83.96%	100.00%
Desarrollos Catalanes Del Viento, S.L.	Barcelona	KPMG	60.00%	60.00%	60.00%	60.00%
Desarrollos Eólicos de Galicia, S.A.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	n.a.	51.00%	51.00%	51.00%	51.00%
EDP Renovables España, S. L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renováveis Cantábria, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR España Promoción y Operación, S.L.U. (former Eneroliva, S.A.)	Sevilla	n.a.	100.00%	100.00%	100.00%	100.00%
Energías Eólicas La Manchuela, S.L.U.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Alfoz, S.L.	Madrid	KPMG	83.73%	83.73%	83.73%	83.73%
Eólica Arlanzón, S.A.	Madrid	KPMG	77.50%	77.50%	77.50%	77.50%
Eólica Campollano, S.A.	Madrid	KPMG	75.00%	75.00%	75.00%	75.00%
Eólica Curiscao Pumar, S.A.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica de Radona, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Don Quijote, S.L.	Albacete	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Dulcinea, S.L.	Albacete	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Fontesilva, S.L.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Garcimuñoz, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
Eólica Guadalteba, S.L.	Sevilla	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica La Brújula, S.A. (former Sierra de la Peña, S.A.)	Madrid	KPMG	84.90%	84.90%	84.90%	84.90%
Eólica La Janda, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica La Navica, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Muxía, S.L.	La Coruña	n.a.	100.00%	100.00%	100.00%	100.00%
Eólica Sierra de Avila, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Iberia Aprovechamientos Eólicos, S.A.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Industrias Medioambientales Río Carrión, S.A.	Madrid	n.a.	90.00%	90.00%	90.00%	90.00%
Investigación y Desarrollo de Energías Renovables, S.L.	León	KPMG	59.59%	59.59%	59.59%	59.59%
Molino de Caragüeyes, S.L	Zaragoza	KPMG	80.00%	80.00%	80.00%	80.00%
NEO Energia Aragón, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eòlic Coll de la Garganta, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eòlic de Coll de Moro, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic de Torre Madrina, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic Serra Voltorera, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2014 % of capital	2014 % of voting rights	2013 % of capital	2013 % of voting rights
Parque Eólico Altos del Voltoya, S.A.	Madrid	KPMG	61.00%	61.00%	61.00%	61.00%
Parque Eólico Belchite, S.L.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico La Sotonera, S.L.	Zaragoza	KPMG	64.84%	64.84%	64.84%	64.84%
Parque Eólico Los Cantales, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Parques de Generación Eólica, S.L.	Burgos	KPMG	60.00%	60.00%	60.00%	60.00%
Parques Eólicos del Cantábrico, S.A.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Renovables Castilla La Mancha, S.A.	Albacete	KPMG	90.00%	90.00%	90.00%	90.00%
South África Wind & Solar Power, S.L.	Oviedo	n/a	100.00%	100.00%	100.00%	100.00%
Tratamientos Medioambientales del Norte, S.A.	Madrid	n.a.	80.00%	80.00%	80.00%	80.00%
Portugal:						
EDP Renováveis Portugal, S.A.	Porto	KPMG	51.00%	51.00%	51.00%	51.00%
EDP Renewables, SGPS, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR PT - Promoção e Operação, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica da Alagoa, S.A.	Arcos de Valdevez	KPMG	30.60%	60.00%	30.60%	60.00%
Eólica da Serra das Alturas, S.A.	Boticas	KPMG	25.55%	50.10%	25.55%	50.10%
Eólica de Montenegrelo, Lda	Vila Pouca de Aguiar	KPMG	25.55%	50.10%	25.55%	50.10%
Gravitangle - Fotovoltaica Unipessoal, Lda	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
Malhadizes - Energia Eólica, S.A.	Porto	KPMG	51.00%	100.00%	51.00%	100.00%
France:						
EDP Renewables France, S.A.S.	Paris	KPMG	51.00%	51.00%	100.00%	100.00%
EDPR France Holding, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Bourbriac II, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Canet-Pont de Salars, S.A.S.	Paris	KPMG	25.99%	50.96%	100.00%	100.00%
C.E. Gueltas Noyal-Pontivy, S.A.S.	Paris	KPMG	26.01%	51.00%	100.00%	100.00%
C.E. NEO Truc L'homme, S.A.S.	Paris	KPMG	51.00%	100.00%	100.00%	100.00%
C.E. Patay, S.A.S.	Paris	KPMG	26.01%	51.00%	100.00%	100.00%
C.E. Saint Barnabe, S.A.S.	Paris	KPMG	26.01%	51.00%	100.00%	100.00%
C.E. Segur, S.A.S.	Paris	KPMG	26.01%	51.00%	100.00%	100.00%
Eolienne de Callengeville, S.A.S.	Elbeuf	EXCO	100.00%	100.00%	100.00%	100.00%
Eolienne de Saugueuse, S.A.R.L.	Elbeuf	KPMG	26.01%	51.00%	100.00%	100.00%
Eolienne D'Etalondes, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Le Mee, S.A. R.L.	Toulouse	KPMG	75.99%	100.00%	100.00%	100.00%
Mardelle, S.A.R.L.	Toulouse	KPMG	51.00%	100.00%	100.00%	100.00%
Monts du Forez Energie, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Boqueho-Pouagat, S.A.S.	Paris	KPMG	100.00%	100.00%	-	-
Parc Éolien de Dammarie, S.A.R.L. (former Parc Eolien D'Ardennes)	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Francourville, S.A.S	Paris	KPMG	100.00%	100.00%	-	-
Parc Eolien de La Hetroye, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Mancheville, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Montagne Fayel, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Preuseville, S.A.R.L. (former Parc Eolien des Bocages, S.A.R.L.)	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Roman, S.A.R.L.	Elbeuf	KPMG	51.00%	100.00%	100.00%	100.00%
Parc Éolien de Tarzy, S.A.R.L. (former Eolienne des Bocages, S.A.R.L.)	Elbeuf	n.a.	51.00%	100.00%	100.00%	100.00%
Parc Eolien de Varimpre, S.A.S.	Elbeuf	KPMG	26.01%	51.00%	100.00%	100.00%
Parc Eolien des Longs Champs, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Vatines, S.A.S.	Elbeuf	KPMG	26.01%	51.00%	100.00%	100.00%
Parc Eolien d'Escardes, S.A.S.	Paris	KPMG	100.00%	100.00%	-	-
Parc Eolien du Clos Bataille, S.A.S.	Elbeuf	KPMG	26.01%	51.00%	100.00%	100.00%
Petite Piece, S.A.R.L.	Toulouse	KPMG	75.99%	100.00%	100.00%	100.00%
Plouvien Breiz, S.A.S.	Carhaix	KPMG	51.00%	100.00%	100.00%	100.00%
Quinze Mines, S.A.R.L.	Toulouse	KPMG	51.00%	100.00%	100.00%	100.00%
Sauvageons, S.A.R.L.	Toulouse	KPMG	75.99%	100.00%	100.00%	100.00%
Vallée du Moulin, S.A.R.L.	Toulouse	KPMG	51.00%	100.00%	100.00%	100.00%
Poland:						
EDP Renewables Polska, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Elektrownia Wiatrowa Kresy I, SP. ZO.O	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Farma Wiatrowa Starozreby, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
J&Z Wind Farms SP. ZO.O.	Warsaw	KPMG	60.00%	60.00%	60.00%	60.00%
Karpacka Mala Energetyka, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Korsze Wind Farm SP. ZO.O.	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Masovia Wind Farm I, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
MFW Gryf SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%

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MFW Neptun SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
MFW Pomorze SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Molen Wind II, S.P. ZO.O.	Warsaw	KPMG	65.07%	65.07%	65.07%	65.07%
Radziejów Wind Farm, SP. ZO.O	Warsaw	n.a.	100.00%	100.00%	-	-
Relax Wind Park I, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Relax Wind Park II, SP. ZO.O	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Relax Wind Park III, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Relax Wind Park IV, SP. ZO.O	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Romania:						
EDP Renewables Romania, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Cernavoda Power, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Cujmir Solar, S.R.L.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR-RO-PV, S.R.L.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR RO Trading, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Foton Delta, S.R.L.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
Foton Epsilon, S.R.L.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
Pestera Wind Farm, S.A.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
VS Wind Farm, S.A.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Potelu Solar, S.R.L.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
S.C. Ialomita Power, S.R.L.	Bucharest	KPMG	100.00%	100.00%	85.00%	85.00%
Sibioara Wind Farm, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Studina Solar, S.R.L.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
Vanju Mare Solar, S.R.L.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
Great Britain:						
EDPR UK Limited	Cardiff	KPMG	100.00%	100.00%	100.00%	100.00%
MacColl Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Moray Offshore Renewables Limited	Cardiff	KPMG	66.64%	66.64%	66.64%	66.64%
Stevenson Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Telford Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Italy:						
EDP Renewables Italia, S.R.L.	Milano	KPMG	100.00%	100.00%	100.00%	100.00%
Castellaneta Wind, S.R.L.	Milano	n.a.	100.00%	100.00%	100.00%	100.00%
Laterza Wind, S.R.L.	Milano	n.a.	100.00%	100.00%	100.00%	100.00%
Monts de la Madeleine Energie, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Pietragalla Eolico, S.R.L.	Milano	KPMG	100.00%	100.00%	100.00%	100.00%
Re Plus - S.R.L.	Milano	n.a.	80.00%	80.00%	80.00%	80.00%
Repano Wind S.R.L.	Milano	n.a.	100.00%	100.00%	100.00%	100.00%
Villa Castelli Wind, S.R.L.	Milano	KPMG	100.00%	100.00%	100.00%	100.00%
WinCap, S.R.L.	Milano	KPMG	100.00%	100.00%	-	-
Belgium:						
EDP Renewables Belgium	Brussels	KPMG	100.00%	100.00%	100.00%	100.00%
Greenwind, S.A.	Louvain-la-Neuve	KPMG	100.00%	100.00%	100.00%	100.00%
Holland:						
Tarcan, BV	Amsterdam	KPMG	100.00%	100.00%	100.00%	100.00%
North America Geography / Platform:						
USA:						
EDP Renewables North America, L.L.C. (USA Parent Company)	Texas, USA	KPMG	100.00%	100.00%	100.00%	100.00%
17th Star Wind Farm, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
2007 Vento I, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2007 Vento II, L.L.C.	Texas	KPMG	51.00%	100.00%	51.00%	100.00%
2008 Vento III, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento IV, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento V, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento VI, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2010 Vento VII, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2010 Vento VIII, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2011 Vento IX, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2011 Vento X, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2012 Vento XI, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2014 Vento XII, LLC	Texas	KPMG	100.00%	100.00%	-	-
2014 Sol I, LLC	Texas	KPMG	100.00%	100.00%	-	-
Alabama Ledge Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Antelope Ridge Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Arbuckle Mountain, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Arkwright Summit Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Arlington Wind Power Project, L.L.C.	Oregon	KPMG	100.00%	100.00%	100.00%	100.00%

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Aroostook Wind Energy, L.L.C.	Maine	n.a.	100.00%	100.00%	100.00%	100.00%
Ashford Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project II, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
AZ Solar, L.L.C.	Arizona	n.a.	100.00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Holdings, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Wind, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm IV, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm V, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm, L.L.C.	Illionois	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Wind Power VII, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower II, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower III, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower IV, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower V, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower VI, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm II, L.L.C.	Illionois	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm III, L.L.C.	Illionois	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm, L.L.C.	Illionois	n.a.	100.00%	100.00%	100.00%	100.00%
Buffalo Bluff Wind Farm, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Chateaugay River Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Clinton County Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Cloud County Wind Farm, L.L.C.	Kansas	KPMG	100.00%	100.00%	100.00%	100.00%
Cloud West Wind Project, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Coos Curry Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Cropsey Ridge Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Crossing Trails Wind, Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Dairy Hills Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Diamond Power Partners, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
East Klickitat Wind Power Project, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Eastern Nebraska Wind Farm, L.L.C.	Nebraska	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures X, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures XI, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures XII, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
EDPR Solar Ventures I, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
Five-Spot, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Ford Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Franklin Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Green Country Wind Farm LLC	Oklahoma	n.a.	100.00%	100.00%	-	-
Green Power Offsets, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Gulf Coast Windpower Management Company, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Headwaters Wind Farm, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Hidalgo Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
High Prairie Wind Farm II, L.L.C.	Minnesota	KPMG	51.00%	100.00%	51.00%	100.00%
High Trail Wind Farm, L.L.C.	Illionois	KPMG	100.00%	100.00%	100.00%	100.00%
Horizon Wind Chocolate Bayou I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Midwest IX, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest I, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest IV, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest VII, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest X, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest XI, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Panhandle I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest I, L.L.C.	New Mexico	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest II, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest III, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest IV, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Valley I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind MREC Iowa Partners, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IB, L.L.C.	Texas	n.a.	51.00%	51.00%	100.00%	100.00%
Horizon Wind Ventures IC, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures II, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%

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Horizon Wind Ventures III, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IX, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VI, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VII, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VIII, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind, Freeport Windpower I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wyoming Transmission, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Jericho Rise Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Juniper Wind Power Partners, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lone Valley Sollar Park I, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Lone Valley Sollar Park II, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Lost Lakes Wind Farm, L.L.C.	Iowa	KPMG	100.00%	100.00%	100.00%	100.00%
Machias Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Madison Windpower, L.L.C.	New York	KPMG	100.00%	100.00%	100.00%	100.00%
Marble River, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Martinsdale Wind Farm, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm II, L.L.C.	Indiana	KPMG	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm IV, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm V, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Windfarm III, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Mesquite Wind, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
New Trail Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
North Slope Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Number Nine Wind Farm, L.L.C.	Maine	n.a.	100.00%	100.00%	100.00%	100.00%
Old Trail Wind Farm, L.L.C.	Illinois	KPMG	51.00%	100.00%	51.00%	100.00%
OPQ Property, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Pacific Southwest Wind Farm, L.L.C.	Arizona	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm II, L.L.C.	Ohio	KPMG	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm III, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm IV, L.L.C	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Peterson Power Partners, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Interconnection, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm I, L.L.C.	Iowa	KPMG	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm II, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Post Oak Wind, L.L.C.	Texas	KPMG	51.00%	100.00%	51.00%	100.00%
Quilt Block Wind Farm, L.L.C.	Wisconsin	n.a.	100.00%	100.00%	100.00%	100.00%
Rail Splitter, L.L.C.	Illinois	KPMG	100.00%	100.00%	100.00%	100.00%
Rio Blanco Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Rising Tree Wind Farm II, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Rising Tree Wind Farm III, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Rising Tree Wind Farm, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Rush County Wind Farm, L.L.C	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Saddleback Wind Power Project, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Sagebrush Power Partners, L.L.C.	Washington	KPMG	100.00%	100.00%	100.00%	100.00%
Sardinia Windpower, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Signal Hill Wind Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm II, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm III, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm IV, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm V, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Stinson Mills Wind Farm, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Stone Wind Power, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Sustaining Power Solutions, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Telocaset Wind Power Partners, L.L.C.	Oregon	KPMG	51.00%	51.00%	51.00%	51.00%
The Nook Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Tug Hill Windpower, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Tumbleweed Wind Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Turtle Creek Wind Farm, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Verde Wind Power, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Waverly Wind Farm, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Western Trail Wind Project I, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Wheatfield Holding, L.L.C.	Oregon	KPMG	51.00%	51.00%	51.00%	51.00%
Wheatfield Wind Power Project, L.L.C.	Oregon	KPMG	51.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2014 % of capital	2014 % of voting rights	2013 % of capital	2013 % of voting rights
Whiskey Ridge Power Partners, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Whistling Wind WI Energy Center, L.L.C.	Wisconsin	n.a.	100.00%	100.00%	100.00%	100.00%
Whitestone Wind Purchasing, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Wilson Creek Power Partners, L.L.C.	Nevada	n.a.	100.00%	100.00%	100.00%	100.00%
Wind Turbine Prometheus, L.P.	California	n.a.	100.00%	100.00%	100.00%	100.00%
WTP Management Company, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Canada:						
EDP Renewables Canada, Ltd	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
EDP Renewables Canada GP, Ltd.	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
EDP Renewables Canada LP, Ltd.	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
SBWFI GP, Inc.	Ontario	n.a.	51.00%	51.00%	100.00%	100.00%
South Dundas Wind Farm LP	Ontario	n.a.	51.00%	51.00%	100.00%	100.00%
South America Geography / Platform:						
Brazil:						
EDP Renováveis Brasil, S.A.	São Paulo	KPMG	55.00%	55.00%	55.00%	55.00%
Central Eólica Aventura, S. A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Eólica Jau, S. A. (former Central Eólica Aventura, S. A.)	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
Central Eólica Baixa do Feijão I, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
Central Eólica Baixa do Feijão II, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
Central Eólica Baixa do Feijão III, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
Central Eólica Baixa do Feijão IV, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
Central Nacional de Energia Eólica, S.A.	Santa Catarina	KPMG	55.00%	100.00%	55.00%	100.00%
Elebrás Projectos, Ltda	Rio Grande do Sul	KPMG	55.00%	100.00%	55.00%	100.00%
South Africa Geography / Platform:						
South Africa:						
EDP Renewables South Africa, Proprietary, Ltd	Cape Town	Mazars Inc.	100.00%	100.00%	100.00%	100.00%
Dejann Trading and Investments Proprietary, Ltd	Cape Town	Mazars Inc.	100.00%	100.00%	100.00%	100.00%
Jouren Trading and Investments Pty, Ltd	Cape Town	Mazars Inc.	100.00%	100.00%	100.00%	100.00%

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2014, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Ceprastur, A.I.E.	€ 360,607	Oviedo	n.a.	56.76%	56.76%
Compañía Eólica Aragonesa, S.A.	€ 6,701,165	Zaragosa	Deloitte	50.00%	50.00%
Desarrollos Energeticos Canarios S.A.	€ 37,564	Las Palmas	n.a.	49.90%	49.90%
Eólica de Coahuila, S. de R.L. de C.V.	$114,443	Ciudad de Mexico	n.a.	99.97%	99.97%
Evolución 2000, S.L.	€ 117,994	Albacete	Hispa-control	49.15%	49.15%
Flat Rock Windpower, L.L.C.	$528,626,287	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, L.L.C.	$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	€ 4,720,400	Cuenca	Abante	50.00%	50.00%

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2013, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Ceprastur, A.I.E.	€ 360,607	Oviedo	n.a.	56.76%	56.76%
Compañía Eólica Aragonesa, S.A.	€ 6,701,165	Zaragosa	Deloitte	50.00%	50.00%
Desarrollos Energeticos Canarios S.A.	€ 15,025	Las Palmas	n.a.	49.90%	49.90%
Evolución 2000, S.L.	€ 117,994	Albacete	Hispa-control	49.15%	49.15%
Flat Rock Windpower, L.L.C.	$522,818,885	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, L.L.C.	$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	€ 4,720,400	Cuenca	Abante	50.00%	50.00%

The Associated Companies included in the consolidation under the equity method as at 31 December 2014, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Aprofitament D'Energies Renovables de L'Ebre, S.A.	€ 3,869,020	Barcelona	n.a.	18.97%	38.96%
Biomasas del Pirineo, S.A.	€ 454,896	Huesca	PWC	30.00%	30.00%
Blue Canyon Wind Power I, L.L.C.	$44,594,480	Oklahoma	n.a.	25.00%	25.00%
Cultivos Energéticos de Castilla, S.A.	€ 300,000	Burgos	n.a.	30.00%	30.00%
Desarollos Eolicos de Canárias, S.A.	€ 3,191,580	Gran Canaria	KPMG	44.75%	44.75%
ENEOP - Éolicas de Portugal, S.A.	€ 25,247,525	Lisboa	Mazars	35.96%	35.96%
Les Eoliennes en Mer de Dieppe - Le Tréport, SAS	€ 4,367,538	Bois Guillaume	E&Y	43.00%	43.00%
Les Eoliennes en Mer de Vendée, SAS	€ 4,804,914	Nantes	E&Y	43.00%	43.00%
Modderfontein Wind Energy Project, Ltd.	1,000 ZAR	Cape Town	n.a.	42.50%	42.50%
Parque Eólico Belmonte, S.A.	€ 120,400	Asturias	KPMG	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	€ 7,194,021	Soria	E&Y	42.00%	42.00%
SeaEnergy Renewables Inch Cape Limited	£1	Edimburg	Deloitte	49.00%	49.00%
Solar Siglo XXI, S.A.	€ 80,000	Ciudad Real	n.a.	25.00%	25.00%

The Associated Companies included in the consolidation under the equity method as at 31 December 2013, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Aprofitament D'Energies Renovables de L'Ebre, S.A.	€ 3,869,020	Barcelona	n.a.	18.97%	38.96%
Biomasas del Pirineo, S.A.	€ 454,896	Huesca	PWC	30.00%	30.00%
Blue Canyon Wind Power I, L.L.C.	$47,835,419	Oklahoma	n.a.	25.00%	25.00%
Cultivos Energéticos de Castilla, S.A.	€ 300,000	Burgos	n.a.	30.00%	30.00%
Desarollos Eolicos de Canárias, S.A.	€ 3,191,580	Gran Canaria	KPMG	44.75%	44.75%
ENEOP - Éolicas de Portugal, S.A.	€ 25,247,525	Lisboa	Mazars	35.96%	35.96%
Les Eoliennes en Mer de Dieppe - Le Tréport,	€ 40,000	Bois Guillaume	E&Y	50.00%	50.00%
Les Eoliennes en Mer de Vendée, SAS	€ 40,000	Nantes	E&Y	50.00%	50.00%
Modderfontein Wind Energy Project, Ltd.	1,000 ZAR	Cape Town	n.a.	42.50%	42.50%
Parque Eólico Belmonte, S.A.	€ 120,400	Asturias	KPMG	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	€ 7,194,021	Soria	n.a.	42.00%	42.00%
SeaEnergy Renewables Inch Cape Limited	£1	Edimburg	Deloitte	49.00%	49.00%
Solar Siglo XXI, S.A.	€ 80,000	Ciudad Real	KPMG	25.00%	25.00%

The summarised financial information for subsidiaries with material non-controlling interests as at 31 December 2014, are as follows:

Thousands of Euros	EDP Renováveis Portugal, S.A.	Cernavoda Power, S.R.L.	Desarrollos Catalanes Del Viento S.L.	EDP Renewables France, S.A.S.	Parque Eólico Altos del Voltoya, S.A.
Non-Current Assets	-	-	-	-	-
Current Assets	41,258	4,167	1,958	11,409	2,251
Non-Current Liabilities	398,672	8,670	33,874	115,554	-
Current Liabilities	5,379	161	-	1,140	83
Revenues	-	-0	-	-3	-
Net profit for the year	14,782	-8,072	1,236	-52,661	16,259
Dividends paid to Non-controlling interests	29,999	-	-	-	-

Thousands of Euros	EDP Renováveis Brasil, S.A.	2007 Vento II, L.L.C.	Wheatfield Wind Power Project, L.L.C.	Wheatfield Holding L.L.C.	South Dundas Wind Farm LP
Non-Current Assets	-	-	-	-	-
Current Assets	650	9,433	1,334	-	3,582
Non-Current Liabilities	23,683	-	-	-	379
Current Liabilities	148	-	-	-	111
Revenues	-	-	-	-	-
Net profit for the year	-5,403	-3,500	24,227	-	-249
Dividends paid to Non-controlling interests	-	-	-	-	-

ANNEX 2

EDP Renováveis, S.A.

Group Activity by Operating Segment
Operating Segment Information for the year ended 31 December 2014

Thousands of Euros	EUROPE	NORTH AMERICA	BRAZIL	SEGMENTS TOTAL
Revenues	746,932	382,031	25,136	1,154,099
Income from institutional partnerships in US wind farms	-	123,582		123,582
	746,932	505,613	25,136	1,277,681
Other operating income	26,553	17,024	14	43,591
Supplies and services	-141,382	-108,760	-6,118	-256,260
Personnel costs and Employee benefits expenses	-22,379	-27,821	-1,334	-51,534
Other operating expenses	-65,247	-26,774	-2,412	-94,433
	-202,455	-146,331	-9,850	-358,636
Gross operating profit	544,477	359,282	15,286	919,045
Provisions	-21	-	-	-21
Amortisation and impairment	-269,196	-202,440	-5,907	-477,543
Operating profit	275,260	156,842	9,379	441,481
Share of profit of associates	33,310	241	-	33,551
Assets	6,108,684	6,255,041	162,478	12,526,203
Liabilities	259,919	922,548	4,980	1,187,447
Operating Investment	141,717	543,016	25,462	710,195

Note: The Segment "Europe" includes: i) revenues in the amount of 347,928 thousands of Euros from Spanish companies, of which 31,567 thousands of Euros generated outside of Spain; ii) assets from spanish companies in the amount of 1,976,737 thousands of Euros.

Reconciliation between the Segment Information and the Financial Statements

Thousands of Euros	
Revenues of the Reported Segments	**1,154,099**
Revenues of Other Segments	13,172
Elimination of intra-segment transactions	(14,145)
Revenues of the EDPR Group	**1,153,126**
Gross operating profit of the Reported Segments	**919,045**
Gross operating profit of Other Segments	(15,561)
Elimination of intra-segment transactions	(288)
Gross operating profit of the EDPR Group	**903,196**
Operating profit of the Reported Segments	**441,481**
Operating profit of Other Segments	(16,941)
Elimination of intra-segment transactions	(2,131)
Operating profit of the EDPR Group	**422,409**
Assets of the Reported Segments	**12,526,203**
Not Allocated Assets	1,730,579
Financial Assets	825,488
Tax assets	135,581
Debtors and other assets	769,510
Assets of Other Segments	2,861
Elimination of intra-segment transactions	56,676
Assets of the EDPR Group	**14,316,319**
Liabilities of the Reported Segments	**1,187,447**
Not Allocated Liabilities	6,800,670
Financial Liabilities	3,901,924
Institutional partnerships in US wind farms	1,801,963
Tax liabilities	327,096
Payables and other liablities	769,687
Liabilities of Other Segments	15,860
Elimination of intra-segment transactions	(18,417)
Liabilities of the EDPR Group	**7,985,560**
Operating Investment of the Reported Segments	**710,195**
Operating Investment of Other Segments	100
Operating Investment of the EDPR Group	**710,295**

	Total of the Reported Segments	Other Segments	Elimination of intra-segment transactions	Total of the EDPR Group
Other operating income	**43,591**	2,290	(214)	**45,667**
Supplies and services	**(256,260)**	(14,420)	14,035	**(256,645)**
Personnel costs and Employee benefits expenses	**(51,534)**	(14,560)	1	**(66,093)**
Other operating expenses	**(94,433)**	(2,043)	35	**(96,441)**
Provisions	**(21)**	-	1	**(20)**
Amortisation and impairment	**(477,543)**	(1,380)	(1,844)	**(480,767)**
Share of profit of associates	**33,551**	(264)	(11,531)	**21,756**

EDP Renováveis, S.A.

Group Activity by Operating Segment
Operating Segment Information for the year ended 31 December 2013 (*)

Thousands of Euros	EUROPE	NORTH AMERICA	BRAZIL	SEGMENTS TOTAL
Revenues	819,907	347,788	24,290	1,191,985
Income from institutional partnerships in US wind farms	-	125,101		125,101
	819,907	472,889	24,290	1,317,086
Other operating income	11,655	30,030	-	41,685
Supplies and services	-138,086	-108,007	-7,829	-253,922
Personnel costs and Employee benefits expenses	-25,537	-28,769	-1,142	-55,448
Other operating expenses	-77,690	-36,642	-869	-115,201
	-229,658	-143,388	-9,840	-382,886
Gross operating profit	590,249	329,501	14,450	934,200
Provisions	-97	-1,167	-25	-1,289
Amortisation and impairment	-234,700	-199,435	-6,417	-440,552
Operating profit	355,452	128,899	8,008	492,359
Share of profit of associates	30,302	-3,084	-	27,218
Assets	6,217,056	5,201,576	142,438	11,561,070
Liabilities	346,110	513,267	2,025	861,402
Operating Investment	387,259	121,867	24,902	534,028

Note: The Segment "Europe" includes: i) revenues in the amount of 442,711 thousands of Euros from Spanish companies, of which 20,599 thousands of Euros generated outside of Spain; ii) assets from spanish companies in the amount of 2,509,495 thousands of Euros.

* Restated for the adoption of IFRS 10 and 11

Reconciliation between the Segment Information and the Financial Statements *

Thousands of Euros	
Revenues of the Reported Segments	**1,191,985**
Revenues of Other Segments	12,418
Elimination of intra-segment transactions	(13,157)
Revenues of the EDPR Group	**1,191,246**
Gross operating profit of the Reported Segments	**934,200**
Gross operating profit of Other Segments	(13,694)
Elimination of intra-segment transactions	1
Gross operating profit of the EDPR Group	**920,507**
Operating profit of the Reported Segments	**492,359**
Operating profit of Other Segments	(14,906)
Elimination of intra-segment transactions	(4,437)
Operating profit of the EDPR Group	**473,016**
Assets of the Reported Segments	**11,561,070**
Not Allocated Assets	1,443,773
Financial Assets	679,878
Tax assets	212,605
Debtors and other assets	551,290
Assets of Other Segments	5,709
Elimination of intra-segment transactions	47,803
Assets of the EDPR Group	**13,058,355**
Liabilities of the Reported Segments	**861,402**
Not Allocated Liabilities	6,110,463
Financial Liabilities	3,665,877
Institutional partnerships in US wind farms	1,508,495
Tax liabilities	464,326
Payables and other liablities	471,765
Liabilities of Other Segments	10,662
Elimination of intra-segment transactions	(13,495)
Liabilities of the EDPR Group	**6,969,032**
Operating Investment of the Reported Segments	**534,028**
Operating Investment of Other Segments	2,437
Operating Investment of the EDPR Group	**536,465**

	Total of the Reported Segments	Other Segments	Elimination of intra-segment transactions	Total of the EDPR Group
Other operating income	**41,685**	81	(405)	**41,361**
Supplies and services	**(253,922)**	(14,737)	13,487	**(255,172)**
Personnel costs and Employee benefits expenses	**(55,448)**	(11,017)	(1)	**(66,466)**
Other operating expenses	**(115,201)**	(439)	77	**(115,563)**
Provisions	**(1,289)**	-	(1)	**(1,290)**
Amortisation and impairment	**(440,552)**	(1,212)	(4,437)	**(446,201)**
Share of profit of associates	**27,218**	-	(12,492)	**14,726**

* Restated for the adoption of IFRS 10 and 11

edp renewables

ENERGY THAT MAKES A DIFFERENCE

MANAGEMENT REPORT **2014**

ABOUT THIS REPORT

MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

In 2014, EDP Renováveis once again performed above the market and made steps toward fulfilling its vision of growing into a leading global renewable energy company in terms of value creation, innovation and sustainability. Six years after the company's IPO, EDPR reached 9.0 GW of renewable energy capacity, and produced 19.8 TWh in the year. The company is now present in 12 countries across Europe and the Americas.

The green energy delivered in 2014 by EDPR corresponds to nearly 50% of the total electricity consumption of the country of Portugal, which is nearly triple the company's energy sales in 2008 and demonstrates EDPR's ability to deliver growth on a global scale. The strategic roadmap of focused growth in renewable energy pursued by EDPR and its shareholders puts us a step ahead of the industry and continues to prove successful.

I remain certain that our company is playing on the right side of the energy sector, despite a recent regulatory environment with some unexpected setbacks culminating in significant cuts to regulated revenue as well as tax increases. Wind onshore is the most competitive source of energy, with the only exception of large hydro in some cases. It is clearly a preferable technology today to conventional thermal generation on a new-build basis. Even at presently low fuel prices, yet historically very volatile, wind farms with strong load factors are still competitive. Moreover, turbine costs and financing costs are improving in favour of wind energy.

In 2014 we saw EU leaders agreeing on targets for 2030 to reduce greenhouse gas emissions by at least 40% compared to 1990 and to increase the share of renewable energy to at least 27%. Wind energy will play a key role toward these ambitious targets and our company will be, once again, a front-runner in the EU market. At the same time, the US will be key in EDPR development. Growth prospects are solid and magnified by comprehensive environmental legislation limiting different types of pollution, creating demand for the addition of new competitive and sustainable solutions, with wind energy as one of the leading alternatives. Later in 2015, Paris will host the UN Climate Change conference where relevant agreements on climate are expected from all the nations around the world.

ANTÓNIO MEXIA
Chairman of the
Board of Directors

Last year, we updated the strategic plan set in 2012, while providing new targets for 2017. As you may know, our business plan continues to be based on three strategic references that guide our actions: 1) selective growth; 2) increased profitability; and 3) a self-funding model. Our business rebalancing towards the US market is paramount to our new strategic approach, which entails taking advantage of the outstanding market positioning that has allowed our company to seize windows of opportunities for growth at attractive returns and with controlled risks, supported by more than 1.2 GW of long-term PPAs signed since early 2013. This was possible due to the U.S. administration tax credit extension to support renewable energy, but most of all due to the high quality of our pipeline, one that was well-matched by our development teams and well-marketed by our highly skilled origination teams, having made EDPR a front-runner in closing PPAs in the U.S. market over the last two years.

Two other key achievements in 2014 are especially worth highlighting: the entry into the Mexican wind energy market through the signing of a PPA for 180 MW to be built in 2016, and the award in France of 1 GW offshore wind capacity to a consortium participated by EDPR, for construction the end of the decade.

Another key strategic pillar that EDPR and EDP both share concerns securing a controlled risk environment and maintaining access to competitive funding. The company is committed to a self-funding model for its investment plan of € 2.5 billion for 2014-17, of which € 700 million will be covered by asset rotation proceeds. More than 60% of this target is already completed and closed at competitive multiples, highlighting the success of the program. On top of this we are also advancing in the execution of the ongoing strategic partnership established between EDP and CTG, with minority sales involving EDPR stakes in Portugal and Brazil, including two MoU for completion expected in the year of 2015.

EDPR is a solid company with an adequate strategic approach in a sector with an auspicious future, yet full of challenges. The company is still set to achieve relevant growth targets toward 2017, aiming at annualised growth rates of 9% in green electricity generation, 9% in EBITDA and 11% in Net Profit while adding over 2.0 GW of capacity from 2013.

In 2014, EBITDA was 903M€ and Net Income was 126M€, -2% and -7% below the prior year, respectively. The results were impacted by the recent regulatory changes in Spain and amplified by exceptional low pool prices in the first months of the year. Despite those challenges, EDPR's results demonstrate great resilience, thanks to the company's rebalanced growth strategy and superior operating achievements.

The company has a dividend pay-out ranging between 25% and 35% of annual Net Profit, that contributes to leveraging our shareholders' returns. Hence, the proposal to be presented at the General Shareholders Meeting of €0.04 per share, within the policy defined.

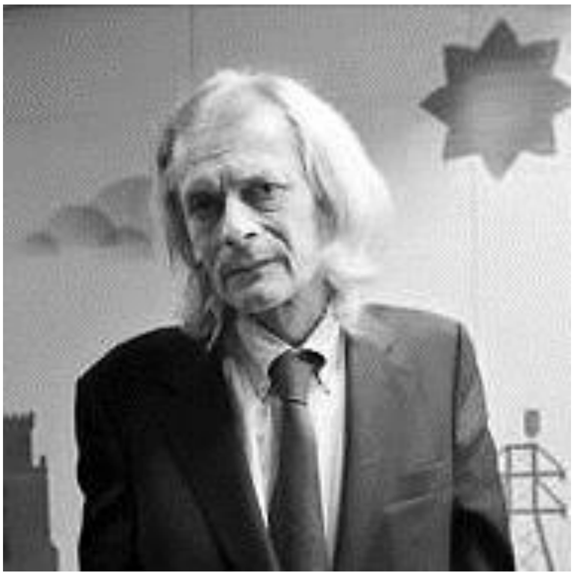
Evidence of this leverage of our shareholders' returns is the increase of +40% in the share price of EDPR during 2014, significantly outperforming the PSI20 (loosing -27%) and the DJ SX6E (gaining +12%).

Our mission of clean and carbon-free energy generation is evidently of great meaning to our leadership role in sustainability, together with our values of support to society and respect for biodiversity. We reinforce our commitment to the United Nations Global Compact initiative to align our business with its principles in the areas of human rights, labour standards, the environment and the fight against corruption. EDPR this year once again helped its primary shareholder (EDP) achieve a world leadership position in the Utilities Sector in the Dow Jones Sustainability Index.

We are proud of everything we have achieved thus far as a company that currently has a staff of more than 900 people worldwide. The stakes are high yet we maintain a vivid enthusiasm to continue progressing, pursuing greater achievements and attaining better results well into the future. I would like to take this opportunity to thank my colleagues on the Board of Directors for their support and, most of all, to express my gratitude for the strong dedication and great work of our employees who I truly consider the stars of our success story at EDPR. The future will continue to hold great challenges for our sector. However, being the great company we are, I am confident we will successfully identify and seize opportunities for improvement and growth.

Sincerely,

INTERVIEW WITH THE CEO



João Manso Neto

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS
and CHIEF EXECUTIVE OFFICER

Q1 In review, what were EDPR's most important accomplishments in 2014?

A1: EDPR made some significant accomplishments in 2014 that had an immediate impact, and, in my opinion, we have also achieved some great things that stand to have positive impact for years to come.

The 40% share price increase in 2014, following the clarification of Spanish regulation, makes a clear statement on the consistency of our strategy and our ability to deliver on our business plan.

We have again achieved record high levels of efficiency not only in technical availability, which was above our target of 97.5%, but also in load factor, this year again at 30%, and in controlling costs, with OpEx/MW decreasing by -8% compared to the prior year. In terms of growth we have added nearly 0.5 GW of new capacity, with the U.S. as a core market making up 329 MW of that.

Perhaps more importantly, we have created visibility for our growth in the future by signing PPAs and winning public tenders. Since 2013, EDPR has signed PPAs and won tenders for future onshore wind farms through 2017, including 1.255 MW in the U.S., 290 MW in Europe, 236 MW in Brazil and 180 MW in a new market that EDPR just entered in 2014 – Mexico. Furthermore, EDPR was a front-runner in the U.S. market closing PPAs over the last two years, with a total of 1.5 GW, including not only future projects, but also projects already in operation.

Our entrance into the Mexican energy market is another highlight of the year. It represents a sizeable entrance into a low risk and attractive emerging market and is a great strategic fit for our company. Another important accomplishment was the award of 1 GW offshore wind, via a competitive bid, to a consortium that includes EDPR in France. This project enlarges and further diversifies our company's long-term profitable growth options with an innovative technology that combines well with wind onshore where we have distinctive capabilities.

Q2: How was EDPR's financial performance for the year?

A2: In terms of profitability, the results obtained by our company over the financial year showed great resilience in a harsh environment, particularly in some of our markets in Europe. EBITDA of €903 million, declined year-on-year by only -2% (€17 million), despite the negative performance of -25% (€75 million) seen in Spain. This can be mostly explained by the well-known regulatory changes in this market, but results were also extraordinarily aggravated by a lower pool price than would be expected under normal conditions. During the first months of the year, when wind energy output was at the highest and hydro output was also very high, wholesale prices dropped significantly. That came ahead of the announcement of the new regulation and did not allow for the implementation of suitable hedging. Forward hedging is now in place since 2Q14 and in 2015 our exposure to wholesale prices is limited.

Following our self-funding model, we have generated enough cash for our needs, delivering solid operating cash-flow of €707 million, which increased year-on-year by +4%. Total cash net investments during the year amounted to €538 million, but were practically covered by proceeds from tax equity or other project finances, as well as our asset rotation program. In 2014 we closed more than €400 million in asset rotation transactions. With those transactions alone, more than 60% of our target for the 2014-17 period has already been met and has closed at competitive multiples.

Net income of €126 million was just €9 million lower than the prior year, with EBITDA performance and the bottom line also mitigated by some positive one-offs, in particular the decrease in deferred taxes following the announced income tax rate reduction in Spain.

Notwithstanding the results as on the books, the evolution in the company's market valuation as reflected in EDPR's share price increase of 40% in 2014, significantly outperforms the DJ Eurostoxx Utilities SX6E (+12%) and NYSE Euronext Lisbon PSI20 (-27%). In fact, EDPR was named the best performing stock in the NYSE Euronext Lisbon, among companies with over €1 billion market capitalization. I think this outstanding performance, following the clarification of Spanish regulation, makes a very clear statement on the market outlook for the consistency of our strategy and our ability to deliver the business plan we presented last May.

Q3 Sustainability is at the top of the strategic agenda for most corporations in this day and age. What is EDPR's take?

A3: Sustainability is at the basis of EDPR's existence. Our company has long had the vision to be a global renewable energy company that is a leader in value creation, innovation and sustainability. In fact we took this approach before many others in the industry anticipated and began to respond to the global macro trends that have been moving us toward abundant, clean and affordable energy. Those trends have made renewable energy a success story worldwide that accounts for an increasing share of total production. It is naturally related to the clear benefits to the environment and to society, but also related to the proven economic competitiveness of renewable energy, and wind onshore in particular.

It's not only about what we do as a business, It's also about how we do it: our attention to local communities, respect for biodiversity, and controlled risk approach.

At EDPR, as one of the first movers in wind energy, we built significant capacity early on and since then have maintained a top position in the world ranking of wind energy production players. This leadership position on the "right side of the energy sector", and the knowledge and reputation we have accumulated over time in our business has been EDPR's central competitive strength in expanding our growth and profitability.

Q4 What steps has EDPR taken to become a leader in Sustainability?

A4: For us is not only about what we do as a business, it is also about how. This is reflected, for example, in our controlled risk financial approach, our respect for biodiversity and mitigating potential impacts, and in our attention to local communities. I'd like to make special mention of the work of Fundación EDP, which also represents EDP Group's other subsidiaries in Spain. With its mission of social responsibility it has developed several initiatives in support of communities in different areas including culture, education and environmental research.

At EDPR, we are publicly committed to the 10 principles of the UN Global Compact in the areas of human rights, labour standards, environment and anti-corruption. I can highlight a few of our initiatives over the past year that demonstrate our commitment to these principles. First, we completed the OHSAS 18001 certification for nearly all our facilities, ensuring appropriate working conditions and practices in order to meet our zero accidents objective. It was an important step that shows our commitment to the health and safety of our employees and contractors. In the environmental area we reached another important milestone by completing the implementation of our environmental management system in the U.S. and reaching almost all of our sites with ISO 14001 certification, holding strict environmental practices that meet internal targets, not just legal requirements. In terms of governance, we formalized our anti-corruption policy regarding the adoption of best business practices and ethical principles, further emphasizing transparency and accountability of our governance model.

We are proud to be recognized for our excellence in the area of sustainability with our presence in the FTSE4Good index and, more significantly, by the increased interest of SRI (sustainable and responsible investment) funds in our company.

Last year we defined 10 sustainability targets through 2017, in line with our business plan, that not only follow our culture of continuous improvement but also reinforce sustainability to remain a central part of EDPR's future.

Q5 What is your outlook on the energy business and regulatory environments?

A5: Clearly the global macro trends in favour of renewable energy will remain globally strong. There will be a strong need for an abundant, clean and affordable energy. Wind onshore in particular is not just environmentally friendly, it is competitive with all other alternative technologies, even at the current fuel prices.

Wind onshore is not just environmentally friendly, it is competitive with all alternative technologies, even at current fuel prices.

In Europe, the focus is certainly moving from decarbonisation, evident in the 20-20-20 targets and 2030 targets, toward affordability. However, the short-term outlook in Europe faces some challenges due to a big misperception about the true cost/benefit of renewable energy, created in the context of a worldwide recession that triggered a focus on their remuneration schemes. They intended to show that these schemes had excessive costs, but they were grounded in incorrect analyses, putting into question the existing regulation to support new growth. The truth is that on a levelized cost of energy basis, with the exception of large hydro in some cases, no other technology is as competitive as wind onshore. Security of supply concern will put more emphasis on a greater reliance on endogenous sources of energy, following the crisis between Ukraine and Russia. Therefore Europe will still see dynamic growth over the coming years, with activity to take up as existing oversupply is absorbed by catching demand.

Prospects in the Americas are brighter at this moment, driven by a significantly stronger wind resource driving even greater competitiveness of wind energy vis-à-vis other technologies. This is valid considering the availability of shale gas, and at currently low prices.

The growth in the U.S. is also motivated by the need to meet environmentally driven target renewable portfolio standards (RPS). Many states, especially in the Western and Eastern regions, have increasing binding targets up to 2020 and thereafter. The U.S. administration has recently unveiled a plan to reduce carbon emissions from power generation plants. That implies a greater reliance on renewable energy sources, to make up 1/4 of the planned reduction by 2030.

Moving south, Brazil and Mexico are reinforcing their regulatory support, mostly through organised tenders and favourable preferable financing conditions. Those are the most promising wind centres in Latin America, having very strong wind resources, and high growth in electricity consumption and an increasing concern over the diversification from excessive dependence on hydro and the associated potential power shortages or peak prices from droughts.

Q6 How do you see the market design evolving going forward?

A6: The industry will see increasing importance of auction-based structures (tenders, PPAs). This system is already well developed in the Americas, and now we are observing a switch in Europe, which in my view is a very welcome market design, since auctions provide long-term visibility with low risk for investors and, at the end, lower prices to electricity consumers. The wind energy industry does not need subsidies but stability, for example from market-based arrangements of competition ex-ante competition.

Wind energy does not need subsidies but stability, for example from market-based arrangements of ex-ante competition.

The U.S. has efficient regulatory support, albeit visibility over the long-term extension of the incentives in place, PTC mostly, is limited. It would be valuable to have at least a medium-term view on these deals, even if including a progressive phasing out, as it would allow for improved planning and better value for consumers. The situation as it is creates a volatile growth market as off-takers typically take the years when PTCs are available to sign new agreements.

The importance of the PTC for value creation is lower today than some years ago due to the improvement in wind energy competitiveness. Today a new wind farm in the Central region of the U.S. with the best load factors to achieve our required returns, can offer a utility a PPA price for 20-year competitive with the cost one can expect from any other new-build.

Q7 What are the implications of this context on growth prospects?

A7: Our business plan aims to maintain capacity growth at a rate of 500 MW annually through 2017, focused on high quality projects, mostly through long-term energy sale agreements already granted, lowering our exposure to wholesale prices and regulatory schemes. Taking advantage of our diversified worldwide presence and extensive portfolio of projects that allow us to pick the most interesting markets at each time, future growth is projected to be located 60% in U.S., 20% in Europe and the remaining 20% in emerging wind markets.

The business plan is to grow > 500 MW per year in high quality projects under long-term energy sales: 60% in U.S., 20% Europe and 20% in emerging wind markets.

In the U.S., since the one-year extension of PTCs in early 2013, we have signed PPAs for 1,255 MW of capacity putting us in clear reach of our growth target in this market, of which 300 MW were already added in 2014. We now have several projects to add in the U.S. during 2015, 2016 and 2017.

In Europe, we have set a target of 20% of the overall additions through 2017. Additions will mostly come in France, Italy and Poland. However in the long term energy demand will certainly recover and EU 2030 targets already indicate renewable energy will be again on the rise. Therefore we may seem to be dormant but in fact we are active, maintaining the ongoing optimization of our pipeline up to a ready-to-build stage to originate new projects, whenever we find opportunities under regulatory arrangements favourable to our profitable and sustainable growth. We will most likely participate in future public tenders that are expected in several countries where we are already present.

Last but not least, in Brazil, a market with strong fundamentals, the action plan is to prepare new projects to participate in the forthcoming PPA auction; and logically we are already on the path to complete the 237 MW awarded through PPAs back in 2011 and 2013. Mexico is another promising market with very strong potential that can fit in our global diversification growth plan while maintaining a low risk approach. We will be building our first project by 2016 with 180-200 MW awarded with a 25-year contract. We will continue to actively prospect further opportunities in these countries or in other emerging markets with these same strong fundamentals.

But again, our diversified worldwide presence and extensive portfolio of high quality projects will enable us to select the optimal mix of investments at each moment.

Q8 What about new technologies?

A8: Regarding technologies other than wind onshore, we have already somewhat diversified into solar photovoltaic (PV), but such investments are something more to be judged on a case-by-case opportunistic approach like the case of the 30 MW addition this year in U.S. (California). Yet with the expectable further reduction in the levelized cost of energy of this technology, we are reviewing options to reinforce in this area.

In offshore wind we are making investments in solid projects, with very strong partners such as Repsol in the UK and more recently GDF Suez and Neoen in France. The technology is not yet mature, there is a large scope for cost reduction and we believe we can leverage our core competencies in wind onshore. Wind offshore in clearly a very promising energy source and will be part of the European renewable energy growth particularly in markets where onshore development is limited.

Q9 Is the company going to maintain its low risk profile?

A9: Yes, absolutely. A low risk profile is in our genetic material, and naturally it is one of the key pillars our strategy since we consider essential to maintain a competitive cost of capital. This culture of controlled risk is observed in our strict risk management practices, reflected most noticeably in our hedging from any material exposure to wholesale market prices, either through regulation or via bilateral PPAs. Only about 10% of our generation is exposed to market spot prices, a level considered adequate for a low risk profile.

It is also reflected in our management of financial debt, with 86% at fixed cost and maturing in three years or later -, in our hedging of foreign exchange risk, and just to highlight a few of our risk management principles.

We will continue to follow a rigorous financial policy, only assuming financial commitments when we have the means secured to do so. This is particular relevant in our business particularly capital intensive and moreover observing our current investment plan amounting to €2.5 billion over the four years started in 2014.

Q10 How does EDPR plan to finance such large investment plan?

Q10: As you may know, we have committed ourselves to what we call a self-funding model, in which we limit the financing of our investment plan exclusively to our internal free cash flow from operating assets as well as the sale of

Always a key concern is to deliver the planned growth, on time and on budget, and we have a strong track record in doing just that, which we intend to maintain

minority stakes in our projects. Bringing forward the cash flow from our assets allows us to increase our value and growth through its reinvestment while still preserving a balance sheet discipline that maintains the company under a low risk and cost competitive financing environment. Our business plan embraces the goal of raising €700 million from such asset rotation proceeds that complement an amount of €1.8 billion of operating cash flow to finance our total €2.5 billion investment plan. With 2014 transactions alone, over 60% of this target has already been completed, through three deals involving assets located in different countries with different pension funds and infrastructure funds as counterparties. Also worth mentioning here is another agreement closed under EDP's strategic partnership with China Three Gorges at the end of 2014, this time for the 49% sale of our operating and under development capacity in Brazil. This follows the first transaction in Portugal which included assets where EDPR was majority shareholder, as well as a Memorandum of Understanding for the sale of a minority stake to be executed subsequent to the splitting of assets at the ENEOP consortium that will take place in 2015.

Our business plan embraces the goal of raising €700 million from asset rotation proceeds that will help finance our €2.5 billion investment plan.

It is also clear that our company will keep finding external financing sources such as equity partnerships, typical in the U.S., or the project financing most common in Brazil and in Europe, namely in Poland. We have been successful in raising funds over the last several years, and again in 2014, we raised a total of €366 million.

Most importantly, the primary source of funds will still be the operating cash flow generated from the existing assets, expected to amount to €3.5 billion in 2014-17 period, which will remain to a significant extent available to fund the new investments.

Q11 What else can still be done to increase profitability?

A11: We have set a target for ourselves to increase EBITDA and Net Profit respectively by 9% and 11% annually on average from 2013 over the next four years. To do that, we will invest in projects with higher load factor, which will generate stronger output than our assets in operation, and we will deliver increased operational efficiency. These objectives will allow for an increase in electricity output of 9% and cut OpEx/MW by -2% on average per year from last year up to 2017.

It is always a key concern to deliver the planned growth both on time and on budget, and we have a strong track record in doing just that, which we intend to maintain.

On the operations side, we will make continuous improvements in availability levels as well as small but important boosts in load factors thanks to productivity enhancements that we are implementing in turbines already in operation. We will also reduce costs through the dissemination of best practices and leaner approaches, as well as through the internalization of value adding activities in maintenance.

Q12 Finally, as the CEO of EDPR, what are your feelings toward the company?

Q12: It has been a great privilege to be CEO for the last three years leading a team of what I frankly feel to be an outstanding group of people - over 900 now – contributing their great work to our mission as a corporation, and doing this with dedication above expectations and great enthusiasm. It makes my job a lot easier to be in such good company of competent professionals and adaptable individuals. In its essence, a company is its people, and it is a great competitive advantage for us to have here a great team of very experienced experts, who are in fact the pioneers of the wind industry, working together with very qualified younger professionals whom we have brought on board along the way. Our business has been shaken by numerous challenges, and I am personally grateful for the adaptability, both functional and geographical, demonstrated by many of our employees.

I am also thankful to the support to our shareholders, always providing a solid backing to our strategy and stimulating myself and my colleagues at the Executive team to accomplish our mission in the company even better and better.

In its essence, a company is its people. Our business has been shaken by numerous challenges and I am personally grateful for the adaptability of our employees.

01

THE COMPANY

1.1. THE COMPANY IN BRIEF

1.2. 2014 IN REVIEW

1.3. ORGANIZATION

1.1. THE COMPANY IN BRIEF

1.1.1. VISION, VALUES AND COMMITMENTS

VISION:

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

MISSION:

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

VALUES:

Initiative
through behaviour and attitude of our people

Trust
of shareholders, employees, customers, suppliers and other stakeholders

Excellence
in the way we perform

Innovation
to create value in our areas of operation

Sustainability
aimed at the quality of life for current and future generations

1.1.2. BUSINESS DESCRIPTION

Our renewable energy business grossly comprises the development, construction and operation of fully controlled wind farms and solar plants to generate and deliver clean electricity.

DEVELOPMENT...

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

Landowner agreement
Contact local landowners and negotiate leasing agreement

Renewable resource analysis
Install meteorological equipment to collect and study wind profile and solar radiance

...DEVELOPMENT

Obtain consents and permits
Engage with local public authorities to secure environmental, construction, operating and other licenses

Project evaluation and funding
Evaluate potential operational and financial risks and find appropriate finance to the project

CONSTRUCTION...

Layout design and equipment choice
Optimize the layout of the farm and select the best fit of equipment model based on the site characteristics

...CONSTRUCTION

Construction
Build access roads, prepare foundations, assemble wind turbines or solar panels,construct substation

OPERATION...

Opening ceremony
Celebrate the benefits of renewable energy with local communities, authorities and other stakeholders

Wind and solar plant operation
Complete grid connection and start to generate renewable electricity

...OPERATION

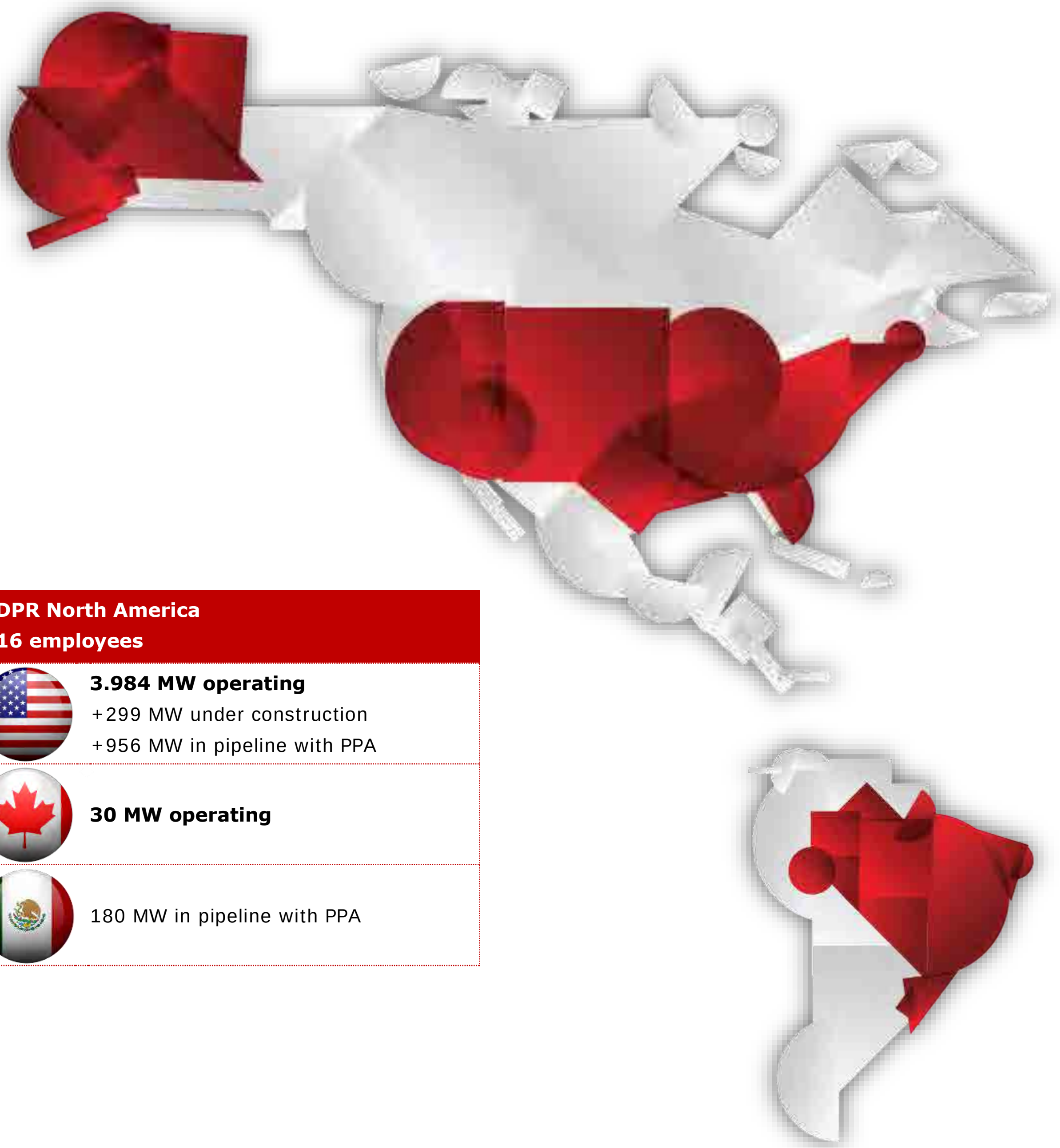
Data analysis
Monitor real-time operational data, analyse performance and identify opportunities for improvement

Ongoing maintenance service
Keep availability figures at the highest level possible and minimise failure rates

Generate and deliver clean energy
A better energy, a better future, a better world!

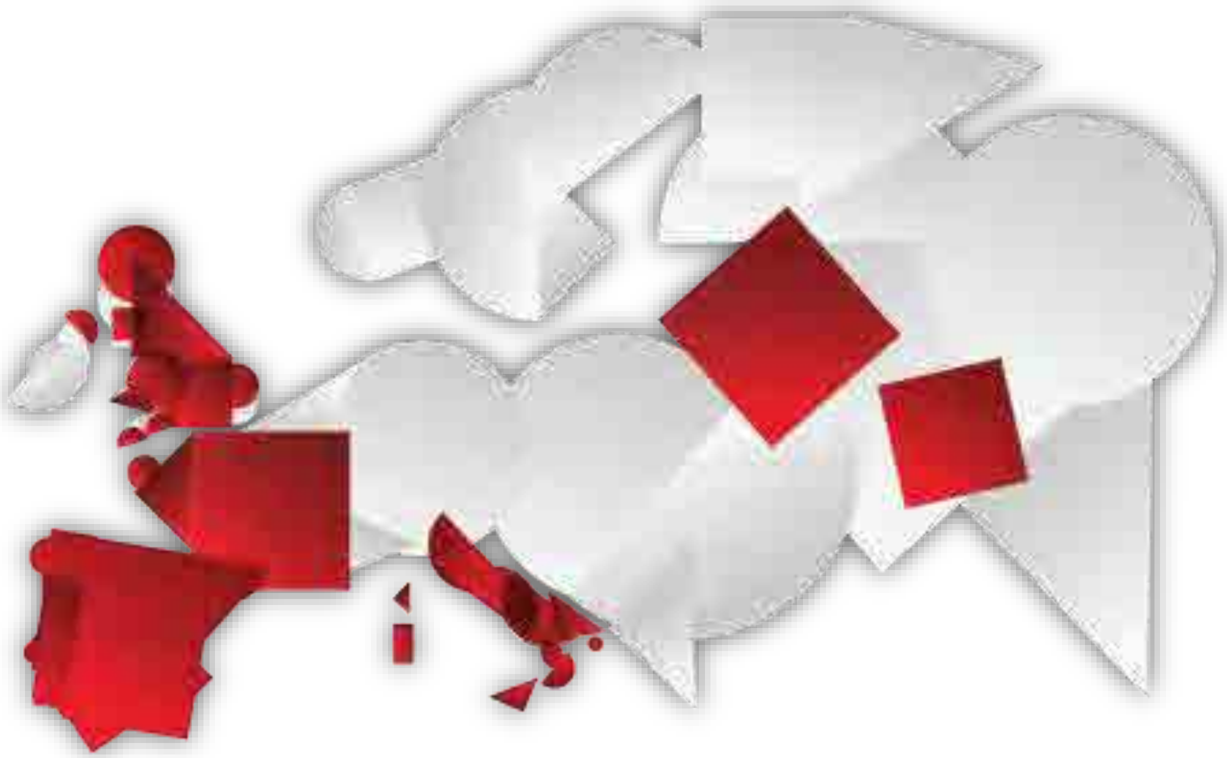
1.1.3. WORLD PRESENCE

EDPR is a world leader in renewable energy, present in 12 countries in Europe and the Americas, managing a global portfolio of 9.0 GW of capacity installed, 443 MW under construction and much more in pipeline development, employing over 900 employees



EDPR North America **316 employees**	
	3.984 MW operating +299 MW under construction +956 MW in pipeline with PPA
	30 MW operating
	180 MW in pipeline with PPA

EDPR Europe 577 employees (includes 143 employees in EDPR Holding)	
2.368 MW operating +2 MW under construction	**1.157 MW operating** +6 MW under construction
340 MW operating +430 MW of offshore wind in pipeline development with PPA	**71 MW operating**
392 MW operating +6 MW under construction	**521 MW operating**
90 MW operating +10 MW under construction	1.4 GW (max) of offshore wind in pipeline under development



EDPR produced 19.8 TWh of clean energy in 2014, of which 47% in Europe, 52% in North America and 1% in Brazil

EDPR Brazil 26 employees
84 MW operating +120 MW under construction +116 MW in pipeline with PPA

1.1.4. STAKEHOLDERS

Involving the stakeholders in our business is a strategic priority, by maintaining an open and transparent dialogue, to build and strengthen trust, share information and knowledge, anticipate challenges and identify cooperation opportunities to create value.

We do so through four major guiding commitments: Comprehend, Communicate, Collaborate and Trust. These commitments underlie a policy that aims to go beyond mere compliance with the formal requirements of the law, thereby contributing to an effective and genuine engagement of our different stakeholders.

COMPREHEND

Include, Identify, Prioritize: We have dynamically and systematically identified the Stakeholders that influence and are influenced by the Company, and we analyse and try to understand their expectations and interests in the decisions that directly impact on them.

COMMUNICATE

Inform, Listen, Respond: We are committed to promoting two-way dialogue with Stakeholders through information and consulting initiatives. We listen, inform and respond to Stakeholders in a consistent, clear, rigorous and transparent manner, with the aim of building strong, durable close relationships.

COLLABORATE

Integrate, Share, Cooperate, Report: We aim to collaborate with Stakeholders to build strategic partnerships that bring together and share knowledge, skills and tools, thereby promoting the creation of shared value in a differentiating manner.

TRUST

Transparency, Integrity, Respect, Ethics: We believe that the promotion of a climate of trust with our Stakeholders is crucial to establishing stable, long-term relationships. Our relationship with stakeholders is based on values like transparency, integrity and mutual respect.

Who are the stakeholders of EDPR? All persons or entities that influence or are influenced by our activities. They are organized in four segments: Democracy, Value Chain, Market and Social and Territorial Context.

In 2014, the company has initiated in Spain its stakeholders management plan consisting of 5 main phases: 1) segmentation, 2) definition of stakeholders managers to follow up on the implementation of improvement initiatives, 3) quantitative analysis through a number of internal and external inquiries, 4) preparation of a conclusions report once the data relative to inquiries have been consolidated, and 5) action plan to be implemented by each of the stakeholder managers and coordinated by a steering committee.

This plan will be replicated in other countries in the future with the goal of obtaining a global vision of the company's relationships with stakeholders across its different locations.

The table below lists the different interested parties, aggregated by described four key segments of stakeholders, interacting with our business in Spain:

Segment	Stakeholder
Market	Financial Entities Investors Competition
Democracy	Energy Commission of Spanish Congress Spanish Euro Congressmen Political parties
Value Chain	Employees Suppliers Land Owners
Social and Territorial Environment	Associations Local Communities Universities City Councils Energy Council or Energy Commissioners Media and Opinion Leaders

EDPR organized a day of festivities in celebration of Global Wind Day at its Rabosera wind farm in Aragon (Spain) and in Leroy, Minnesota (USA)

Initiatives such as the celebration of Global Wind Day are an indication of the commitment to the local communities in the municipalities where EDPR operates

EDPR celebrated Global Wind Day, a worldwide event that occurs annually on June 15, with a day of festivities at the Rabosera wind farm, located between the towns of Luna (Zaragoza) and Gurrea de Gállego (Huesca) in Spain. To celebrate this day, the Rabosera wind farm opened their doors to the public for guided educational tours of the facilities, accompanied by technical personnel, and visits to a wind tunnel. The day also incorporated educational sessions for children and design competitions.

The event was attended by the head of the Energy and Mining Department of the Regional Government of Aragon, Marina Sevilla. She was accompanied by Ramón Tejedor, an advisor from the same department, and the director of the Huesca Local Industry and Innovation Service, Marta Patricia Rodríguez. Also present were a number of local representatives and officials from neighbouring cities. According to Rocío Sicre, Country Manager for EDPR in Spain, "initiatives like this are part of the sustainable philosophy of the company and a clear indication of our commitment to the local communities in the municipalities where we operate".

In the United States, the EDPR team in Leroy, Minnesota, was responsible for organizing events for Wind Day at the Pioneer Prairie and Prairie Star wind farms. In partnership with the LeRoy School, EDPR provided an afternoon of learning about science and engineering with a focus on wind energy. EDPR taught the students about the environmental impacts of renewable energies.

After the students left, it was the turn of congressional advisors, journalists and tax consultants from Iowa and Minnesota, who learned about the O&M (Operations and Maintenance) of wind farms. The trip ended with a reception on site which served as a networking opportunity

1.2. 2014 IN REVIEW

1.2.1. KEY METRICS SUMMARY

INSTALLED CAPACITY
9.0 GW
EBITDA + Net equity

TECHNICAL AVAILABILITY
97.6%
-0.1p.p. vs 2013

GENERATION
19.8 TWh
+3% vs 2013

NEW ADDITIONS
+0.5 GW
EBITDA + Net equity

LOAD FACTOR
30%
-0.2p.p. vs 2013

EMISSIONS AVOIDED
17.0mt CO_2
+4% vs 2013

CASH NET INVESTMENTS
€538m
+€105m capex YoY

NET DEBT
€3.3 billion
+0% vs 2013

12 COUNTRIES
1 new: Mexico

EBITDA
€903m
-2% vs 2013

OPEX/MW
€55k/MW
-8% vs 2013

919 EMPLOYEES
+3% vs 2013

OPERATING CASH-FLOW
€707m
+4% vs 2013

NET PROFIT
€126m
-€9m vs 2013

TRAINNING
83%
43hrs / employee

+471 MW OF CLEAN ENERGY COMMISIONED

In 2014 EDPR completed ten projects in five countries, including its first solar project in the US, located in California, and two more wind farms - Rising Tree North and 200 MW Headwaters

Project name	Country	MW	Technology
Estarreja	Portugal	2	Solar
Headwaters	US	200	Wind
Ilza	Poland	4	Wind
Lone Valley	US	30	Solar
Overpowering	Portugal	2	Wind
Preuseville	France	6	Wind
Radziejow	Poland	18	Wind
Rising Tree North	US	99	Wind
San Giovanni	Italy	20	Wind
Truc de L'Homme	France	12	Wind
EBITDA		393	
ENEOP	Portugal	78	Wind
2014		471	

Old and new wind power at Headwaters

HEADWATERS LOCATION, ENERGY OUTPUT AND ENVIRONMENTAL BENEFITS

Located in Randolph County in the state of Indiana (US), the Headwaters wind farm supplies emission free electricity to Indiana Michigan Power (a subsidiary of American Electric Power), through a long-term power purchase agreement. It employs the latest in turbine technology to generate 200 MW of domestic, renewable electricity enough to power more than 51,000 average Indiana homes with clean energy each year, preventing the annual emission of tons carbon dioxide - a contributor to climate change, nitrogen oxide which causes smog, and sulphur dioxide which causes acid rain. The annual environmental benefits of the 332,000 tons of CO_2 are equivalent to taking approximately 183,000 cars off of the road.

DEVELOPMENT

More than 200 supportive landowners were attracted to participate in long-term lease and easement agreements that cover turbines, access roads and transmission corridors. EDPR also performed wind measures at the site during years to design the best layout for the terrain.

CONSTRUCTION

Construction works started and finished during 2014. The wind farm has a total of 100 turbines, 94.5 meters tall. It is connected to the grid at 345 kilovolt transmission line through a new substation, 10 miles transmission line and interconnection station. The project includes maintaining 80 miles of public roads and more than 35 miles of private access roads to the turbines. More than 250 direct and indirect jobs were created at the peak of construction.

OPERATIONS

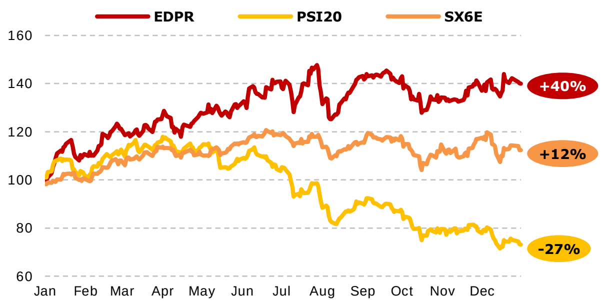
EDPR created 14 full time permanent jobs in the area to help operate the power plant at the highest efficiency standards. The Headwaters wind farm helps provide energy security to the United States by diversifying the electricity generation portfolio, protecting against volatile natural gas spikes and utilizing a renewable, domestic source of energy.

Headwaters wind farm does not impede land use for Indiana farmers

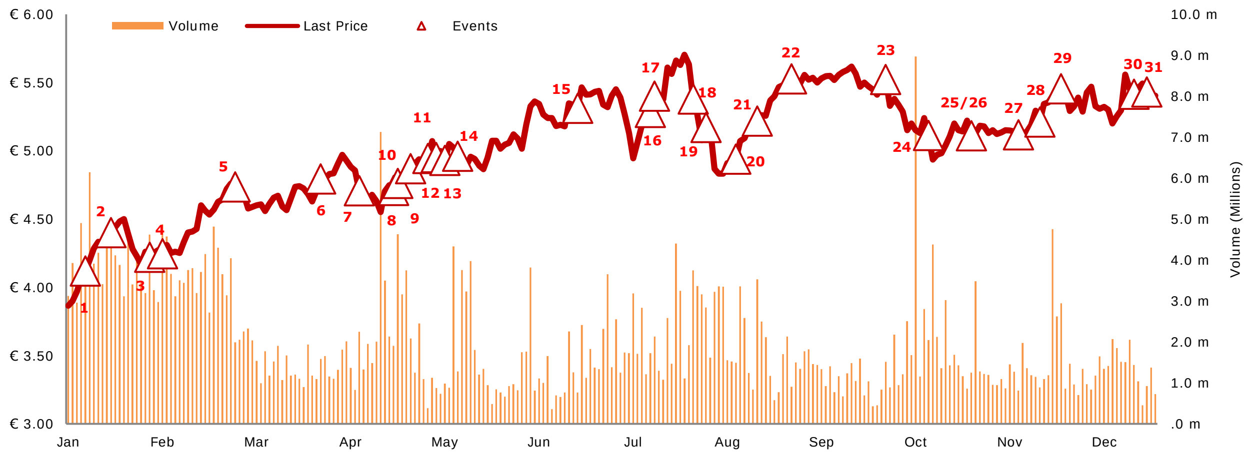
1.2.2. SHARE PERFORMANCE

Share price increased +40% in 2014, significantly outperforming NYSE Euronext Lisbon PSI20 and Dow Jones Eurostoxx Utilities SX6E

EDPR has 872.3 million of shares listed and admitted to trading in NYSE Euronext Lisbon. On December 31st 2014 EDPR had a market capitalization of 4.7 billion euro, +40% above from the 3.4 billion euro at previous year-end, equivalent to € 5.40 per share. In 2014 total shareholder return was 41%, considering the dividend paid on May 8th of € 0.04 per share.



EDPR in Capital Markets	2014	2013	2012	2011	2010
Opening price (€)	3.86	3.99	4.73	4.34	6.63
Minimum price (€)	3.87	3.58	2.31	5.25	3.72
Maximum price (€)	5.70	4.36	4.86	3.89	7.01
Closing price (€)	5.40	3.86	3.99	4.73	4.34
Market capitalization (€ million)	4,714	3,368	3,484	4,124	3,783
Total traded volume: Listed & OTC (million)	396.84	448.15	446.02	463.56	544.52
...of which in NYSE Euronext Lisbon (million)	149.48	200.29	207.49	232.29	311.46
Average daily volume (million)	1.56	1.76	1.74	1.80	2.11
Turnover (€ million)	1,976.41	1,759.20	1,525.56	2,098.58	2,695.41
Average daily turnover (€ million)	7.75	6.90	5.96	8.17	10.45
Rotation of capital (% of total shares)	46%	51%	51%	54%	63%
Rotation of capital (% of floating shares)	205%	229%	228%	239%	279%
Share price performance	+40%	-3%	-16%	+9%	-35%
Total shareholder return	+41%	-2%	-16%	+9%	-35%
PSI 20	-27%	+16%	+3%	-28%	-10%
Down Jones Eurostoxx Utilities	+12%	+9%	-9%	-25%	-15%



1	EDPR secures PPA for new 200 MW wind farm in the US, 8-Jan
2	EDPR executes project finance for its first project in Canada, 16-Jan
3	EDPR discloses 2013 provisional operating data, 29-Jan
4	Spain - published the renewables' standards for consultation, 3-Feb
5	EDPR discloses full year 2013 financial results, 26-Feb
6	EDPR executes project finance for 50 MW in Romania, 26-Mar
7	EDPR holds Annual Sharebolder's Meeeting, 08-Apr
8	EDPR discloses 1Q14 provisional operating data, 22-Apr
9	EDPR secures PPAs for new 150 MW wind farm in the US, 23-Apr
10	EDPR enters the Mexican wind energy market, 28-Apr
11	EDPR ex-dividend date (€0.04 per share), 5-May
12	EDPR consortium is awarded with 1 GW of wind offshore capacity in France, 7-May
13	EDPR discloses 1Q14 financial results, 9-May
14	EDPR presents in EDP Group Investor Day, 14-May
15	Spain fully approves the new remuneration framework for wind energy assets, 23-Jun
16	EDPR discloses 1H14 provisional operating data, 16-Jul
17	EDPR established institutional partnership structure for 200 MW in the US, 17-Jul
18	EDPR discloses 1H14 financial results, 30-Jul
19	EDP Renováveis executes project finance for 70 MW in Poland, 4-Aug
20	EDPR secures new PPA for capacity already in operation in the US, 13-Aug
21	EDPR executes a new asset rotation transaction in the US, 20-Aug
22	EDPR established its first institutional partnership structure for solar PV in the US, 1-Sep
23	EDPR executes a new asset rotation transaction in France, 1-Oct
24	EDPR discloses 9M14 provisional operating data, 15-Oct
25/26	EDPR established institutional partnership for 99 MW in the US & discloses 9M14 results, 29-Oct
27	EDPR was awarded with long term sale agreements for 155 MW in the US, 13-Nov
28	EDPR executes a new asset rotation transaction in Canada, 20-Nov
29	EDPR establishes a MoU with EDP Brasil for the acquisition of a 45% stake in EDPR Brasil, 27-Nov
30	Extension of key energy-related tax incentives applicable to EDPR in the US, 22-Dec
31	EDPR announces the sale of minority stakes in wind farms in Brazil to CTG, 29-Dec

1.3. ORGANIZATION

1.3.1. SHAREHOLDERS

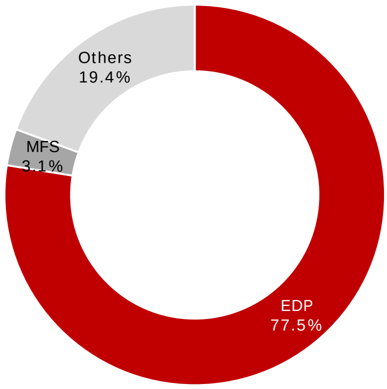
EDPR shareholders are spread across 23 countries. EDP ("Energias de Portugal") is the major one holding 77.5% of the share capital since launching the company's IPO in June 2008.

EDPR total share capital is, since its initial public offering (IPO) in June 2008, composed of 872.308.162 shares issued with a nominal value of five euros each, fully paid. All these shares are part of a single class and series and are admitted to trading on the NYSE Euronext Lisbon regulated market.

MAJOR SHAREHOLDER, THE EDP GROUP

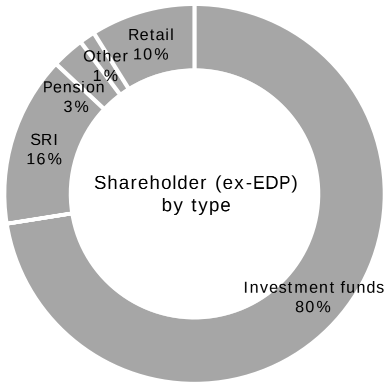
The majority of the company's share capital is owned by EDP Group, holding 77.5% of the share capital and voting rights, since launching the company's IPO in June 2008.

EDP ("Energias de Portugal") Group is a vertically integrated utility company, the largest generator, distributor and supplier of electricity in Portugal, has significant operations in electricity and gas in Spain and is the 4th largest private generation group in Brazil through its stake in Energias do Brasil. In the Iberian Peninsula, EDP is the third largest electricity generation company and one of the largest distributors of gas. EDP has a relevant presence in the world energy outlook, being present in 14 countries, with more than 9.8 million electricity customers and 1.3 million gas supply points and almost 12.000 employees around the world. In 2014, EDP had an installed capacity of 22.5 GW, generating 60.3 TWh, of which 33% come from wind. EDP has been recognised #1 worldwide in the Dow Jones Sustainability Index in the Utilities sector for the year 2013, and again in 2014, following the group performance in the economic, social and environmental dimensions. Its holding company, EDP SA, is a listed company whose ordinary shares are traded in the NYSE Euronext Lisbon since its privatization in 1997.



OTHER QUALIFIED SHAREHOLDERS

Besides the qualified shareholding of EDP Group, MFS Investment Management - an American-based global investment manager formerly known as Massachusetts Financial Services - communicated to CNMV in September 2013 an indirect qualified position, as collective investment institution, of 3.1% in EDPR share capital and voting rights.



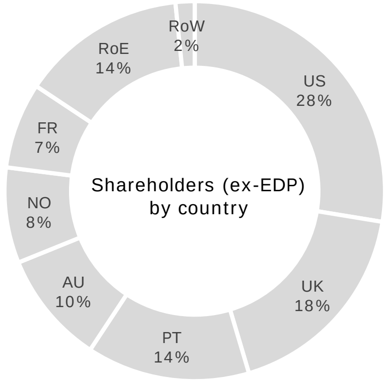
BROAD BASE OF INVESTORS

EDPR has a broad base of international investors. Excluding EDP Group, EDPR shareholders comprise about 81,000 institutional and private investors spread worldwide. Institutional investors represent 90% of EDPR investor base (ex-EDP Group), while the remaining 10% stand private investors, most of whom are resident in Portugal.

Within institutional investors, investment funds are the major type of investor, followed by sustainable and responsible funds (SRI). EDPR is a member of several financial indexes that aggregate top performing companies for sustainability and corporate social responsibility.

WORLDWIDE SHAREHOLDERS

EDPR shareholders are spread across 23 countries, being United States the most representative country, accounting for 28% of EDPR shareholder base (ex-EDP Group), followed by United Kingdom, Portugal, Australia, Norway and France. In Rest of Europe the most representative countries were Netherlands, Switzerland and Andorra.



1.3.2. GOVERNANCE MODEL

Corporate governance is about promoting corporate fairness, transparency and accountability. EDPR's corporate governance structure specifies the shareholders, board of directors, managers and other stakeholders' rights and responsibilities and spells out the rules and procedures for making decisions on corporate affairs. It also incorporates the organization's strategic response to risk management.

The corporate governance model of EDPR, as a listed corporation, is designed to ensure transparency and accountability through a clear separation of duties between management and supervision of the company's activities

The corporate governance structure adopted is the one in effect in Spain. It comprises a General Meeting of Shareholders and a Board of Directors that represents and manages the company. As required by the law and established in the company's articles of association, the Board of Directors has set up four specialized committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Committee on Related-Party Transactions. This governance structure and composition was chosen to adapt the company's corporate governance model also to the Portuguese legislation and it seeks, insofar it is compatible with the Spanish 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 a separate body, a Supervisory Board. EDPR's model attempts then to establish compatibility between two different systems of company law, through an Audit and Control Committee of independent members, although not exclusively separate from the Board of Directors.

The experience of institutional operation of this adopted governance model has been proving to be appropriate to the organizational development of the company's activities, because it still affords transparency and accountability between the management functions of the Executive Committee, the supervisory functions of the Audit and Control Committee and the specialized oversight by other different Board of Directors committees.

GENERAL MEETING OF SHAREHOLDERS:

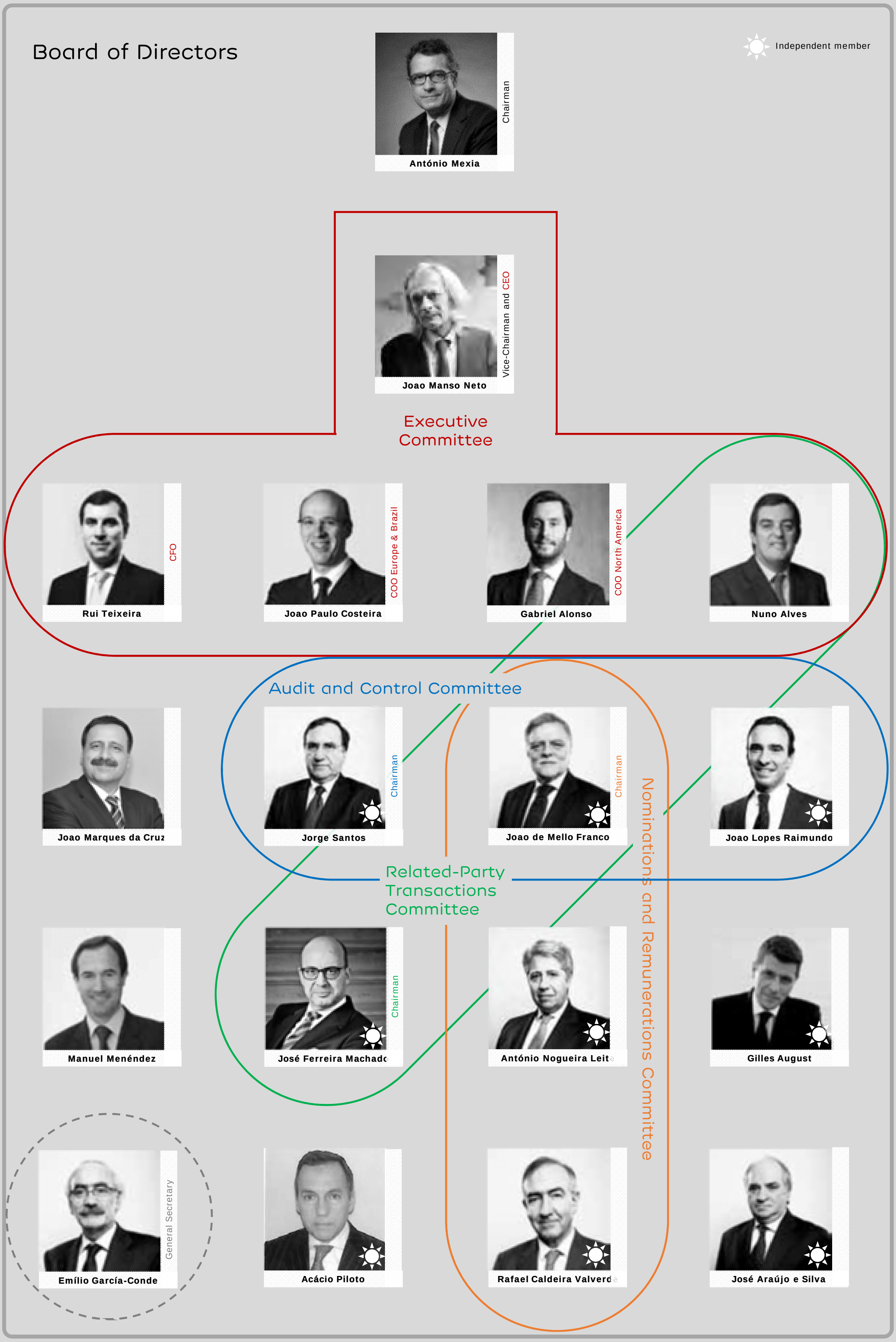
- is the body where the shareholders participate;
- has the power to deliberate and adopt decisions, by majority, on matters reserved by the law or the articles of association.

BOARD OF DIRECTORS (BOD):

- shall consist of no less than 5 and no more than 17 Directors, including a Chairperson; their term of office shall be 3 years, and they may be re-elected once or more times for equal periods;
- its Chairperson is appointed by the members of the BOD, unless this is done by the General Meeting of Shareholders; it is the Vice-Chairperson, who is appointed by the BOD on the proposal of the Chairperson, that replaces the Chairperson when he is unable to attend the meetings;
- has the broadest powers for the administration, management and governance of the company, with no limitations other than the responsibilities expressly and exclusively invested in the General Shareholders Meeting, in the company's articles of association or in the applicable law;
- may appoint, among the Directors, one Chief Executive Officers (CEO) or more, with a vote in favour of 2/3 of the Directors, after proposal of the Chairperson or 2/3 of the Directors; the competences of each CEO are those deemed appropriate in each case by the BOD, with the only requirement being that they are delegable under the law and the articles of association;
- may also delegate executive powers to the Vice-Chairperson;
- must meet at least 4 times a year, preferably once a quarter; nonetheless, the Chairperson, on his own initiative or that of 3 Directors, shall convene a meeting whenever he deems fit for the company's interests;
- its decisions are adopted by absolute majority among the Directors present in the meeting, where each Director has one vote and the Chairperson has the casting vote in the event of a tie;

The Chairperson of the BOD fully represents the company, using its name, implementing decisions of the General Meeting of Shareholders, Board of Directors and the Executive Committee. Without prejudice to the powers of the Chairperson under the law and the articles of association, he also has the powers of convening and presiding over the meetings of the BOD, establishing their agenda and directing discussions and decisions; acting as the company's highest representative dealing with public, sectorial or employers' bodies;

The BOD has set up four specialized committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Committee on Related-Party Transactions. The members of these committees shall maintain their positions in the respective committees for as long as they are Directors; nonetheless, the BOD may decide to discharge members at any time and the members may resign said positions while still remaining Directors.


Board of Directors
Independent member
Chairman
António Mexia
Vice-Chairman and CEO
Joao Manso Neto
Executive Committee
CFO
Rui Teixeira
COO Europe & Brazil
Joao Paulo Costeira
COO North America
Gabriel Alonso
Nuno Alves
Audit and Control Committee
Joao Marques da Cruz
Chairman
Jorge Santos
Chairman
Joao de Mello Franco
Joao Lopes Raimundo
Nominations and Remunerations Committee
Related-Party Transactions Committee
Manuel Menéndez
Chairman
José Ferreira Machado
António Nogueira Leite
Gilles August
General Secretary
Emílio García-Conde
Acácio Piloto
Rafael Caldeira Valverde
José Araújo e Silva

EXECUTIVE COMMITTEE (EC):

• shall consist of no less than 6 and no more than 9 Directors, including a Chief Executive Officer (CEO);

The CEO coordinates the implementation of the BOD decisions and the Corporate and General Management functions, partially assigning those to the other executive officers, namely: the Chief Financial Officer (CFO), the Chief Operating Officer for Europe and Brazil (COO EU & BR) and the Chief Operating Officer for North America (COO NA).

The CFO proposes and ensures the implementation of the financial policy and management, including financial negotiation, management and control, cash management optimization and financial risk management policy proposal; he also coordinates and prepares the business plan and the budget, manages the financial statements reporting analyses the operational and financial performance, manages the relations with shareholders, potential investors and market analysts to promote the value of the company in the capital markets, and coordinates procurement function and relations with key suppliers while ensuring the implementation of the procurement strategy and policy.

The COO EU & BR and the COO NA coordinate their platforms by developing, establishing and implementing the strategic plan for the renewable energy business in their respective platforms, in accordance with the guidelines set by the BOD; they are also responsible for planning, organizing and managing resources, controlling, measuring and improving the management of projects and subsidiary companies to achieve expected results to make EDPR a leader in the renewable energy sector in their respective platforms.

AUDIT AND CONTROL COMMITTEE:

• shall consist of no fewer than 3 and no more than 5 Directors, including a Chairperson;

• the majority of the members shall be independent;

• is a permanent body and performs supervisory tasks independently from the BOD;

• its members are appointed by the BOD;

• the term of office of its Chairperson is 3 years, after which he may only be re-elected for a new term of 3 years; nonetheless, chairpersons leaving the committee may continue as members.

• its competences are delegated by the BOD and include proposing the appointment of the company's auditors to the BOD for subsequent approval by the General Meeting of Shareholders, supervising the financial reporting and the functioning of the internal risk management and control systems, supervising internal audits and compliance, establish a direct contact with the external auditors, preparing an annual report on its supervisory activities and expressing an opinion on the management's report, the accounts and the proposals presented by the BOD; those responsibilities are all further detailed, among others, in the Corporate Governance section at the end of this report;

• shall meet at least once every quarter and additionally whenever its Chairperson sees fit.

NOMINATIONS AND REMUNERATIONS COMMITTEE:

• shall consist of no less than 3 and no more than 6 Directors, including a Chairperson, who must be independent;

• at least one of its members must be independent; / is constituted by independent members of the BOD;

• its members should not be members of the EC;

• is a permanent body with an advisory nature which recommendations and reports are not binding;

• has no executive functions;

• its main functions are to assist and report to the BOD about appointments, re-elections, dismissals and remunerations of the members of the BOD and their positions, as well as about appointments, dismissals and remunerations of senior management personnel; those responsibilities are all further detailed, among others, in the Corporate Governance section at the end of this report;

• shall also inform the BOD on general remuneration policy and incentives to Directors and senior management;

• shall meet at least once every quarter and additionally whenever its Chairperson sees fit.

RELATED-PARTY TRANSACTIONS COMMITTEE:

• shall consist of no fewer than 3 members, including a Chairperson;

• the majority of its members shall be independent;

• is a body belonging to the BOD;

• performs the duties of ratifying transactions, above certain thresholds defined, between EDPR and EDP or its related parties, qualified shareholders, directors, key employees or his relatives; those responsibilities are all further detailed, among others, in the Corporate Governance section at the end of this report;

• shall meet at least once every quarter and additionally whenever its Chairperson sees fit;

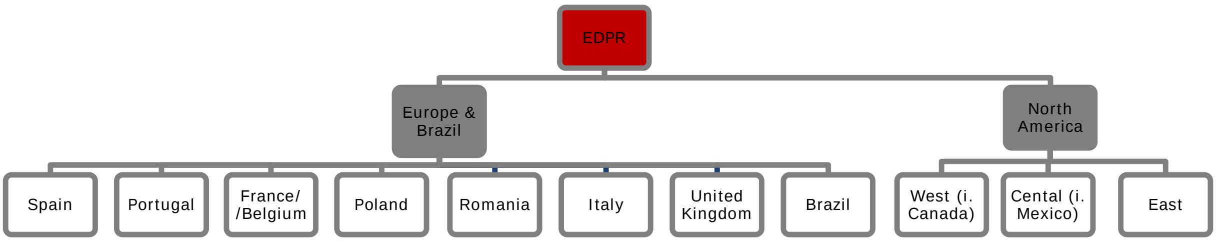
should this committee not ratify any transaction in its duties, said transactions require the approval of 2/3 of the members of the BOD.

For further detailed information regarding the responsibilities and roles of the different social bodies, as well as 2014 activity, please refer to the Corporate Governance section, at the end of this report. The company also posts its up-to-date articles of association and regulations at www.edpr.com.

1.3.3. ORGANIZATION STRUCTURE

The organization structure is designed to accomplish the strategic management of the company but also a transversal operation of all the business units, ensuring alignment with the defined strategy, optimizing support processes and creating synergies.

EDPR organizational structure is divided in 3 key elements: a corporate center at the Holding and 2 platforms - Europe & Brazil and North America. Within EDPR Europe & Brazil platform, there are 8 business units, one for each of the countries where the company operates, namely Spain, Portugal, France/Belgium, Italy, Poland, Romania, UK and finally Brazil. Similarly in the EDPR North America platform, there are 3 business units, that represent the operational regions in the continent: West (includes Canada), Central (includes Mexico) and East.



ORGANIZATIONAL MODEL PRINCIPLES

The model is designed with several principles in mind to ensure optimal efficiency and value creation.

Accountability alignment	Critical KPIs and span of control are aligned at project, country, platform and holding level to ensure accountability tracking and to take advantage of complementarities derived from end-to-end process vision.
Client-service	Corporate areas function as competence support centers and are internal service providers to all business units for all geographical non-specific needs. Business priorities and needs are defined by local businesses and best practices are defined and distributed by corporate units.
Lean organization	Execution of activities at holding level are held only when significant value is derived, coherently with defined EDPR holding role.
Collegial decision-making	Ensures proper counter-balance dynamics to ensure multiple-perspective challenge across functions.
Clear and transparent	Platforms organizational models remain similar to allow for: - Easy coordination, vertically (holding-platforms) and horizontally (across platforms); - Scalability and replicability to ensure efficient integration of future growth.

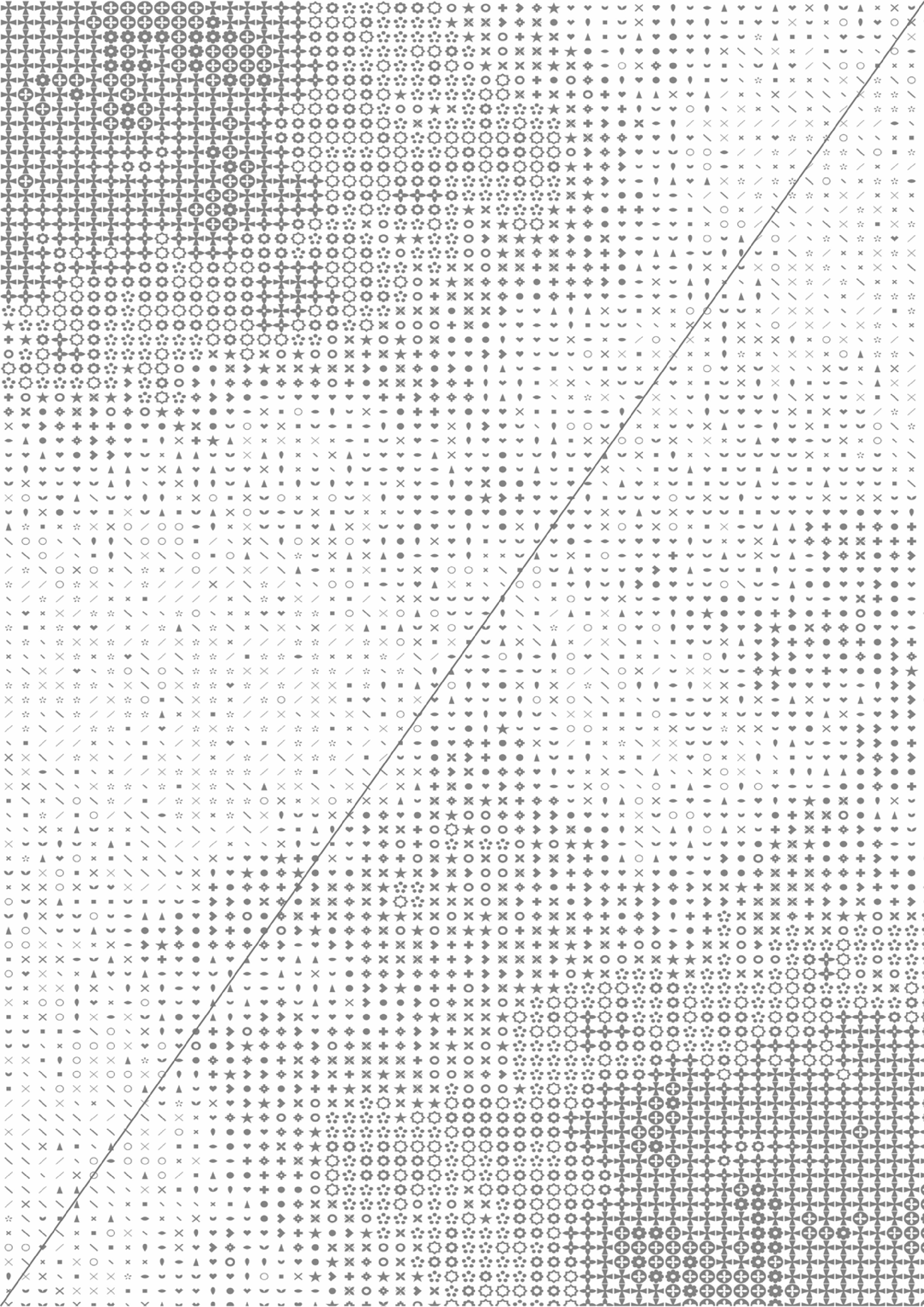
EDPR HOLDING ROLE

EDPR Holding seizes value creation, through the dissemination of best practices in the organization and the standardization of corporate processes to the platforms and the business units to improve efficiency. Its internal coordination model and interface with EDP group impacts both the company's processes - activities performed, processes steps, inputs and outputs, and decision-making mechanisms -, and the company's structure, with an alignment of functions and responsibilities with the processes configuration.

The EDPR Holding structure was designed to accomplish two fundamental roles: **Strategic Management** and **Transversal Operation**.

Strategic Management covers to a) adopt a coordination model within the group, supporting the Executive Committee in the definition and control of the strategy policies and objectives; b) define specific strategic initiatives; c) review the accomplishment of the company's business plan; d) define transversal policies, rules and procedures; e) control key performance indicators.

Transversal Operation deals to i) ensure the alignment of all the platforms with the defined strategy; ii) capture synergies and optimize support processes; and iii) systematically and progressively concentrate supporting activities in shared service business units with the group.



02

STRATEGY

2.1. BUSINESS ENVIRONMENT

2.1.1. RENEWABLE ENERGY BENEFITS

Renewable energy is helping improve energy security, reduce greenhouse-gas emissions and push electricity prices down, it is also triggering high returns for the domestic economies by generating local added value and job creation.

The evolution of renewable energy over the past decade has surpassed all expectations. Global installed capacity from all renewable technologies have increased significantly; costs for most technologies have decreased considerably.

In 2013, renewables accounted for more than 56% of net additions to global power capacity and represented far higher shares of capacity added in several countries. Renewable energy provided an estimated 19% of global final energy consumption in 2013 and continued to grow in 2014.

Markets, manufacturing, and investment expanded further across the developing world, and it became increasingly evident that renewables are no longer dependent upon a small handful of countries. By early 2014, at least 144 countries had renewable energy targets and 138 countries had renewable energy support policies in place.

According to the International Renewable Energy Agency (IRENA), the global renewable energy share can reach and exceed 30% by 2030 and the technologies are already available today to achieve this objective and around 40% of the total renewable energy potential in 2030 is in power generation. IEA 2014 Energy Outlook expects the share of renewables in total power generation to rise from 21% in 2012 to 33% in 2040, and to supply nearly half of the growth in global electricity generation. Renewable electricity generation, including hydropower, is expected nearly triple over 2012-2040, overtaking gas as the second-largest source of generation in the next couple of years and surpassing coal as the top source after 2035.

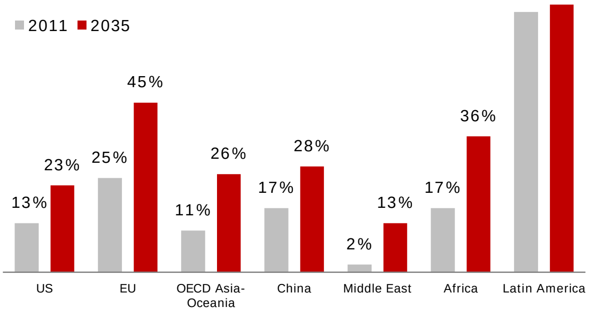
Within renewables, wind onshore is clearly the leader. The most remarkable recent development is that in an increasing number of markets, wind power is the least cost option when adding new generation capacity to the grid, and prices continue to fall. Wind is today one of the biggest, cheapest, and fastest way to reduce emissions of carbon dioxide and other harmful air pollutants, and simultaneously uses no water. There are now commercial wind power installations in more than 90 countries with total installed capacity of close to 370 GW at the end of 2014, providing about 3% of global electricity supply in 2013.

Analysts from Bloomberg New Energy Finance predict that wind will account for the largest share of the 30% of new renewables added to the global power grid by 2030.

The GWEC Moderate scenario envisages wind would meet between 7.2% and 7.8% of global electrical demand in 2020, and between 12.9% and 14.5% in 2030.

Growth in wind installations will lead to a substantial reduction in CO_2 emissions, create jobs for hundreds of thousands of people and contribute to GDP growth. Wind energy also offers major advantages for geopolitical reasons: wind is widely available throughout the world and can help reduce energy and fuel import dependency and improves the security of supply, stabilizing and reducing the cost of power generation over the long term.

Renewables over total electricity generation



IEA New Policies Scenarios (central scenario, takes into account existing policy commitments and assumes that those recently announced are implemented, albeit in a cautious manner)

RENEWABLE ENERGY EFFECT ON THE ENERGY SYSTEM

REDUCTION IN WHOLESALE PRICES

Renewable generation bid their output in wholesale markets at zero cost as wind energy has no marginal cost. As power prices are determined by the intersection of power supply and demand, bids at zero displace more expensive technologies shifting, consequently, the supply curve. For a same level of demand, when wind production is available, the market price goes down (the so-called "merit order effect"). An increasing supply of renewable energy in Europe is pushing down wholesale electricity prices in most markets.

According to EWEA's "Wind energy and electricity prices" report prepared by Pöyry this merit order effect caused by wind results in electricity price reductions of 3 to 23 € per MWh. In Germany, with a share of 27.3%, renewables took first place, replacing lignite for the largest share in energy consumption in 2014. As a result, the wholesale price for power decreased to a record low of €33 per MWh (€38 in 2013). This allowed the German energy market to export to neighbour countries a record 5.6% of energy produced.

IMPROVE ENERGY SECURITY

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

During 2011 Europe spent €406 billion on importing fossil fuels rising to €545 billion in 2012.The EU is highly dependent on fossil-fuel import from Russia, particularly natural gas. Current political conflict between Ukraine and Russia may risk supply and is opening again Europe's energy independence discussions.

According to the European Commission, in 2010 renewables avoided €30 billion in imported fuel costs.

During the same year, the IEA estimates that cost of support for renewable energy in the EU was €26 billion, highlighting that the cost of supporting renewable energy is offset by the avoided costs of importing fossil fuels alone. EWEA states in their "Avoiding fossil fuel costs with wind energy" report that in 2012 wind energy avoided €9.6 billion of fossil fuel costs. Depending on the decarbonisation scenario they assume for the future, they estimate wind energy will avoid between €22 billion and €27 billion of fuel costs annually in 2020. Wind power also provides a valuable hedge against fuel price volatility, protecting both utilities and consumers. Utilities are able to lock in fixed, long-term contracts with wind power, protecting consumers against price spikes by providing a long-term hedge against volatile future prices for fuel. In particular in US, financiers are conscious about the volatility in US gas prices and the likelihood that they will rise.

RENEWABLE ENERGY EFFECT ON THE ENVIRONMENT AND THE ECONOMY

COMBAT CLIMATE CHANGE

The power sector is responsible for more than 40% of all carbon dioxide emissions, and about 25% of our total greenhouse gas emissions. Emissions need to peak and decline in this decade to meet climate change goals.

Despite efforts to the decarbonisation of the energy sector and the various measures announced by governments, the main scenario of the IEA forecasts an increase in emissions by about 20% by 2040. This increase in emissions is consistent with a global temperature increase of 3.6°C in the long run, which is beyond the 2°C limit (internationally accepted to avoid the most severe consequences of climate change).

Promoting a shift from conventional fossil fuels to renewable energy is one of the most effective and feasible near-term ways of mitigating climate change. Wind and solar power's scalability, speed of deployment and falling costs make them the best choice to achieve the emissions reductions. These sources are not only carbon free, but also do not emit harmful SOx, NOx or mercury pollution, protecting valuable air and water resources.

Reducing emissions is also beneficial for the economy. According to IRENA Average health benefits due to the mitigation of air pollution from fossil-fuel use are in the range of USD 2-5 per GJ, while carbon dioxide mitigation benefits are in the range of USD 3-12 per GJ. The total of cost and benefits results in net savings of at least USD 123 billion, and as high as USD 738 billion by 2030.

JOB CREATION

Renewables play an important role in employment creation and growth in the global economy. In 2013, approximately 6.5 million people were already employed in the renewable energy industry worldwide, expanding from 5.7 million in 2012, a new study by the International Renewable Energy Agency (IRENA) reveals.

According to the Global Wind Energy Council (GWEC), for every new MW of capacity installed in a country in a given year, 14 full-time equivalent jobs per year are created through manufacturing, component supply, wind farm development, construction, transportation, etc.

CONTRIBUTION TO GDP GROWTH

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

Wind industry development is today a key contributor to the GDP of many economies worldwide. According to a study conducted by the EWEA "The impact of wind energy on jobs and the economy" published in April 2012, the direct contribution of the wind energy sector in the EU's GDP was 17.6 billion Euros in 2010, which corresponds to 0,26% of the European GDP. The same year, the industry's net export were worth 5,7 billion euros and it´s worth noting that only 9,9% of the wind energy inputs were imported, which illustrates the European wind competitiveness. Besides, the growth of the wind industry's contribution of the EU's GDP is greater over 2007-2010 period, than the overall growth of the EU's GDP during this same period, thus the wind sector remains strong in periods of recession.

Ernst&Young report "Analysis of the value creation potential of wind energy policies", commissioned by EDPR and Acciona in 2012, shows wind energy triggers higher returns for European economies than CCGTs power generation. The study shows that the higher initial capital expenditures associated with wind energy are more than compensated by the economic benefits generated by wind energy in terms of job creation, tax revenues, energy security and abatement of CO_2 emissions.

In particular Ernst&Young report concludes that (i) wind energy provides a high contribution to GDP in most European countries, (ii) wind energy has significant job creation potential. In Spain and France, for example, wind power creates twice as many jobs than CCGT per million euros invested, (iii) wind energy generates more tax revenues than CCGT. Every Euro invested in wind generates between 27 and 52 euro cents in tax revenues in Europe, depending on local tax policies.

In the US, according to the AWEA data, wind bolsters America's economy through a supply chain of nearly 500 manufacturing plants and over 2.500 companies investing in all stages of American wind power.

WIND OFFSHORE IN FRANCE

EDPR, in a consortium, was awarded 1 GW of offshore wind energy in France, enlarging and diversifying its long-term profitable growth options into a top economy and an innovative technology that may represent about ¼ of the company's capex by 2020.

THE PROJECTS

EDPR partnership created with GDF Suez, Neon Maritime and AREVA, in which EDPR holds a 43% non-controlling stake, was selected by the French government, following a national public tender process ended last May, to develop, construct and operate two offshore wind farms in the areas of Tréport, Haute-Normandie (0.5 GW) and the Isles of Yeu and Noirmoutier, Pays de la Loire (0.5 GW).

The projects aim to build a local industrial ecosystem to form the emergence of robust offshore wind power sector which will generate economic activity and jobs and lay the foundations for further offshore wind energy expansion, and, at the end, are estimated to provide enough renewable energy to supply 1.6 million people when they become operational by 2021 while contributing to fight against climate change.

TECHNOLOGY, INNOVATION AND THE ENVIRONMENT

The choice of the new AREVA 8MW wind turbine will maximize the site production while reducing up to 40% the number of turbines needed for the wind farms and therefore also reducing the time of construction and optimizing maintenance. An optimized jacket foundation technical solution is to be installed at the two sites, allowing for the free passage through them of ocean swells and fish and thus providing an environmentally-friendly operating installation.

THE PARTNERSHIP

The partners complementary experience was key to their proposal competitiveness outstanding for its exceptional concern to sustainability and local stakeholders.

GDF Suez (47%) and EDPR (43%) possess a strong expertise in renewable energy, large scale industrial projects and offshore work, with combined operating assets of 36 GW and close to 7 GW under construction worldwide and involved in the development of 19 offshore wind projects representing 5 GW.

Neon Marine (10%) provides the consortium its recognized experience as a local developer in the Yeu-Noirmoutier region with great technical and environmental expertise; since its foundation in 2008 it has invested more than € 6 million in development projects along the French coastline.

AREVA is the industrial partner in the consortium in regard to its unique track record in the design and construction of offshore wind turbines thanks to its operation in the offshore field Alpha Ventus in the North Sea since 2009 as well as the ongoing development of 600 MW offshore projects.

NEXT STEPS

2014-15: Ongoing information and dialogue with the public and local stakeholders, technical and financial feasibility studies and detailed environmental studies
2014: Beginning of the Research & Development activities in the AREVA's new R&D centre in Rouen
2015-17: Selection of suppliers, principally of foundations, substations and installation and maintenance services
2018: Manufacturing of 8MW AREVA wind turbines to begin in Le Havre
2019-21: Construction of the wind farms in the two areas
2021: Commissioning and start of operation and maintenance

2.1.2. COMPETITIVENESS OF WIND ENERGY

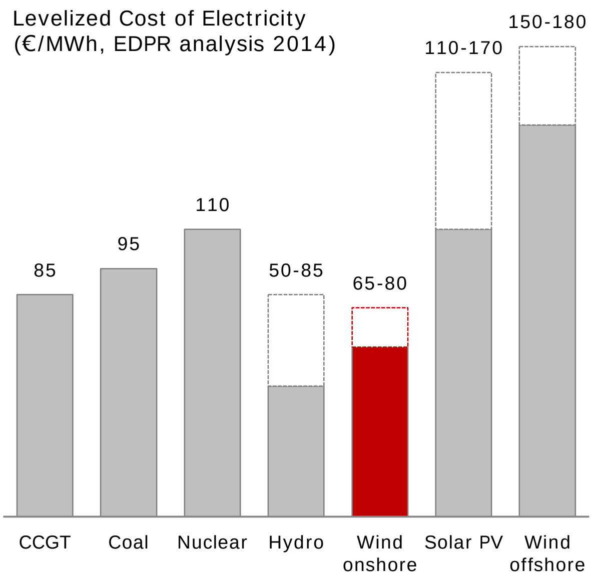
It is more and more clear that wind energy is good, not only because it is green... but because it is competitive, it is in fact cheaper

Wind is quickly approaching competitiveness with conventional power generation in all key global markets as cost-competitiveness continues to improve, driven by new, incremental technology improvements related to turbine size and the evolution of blade and tower technology. The financial advisory firm Lazard recently estimated that wind energy is more affordable than new natural gas or coal generation even without subsidies. Lazard's numbers show the 'levelized cost of energy' (hereinafter abbreviated as LCoE) for wind power has decreased 58% since 2009, and 15% in the last year alone.

LEVELIZED COST OF ENERGY IS THE RELEVANT BENCHMARK

To assess the competitiveness of various power sources the levelized cost of electricity is the relevant benchmark.

The LCoE determines the average cost of producing a unit of electricity over the lifetime of the generating source. It considers, on one hand, the total quantity of electricity produced by the source, and on the other hand, all the costs incurred by the source over its lifetime, including the original capex and ongoing opex, maintenance costs, the costs of fuels and any carbon emissions costs. It also takes into account the financing costs of the project, both deducting the cost of debt, for an appropriate level of debt financing, and considering a reasonable internal rate of return.



To assess the LCoE of a wind project, the key factors include wind turbine costs and financing costs. The costs of operation are minimal. There are only geographic limitations about finding available locations with favourable wind resource conditions. Wind turbine costs have declined over the years, with the average price of turbines per MW much lower on larger turbines than smaller ones. Costs decline as the trend toward larger turbines continues. Financing costs have also improved, as the asset class for wind continues to grow and mature, and the financing vehicles rely on stable cash flow generating contracts, interest rates are at historic lows also contributing to reduce the cost of capital. The outlook for wind is thus dependant on the wind levels of the areas it will be built and the cost of baseload alternatives. According to an internal analysis at EDPR, wind onshore with load factor levels of 21-26% produces a LCoE of €65-80 per MWh and is competitive to all other power generation alternatives (both conventional and renewable), with the only exception of hydro in some cases.

With gas prices expected to rise over the long term, given the large expected increase in demand for gas, the threshold for renewables to beat is becoming lower, and the LCoE of wind gets competitive with CCGT alternatives. In addition, natural gas price volatility reduces the reliability and ability to predict future power prices and further decreases the attractiveness for new gas plants. Moreover, for countries with no abundant local gas resources, wind is an attractive option not to depend on exogenous sources for their electricity supply.

Regulatory environment is challenging for coal, related to the compliance of environmental requirements involving emissions and water use, and therefore coal has a LCoE that is materially higher than the CCGT baseload generators, despite the rise in gas prices.

With extremely high initial investment and operating expenses, nuclear LCoE is unattractive today. For example, EDF awarded contract for difference for a new power plant in the UK expected to start operation by 2023 included a price per MWh in 2012 of GBP 92.5 and GBP 279 in 2058, as stated in a report by the European Commission. Also nuclear fleets are aging and facing shutdown decisions about security concerns following the recent Fukushima disaster.

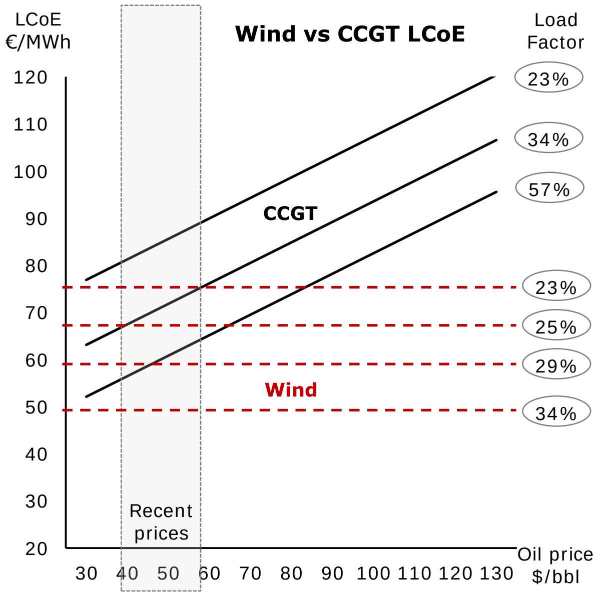
Hydro generation is a viable fuel source that is competitive today, the return economics are sensitive to construction costs and capacity factor but expansion of hydro is dependent on finding suitable locations.

Insolation is an important metric for solar LCoE and newer more efficient panels may capture more sunlight over time, while module costs are expected to decline due to lower material and production costs.

Wind offshore energy is at the start of the learning curve and is not competitive on a LCoE basis today, but according to MAKE Consulting, wind offshore shows potential to reduce LCoE by over 40% by 2025 through innovation and development of scale economies. Existing pipeline in Europe will help the industry achieve this scale making offshore more and more competitive.

WIND IS COMPETITIVE

Wind energy is competitive vis-à-vis CCGTs at different oil prices and load factors, even at currently low oil prices of $40-60 per oil barrel (CCGTs competitiveness dependent on oil prices as usually utilities' long-term gas contracts are oil-indexed).



According to an internal analysis at EDPR, wind onshore with a capex of €1.3M per MW, is competitive with CCGT at LCoE basis for example with a wind load factor of 23% and a CCGT load factor of 34% and an oil price of $60 per barrel, or with a wind load factor of 25% it is already competitive with a CCGT load factor of 34% and an oil price of $40 per barrel. This highlights the importance of wind resource availability, with just a lower than 10% increase in wind load factor offsetting 1/3 reduction in the oil price to the CCGT.

Also a strong case can be made for wind farms with robust load factors, for example of 34%, that competes with conventional CCGT power plants on LCoE running at standard levels of utilization, like 57%, and for any price level of fuel.

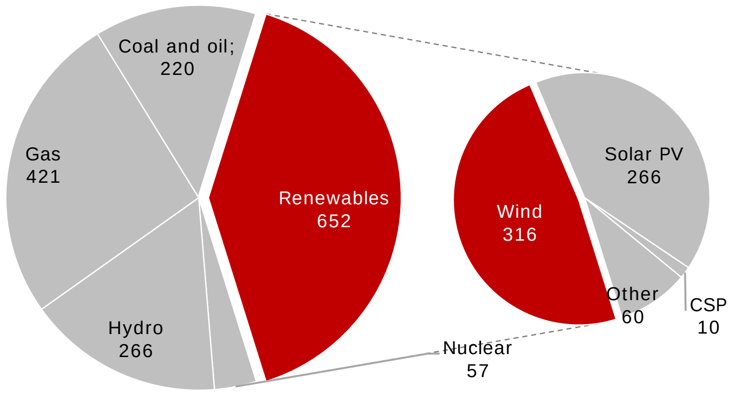
And for a wind farm running at an average level of 29% load factor, it is competitive with a CCGT running at standard level of 57% load factor from an oil price above $50 per barrel.

Moreover, wind energy cost is unrelated to oil and gas prices, and thus allows for long-term cost predictability and visibility.

RENEWABLES AND WIND ONSHORE ENERGY AS THE KEY GROWTH DRIVERS OF 2012-2020 WORLDWIDE ADDITIONS

According to IEA World Energy Outlook 2014, renewables will account for c. 40% of worldwide capacity additions of 1.618 GW in the period of 2012-2020, and of that, wind onshore will represent nearly 50%, amounting to 316 GW.

2012-2020 Worldwide Additions (GW)



This worldwide growth, excluding China, is expected to come in ¾ from areas where EDPR is already present, namely Europe (36%), North America (22%) and Latin America (16%).

ENTRY IN THE MEXICAN ENERGY MARKET

In 2014 EDPR has entered the Mexican energy market signing a long-term electricity supply agreement, for the energy of a 180 MW wind farm to be installed in 2016, representing a sizeable entry in a low risk and attractive opening.

THE PROJECT:

The project is a wind farm to be located in a region with very strong wind resource in the state of Coahuila, in northern Mexico. The plant should start construction this year of 2015 to be in operation during 2016, being currently in a medium stage of development in terms of permitting and having a clear path to interconnection to the grid. The expected load factor for its capacity, currently designed for 180 MW, is above 40%.

THE PARTNERSHIP:

The project with operate in partnership with *Industrias Peñoles,* a well-known Mexico-based mining group – renowned for its high creditworthiness and knowledge of the local market – with who EDPR signed a supply agreement for the electricity from this project to be delivered in self-supply regime. The contract has a duration of 25 years and the price is set in US dollars.

The deal was formalised in last June in front of the Presidents of the countries of Portugal and Mexico, respectively Mr. Aníbal Cavaco Silva and Mr. Enrique Peña Nieto. At the occasion, the CEO of *Peñoles* also paid a visit to EDPR's Serra d'el Rei wind farm in Portugal to get a first-hand look how the company harvest the wind.

STRATEGIC FIT:

Mexican energy market meets the strategic fit criteria for EDPR, in terms of selective growth, self-funded and at increased profitability. The country is home to some of the strongest winds in the world so much that wind energy technology is competitive to shale-gas fired combined cycle thermal plants, with the plus of avoiding the exposure to gas prices volatility, which furthermore must be imported. An emerging economy with fast increasing electricity demand including from energy-intensive industries looking for competitive and long-term stable factor energy costs that generate an active market for PPAs to result from bilateral negotiations or competitive bids. Under adequate conditions, there is a local financial sector capable of providing non-recourse project financing at competitive costs.

One of EDPR's goals is to have 20% of its new growth in emerging markets, therefore this deal is a specially relevant achievement. Mexico is a country close to Houston in the US where EDPR has a strong base and shares the same language with Spain where EDPR has headquarters.

The success of EDPR in securing new long term energy supply agreements reinforces the company's low risk profile while providing solid visibility over the company's growth prospects.

OUTLOOK:

EDPR is trustful this entry will provide a platform for further growth in the Mexican market.

2.1.3. MARKETS CONTEXT

Wind economics, energy policies and regulatory schemes/incentives drive wind energy globally. Europe should see lower, but still dynamic growth while the Americas should became the biggest growth engine.

EUROPE GROWTH TO NORMALISE

INCENTIVES-DRIVEN GROWTH

Europe was a first mover and was the first region to see a real take-off in wind additions and share of wind output in total power mix.

In 2014 renewable power installations accounted for 21 GW (or 79%) of new power capacity installations of 27 GW, according to EWEA. With nearly 12 GW of new capacity, wind accounted for 44% of new installations, totalling a cumulative installed capacity of 120 GW. About c. 7% of the power produced in Europe is now derived from wind energy. This has mostly been achieved through suitable remuneration schemes.

The main reason for putting in place such incentives was originally a political push mainly motivated by environmental and security of supply concerns. This translated into the ambitious European '20-20-20' targets to be reached by the end of 2020:

- a 20% reduction in greenhouse gas emissions from 1990 levels;
- a 20% share of renewables in total energy mix;
- a 20% improvement in energy efficiency.

Renewables as a % of primary energy consumption – achieved and 2020 targets:

Country	2004	2006	2008	2010	2011	2012	2013	2020E
Germany	6%	8%	9%	11%	12%	12%	13%	18%
Spain	8%	9%	11%	14%	13%	14%	15%	20%
Italy	6%	6%	7%	11%	12%	14%	15%	17%
U.K.	1%	2%	2%	3%	4%	4%	5%	15%
France	9%	10%	11%	13%	11%	13%	14%	23%
EU (28)	8%	9%	11%	13%	13%	14%	15%	20%

According to the European Renewable Energy Council, the UE is in the trajectory to meet with its 2020 targets, but the situation varies for each country. Italy is expected to meet its target while France, Poland and Spain are expected to lag behind.

Progress towards the 2020 targets will continue with a new set of targets for 2030, The EU emissions trading system (ETS) reform and an increase in competitiveness as the main drivers.

In October 24th European Council reached an agreement on 2030 Climate and Energy Policy Framework. A binding renewable energy target of at least 27% was set at European level, a binding EU target to reduce domestic greenhouse gas emissions by 40% compared to 1990 levels and a non-binding energy efficiency target of 27% (to be re-visited by 2020). The framework does not mention individual targets for state implementation so it is not clear how efforts will be conducted at the national level. European Institutions have now to work in the governance system to set the framework to reach this 2030 targets.

	Renewable energy	CO_2 emissions reduction	Energy efficiency
2020 targets	20%	20%	20%
2030 targets	At least 27%	At least 40%	At least 27%

In the past, incentives mostly took two forms:

1) a fixed feed-in tariff (most common) or an incentive on top of the achieved power price (e.g. pool + premium)

2) a green certificate on top of power price

The underlying idea was that market (merchant) power prices would not be enough to generate a reasonable return for renewable producers over the life of the assets. Granting incentives to enhance or even lock-in the achieved returns over the life of the a project is a way to foster growth in renewable additions.

The regulatory push has been a success from the perspective of wind development and penetration. However, in the context of a worldwide recession, which triggered an increasing focus on costs efficiency and competitiveness we have seen as a consequence some remuneration schemes reduced over the recent years.

This reorientation and rationalisation of renewables support is likely to restrain wind development in Europe. This now that penetration has reached c. 12% of the region's capacity. The adjustment of remuneration schemes is taking place throughout several European markets, with previous dependence on administratively set feed-in tariffs or even pool + incentives changing mostly to fixed price auctions.

In **Spain**, following the new remuneration framework introduced in 2013, standard remunerations were defined following the definition of typified parameters, published in February 2014, which classified all possible wind farms by their year of first operation. In order to calculate the standard remuneration, the regulation takes into account the revenues that were generated in the past and estimate the premium that is necessary to achieve a 7.4% return pre-tax, throughout the whole regulatory life of the wind farms. The standard parameters that define this remuneration can be modified every three and six years.

In **U.K.** during 2014 the Electricity Market Reform came into effect, introducing the CfD mechanism that establishes an auction system for renewables. The first contract for difference allocation round was announced and the allocation framework was disclosed. The first allocation round was expected for October but delayed until February 2015 due to third party appeals. The budget for this round is 155 M£ in 2016/17 and 235 M£ until 2020/21 for pot 2 of 'less established technologies' (among which offshore wind is included). The Department of Energy & Climate Change (DECC) has also indicated that it intends to hold the second allocation round in October 2015. The size of this budget has raised concerns that many offshore projects may not be able to secure funding.

In **France**, the government began to prepare a new comprehensive law in 2014 meant to completely reshape the energy sector. The Government is considering moving from current fixed feed-in tariff scheme to a more market-oriented scheme. The draft establishes a system whereby generators could receive a premium support payment on top of the market price for electricity (CfD type scheme as in UK). However, the implementation of this new support system will require consultations by the ministry and the process is unlikely to produce quick results.

In **Poland**, a draft proposal to change the GC scheme into fixed price scheme granted through tenders was approved by the government in April 2014 and is currently under the parliamentary approval process – expected to be approved in 2015 Q1. The new tender scheme will apply for assets entering operation from January 1st 2016. Besides, this new regulation foresees a transitory process for already-operating wind farms. Under this process they would be entitled to switch into a fixed price scheme through a tender (or series of tenders) specific for operating projects.

In **Italy** an auction system based on capacity quotas has been established where tender winning projects receive a 20 year fee-in tariff. A third tender for onshore wind received applications for 1.3 GW with only 365 MW awarded, meeting the available capacity but leaving potential wind power in an indeterminate state. There is uncertainty on future development as current regulation does not foresees additional tenders and the cap on support set by law in 2012 for non PV RES in close to be met.

GROWTH STILL, ALBEIT AT A SLOWER PACE

Overall, Europe should continue to grow consistently, even if at a slower pace. Improving wind economics and still stimulating green targets partially offset a less substantial regulatory support and an already sizeable installed base and penetration. On top of that, security of supply concerns will put more emphasis on a greater reliance on endogenous sources of energy, after the recent developments in Ukraine/Russia crisis.

The focus has now shifted to growth at reasonable cost from a system cost competitiveness perspective, with also a reintroduced emphasis on security of supply, aiming to combine:

- cost competitiveness and affordability;
- reliability and security of supply;
- energy efficiency and ambitious green targets.

Wind power will remain a key technology in reaching these goals. Growth in installed capacity can still nearly 95 GW of additions are needed up to 2020, representing nearly 50% of total global capacity additions ex Asia-Pacific, and this justifies Europe should remain a core market for wind.

U.S. TO LEAD THE WAY

Growth in the US expected at c. 6.5 GW per year until 2017, will come from the need to meet environmental (RPS) targets and wind energy competitiveness. Incentives as PTCs and the prevalence of PPAs also play a key role.

Historically, the typical framework of wind development in the US has been decentralised, with no national feed-in tariff. It involves the combination of two key drivers of the top line:

- **PPAs**: long-term bilateral power purchase agreements by which a wind developer can sell its output at a fixed price, usually adjusted for inflation or a negotiated escalator. Demand for PPAs has been very strong, driven mainly by the need to meet renewable portfolio standards (RPS) targets but also from increasing improving relative competitiveness of wind energy.
- **PTCs**: production tax credits are the dominant form of wind remuneration in the US, and represent an extra source of revenue per unit of electricity ($23/MWh in 2014), over the first 10 years of the asset's life. There are other mechanisms as well, such as ITCs, investment tax credits equal to 30% of the initial capex usable in lieu of PTCs.

The PPA + PTC combination allow wind energy companies to 'lock-in' a return over the life of the assets. The final goals targeted by the application of this framework involve cost competiveness and affordability, security of supply and environmental concerns.

RPS DEMAND

The renewable portfolio standards (RPS) are designed to require power suppliers to provide a minimum share of electricity from renewable sources, on a state-by-state basis. Over the last decades such standards have increased and by 2015 a total of 31 states have binding RPS objectives (of which 26 with targets above 8% of electricity from renewable sources), as shown in the table below, which excludes the 7 states with voluntary goals. Although those are implemented by states all-round the US, however a strong cluster is observed in the west/pacific cost and the north east. This typically represents 10% to 25% to be reached by 2020-25 for most states, and often foreseeing a gradual increase in the mandated percentage.

This framework drives many utilities to setup auction systems (RFPs) to seek long-term power purchase agreements with renewable energy generators. Due to the competitiveness of wind energy, this technology has received the largest share of awarded PPAs.

RPS objective	2015	2020+
Arizona	4.5%	15%
California	23%	33%
Colorado	17.3%	28.8%
Connecticut	16%	27%
Delaware	13%	25%
District of Columbia	9.5%	20%
Hawaii	15%	25%
Illinois	10%	20.5%
Iowa	0.7%	0.7%
Kansas	15%	20%
Maine	8%	13%
Maryland	13%	20%
Massachusetts	8%	15%
Michigan	10%	10%
Minnesota	20%	30%
Missouri	8%	15%

RPS objective	2015	2020+
Montana	15%	15%
Nevada	20%	22%
New Hampshire	13.8%	23.8%
New Jersey	12.2%	20.5%
New Mexico	15%	20%
New York	9.3%	9.3%
North Carolina	8%	12.5%
Ohio	3.5%	8.5%
Oregon	15%	20%
Pennsylvania	14%	18.5%
Rhode Island	9.2%	16%
Texas	5%	8.6%
Vermont	8%	10.5%
Washington	3%	15%
Wisconsin	10%	10%

Moreover, the U.S. administration has also recently (June 2014) demonstrated increased disposition to establish climate change policies, such as the Clean Power Plan by the U.S. Environmental Protection Agency (EPA), a plan to help cut carbon pollution from the power sector by 30% by 2030 (against 2005 levels). Power plants are responsible for about one-third of all US greenhouse gas emissions. This plan implies greater reliance on gas (CCGTs account for c. 40% of the planned reduction emissions), but also on alternative energy sources (c. 25% of the planned reduction emissions), and especially wind.

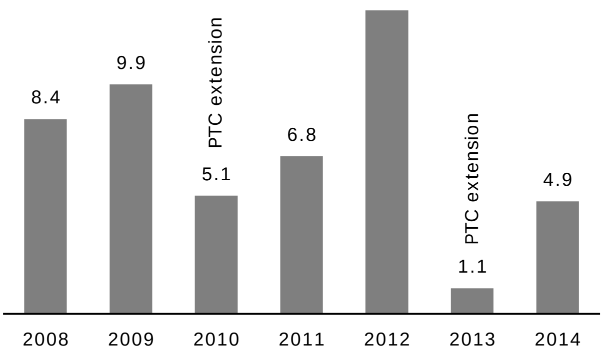
WIND ENERGY COMPETITIVENESS

The improving wind energy economics include decreasing capex and opex per MW, and even more per MWh due to the increase in load factors via technology improvements in wind turbines and also overall excellent wind resources in the US, especially in the regions with best resource available. In the west and east states, load factors are typically within 25-30%, while in the central states those are typically of 30-45%. This naturally makes wind energy further more competitive from a fundamental standpoint, even without incentives.

INCENTIVES TO REMAIN

Also in the US, there are concerns regarding the cost of renewable energy incentives to tax payers and final energy consumers, mostly the PTCs. Since their inception, eligibility for these incentives has been made possible for a couple of years at a time, over a limited period, without any visibility on any further extensions. Until now, there have been always extensions, but this 'stop and go' approach limits visibility on the investment horizon for wind energy companies.

US wind energy additions (GW)



U.S. Congress has recently approved, in the mid of December 2014, a one-year tax extension of the federal production tax credits for wind power through the end of 2014. As a result of this, wind energy projects that begin construction until January 1st 2015 qualify for 10 years of PTCs of $23/MWh on the electricity output. Previous to this extension, PTCs were available for wind energy projects that had begun construction until January 1st 2014. Wind projects also have the option to choose, in lieu of the PTC, 30% as investment tax credits of the project cost.

This regulatory support is efficient, albeit visibility over the long-term extension of the incentives in place, PTCs mostly, is limited. It would be valuable to have at least a medium-term view on these deals, even if including a progressive phasing out, as it would allow for improved planning and better value for consumers. The situation as it is creates a volatile growth market as off-takers typically take the years when PTCs are available to sign new agreements.

PTCs are currently crucial, but their relative importance is likely set to decrease over time. The economics of wind power in the U.S. are rapidly improving, necessitating lower and lower PPA prices, to the point where wind is competitive on its own in some areas against other traditional technologies, on a 'new-build' basis. The various RPS and other environmental goals will still represent a substantial incentive, PTCs notwithstanding.

GROWTH PROSPECTS

Even absent the PTCs extension, demand growth in the U.S. market could still be motivated by other existing forces, primarily the planned coal capacity retirements, wind energy competitiveness as well as RPS compliance in several states. Approximately 42 GW of coal capacity has been announced to retire through 2020 of which we expect wind to absorb a significant share in the replacement of such retirements. Furthermore, renewable energy generation becomes more competitive as a direct result from coal retirement. A higher penetration of energy generated from natural gas can lead to more flexible grids, benefitting intermittent resources such as renewables.

Regarding RPS targets in place to encourage renewable energy demand, we estimate 22 GW of wind will need to be added until 2020 in order to fulfil compliance with targets already established. From wind energy competitiveness alone, we believe an additional 7 GW can be added.

A pipeline of 19 GW is known to exist as assets under construction eligible under the previous PTC expiration in December 2013 to be installed in the period of 2014-16, and we estimate some additional 14 GW may be added until 2020 from further PTC extensions, of which 6 GW from the last PTC expiration in December 2014, according to MAKE Consulting.

LATIN AMERICA WITH GOOD POTENTIAL

Latin America has not been a global driver of wind energy growth in the recent past, with only c. 8.5 GW of capacity installed as of the end of 2014. However, it will expectably see its installed base almost quintupling by 2020.

The expected growth will be driven by the following key factors:

- large power generation capacity needs, due to fast growth in electricity consumption and increasing concern over potential chronic hydropower shortfalls (e.g. droughts) as hydro represents c. 60% of the region's output;
- excellent wind resource, translated into best-in-class load factors, even higher than North America on average, therefore providing relatively low cost wind energy;
- low current penetration, with only just 0.5% of total electricity derived from wind;
- limited access to cheap gas, with expensive imports helping the relative competitiveness of wind vs CCGTs.
- growing regulatory support, mostly through organized tenders and preferable financing;

The region is also a natural extension of the accelerating development that has been seen in the U.S. over recent years, given it is already a key market for large integrated European utilities (conventional generation and distribution, mostly).

Brazil and Mexico are the main emerging wind hubs in the area. The regulation and remuneration of wind energy is a diverse mix of national schemes:

- In **Brazil**, regulation initially focused on the PROINFA framework, established in 2002, which set a target in terms of capacity additions, with the selected projects getting a 20-year PPA with Eletrobras as off-taker, at a price defined by the government. The policy then evolved to embrace competitive but regulated auctions, with long-term PPAs reserved for wind only. Some preferential financing is provided by Brazilian development agencies and tariff incentives are put in place for some end-users to contract wind energy directly. Since 2009, new laws, including incentives for the establishment of local supply chains, gradually allowed wind to compete against other technologies, including thermal, through regulated auctions. The winning projects secure long-term PPAs with distribution companies. This new round of regulation is widely credited with being responsible for the recent take-off in Brazilian wind.
- In **Mexico** there are no large-scale incentives or feed-in tariffs, but some tax incentives as the assets are allowed to be fully depreciated in their first year of operation. The current system is similar to the U.S. framework, and relies on bilateral PPAs between independent power producers and off-takers, typically over 15-20 years. At the end of 2013, the authorities of the country started a reform process to end the historical power monopoly and move closer to a liberalised energy market. This is also an opportunity for a new framework for wind remuneration, along with other needed reforms (such as the unbundling of the transmission system operator and the setting up of an independent regulator). Currently, the government now targets 10 GW to be installed by 2022 and 2 GW additions per year.

MOVING TOWARDS MARKET AUCTION-BASED ARRANGEMENTS

One key feature of wind energy is the ability it affords to secure some visibility on the top line from its predictable and stable load factors over the long-run. Yet given that wind is a very capital-intensive technology, ensuring a guaranteed revenue stream is key to achieve a risk/return balance and allow value creation.

There are differences in remunerations based on administratively set incentives (feed-in tariffs, green certificates, production tax credits) and market-based remunerations involving a certain degree of competition ex-ante (power purchase agreements, auctions). The following table summarizes the type of remuneration framework for wind and solar energy in key markets of EDPR:

Country	Type of remuneration	Comments
US	PPAs + PTCs + RECs	Possibility of using Investment Tax Credits instead of PTCs
Spain	Pool + incentives	Recently switched from centralised feed-in-tariff
Portugal	Feed-in tariff	
France	Feed-in tariff	Recently held auctions for several offshore concessions
Belgium	Pool + green certificates	
Poland	Pool + green certificates	To introduce a new framework based on auctions by 2016
Romania	Pool + green certificates	
Italy	Auctions	Recently switched from green certificates to competitive tenders
UK	Pool + incentives	To switch to auctions by 2017
Germany	Feed-in tariff	To switch to auctions by 2013
Brazil	Auctions	
Mexico	PPAs	

Given the growing affordability concern about renewables to consumers, and recent cuts in remuneration, there is a shift towards market auction-based systems.

This different regulatory framework can still achieve the needed renewable capacity additions that is an all-round best solution for the energy system as a whole and, in the end, to the consumer that benefits from lower energy bills, in part due to the lower risk that this system represents to the energy companies that allow to bid lower prices. This shift is already evident with the number of countries turning to public competitive bidding or tendering auctions rising from 9 in 2009 to 55 as of early 2014.

The mechanism is already well developed in the Americas but not so much in Europe, where various schemes are in place in different countries, often based on feed-in tariff systems (e.g. Spain, Portugal, France) which were very effective in driving initial investments during the infancy phase of the technology, and contributing to a higher penetration of renewables.

A market auction-based system, the like of bilateral PPAs or public tenders:

- provides visibility (normally between 15 to 25 years) to the energy companies, making cash-flows and returns more secure, and attracting the required investment of very high front-loaded capital costs;
- limits the regulatory risks as no centralised scheme is needed (of national feed-in tariff for example), and can still be flexibly combined with various incentives (such as PTCs);
- allows ex-ante competition favouring the most efficient technologies and the most valuable projects, and sends price signals to the sector, while preventing under or over-remuneration of the assets.

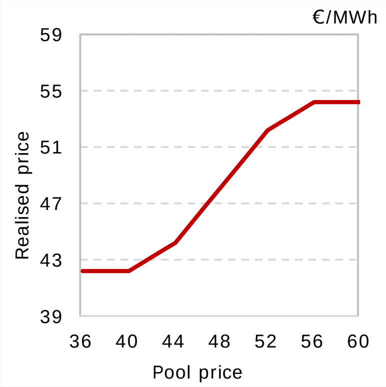
A strong element in favour of market auction-based systems is those are a highly adaptable structure, with all variables getting embedded in the bid prices and the most competitive bids are awarded the contracts or the capacities. Prices determined this competitively reflect the quality of the local wind resource.

SPAIN NEW REMUNERATION EXPLAINED

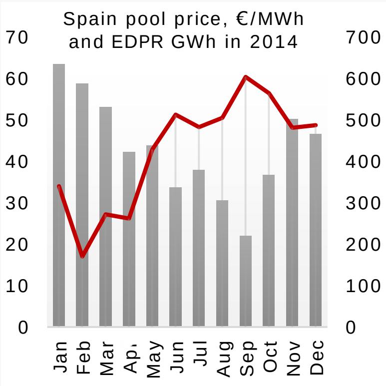
The new regulation enacted is estimated to cut about €30 million of the company's EBITDA on an average year, while opening a new exposure to wholesale prices to be stabilised through forward hedges in a comprehensive risk management approach.

SPAIN NEW REGULATION: The remuneration for the renewable energy assets is now structured so that over the regulatory life, which is 20 years for wind energy assets, the standard asset receives a pre-tax return defined as the yield of the Spanish 10-year bonds plus 300 basis points. In broad terms, under the new remuneration scheme, wind energy assets commissioned up to 2003 sell its output at the market pool price and in addition receives an annual capacity complement. The amount of complement per MW is set to achieve the designed target return over the 20-years regulatory life for standard wind energy assets, meaning assets with average operating parameters (for example load factor, capex, opex, etc). The framework also considers a mechanism of caps and floors in order to adjust for deviations from the market pool price reference. For 2014, the regulation sets the pool price reference at € 48.2 per MWh, creating a collar limiting the range of possible prices to be earned between € 42.2 and €54.2 per MWh as depicted in the chart. Wind energy assets commissioned until 2003 are not entitled to capacity complement, as those wind farms are expected to reach the designed target return through selling its production at the market pool price alone.

The new framework was announced in 2013 through the Royal Decree-Law 9 in July and included in the Law 24 in December. This regulatory modification is effective from July 12th 2013. In June 2014, the Spanish government published, in its Order IET/1045, the parameters for renewable energy assets under the new remuneration framework, approved the year before.



EXPECTED EBITDA IMPACT IN AN AVERAGE YEAR FOR EDPR: This regulatory change is calculated to negatively impact EBITDA by around € 30 million in an average year of wind energy electricity output for EDPR, when compared to the previous framework (RDL 2/2013) which provided a feed-in tariff regime.



THE YEAR OF 2014: The average market pool price in 2014 was €41.8 per MWh thus in the lower limit of the interval provided by the above-mentioned collar set in the new regulation. Furthermore, pool prices were lowest between January and April, when renewable energy output was at the highest in the year. In 2014 EDPR benefited from a higher output, when compared to the average production in a standard year. However this volume effect was more than offset by the low price effect and no hedging strategy in place. The new regulation parameters were only known during the second half of the year, which unfeasible the implementation of a hedging strategy for that period.

For the reasons above, this new regulatory change ended up negatively impacting EDPR's EBITDA by more than the normally expected € 30 million in an average year. This unfortunate exception, in the first year of the new regulation, will be naturally normalized with the risk management in place through the hedging approach described below.

RISK MANAGEMENT: Of the total 2.2 GW EBITDA consolidated by EDPR in Spain, only 9% is not entitled to capacity payment, corresponding to the capacity commissioned up to 2003. Of the total 5.1 TWh of electricity output by EDPR in an average year, about 20% is exclusively exposed to the market pool price, including not only the electricity output from the capacity without complement but also the premium production that EDPR consistently reaches in Spain.

In order to manage the market pool price risk for the exposed production, EDPR employs a hedging policy to guarantee prices whenever those are considered reasonable. With this hedging strategy, EDPR removes the volatility of future revenues, which may vary negatively from a possible spike in overall renewable energy production, while the opposing upside scenario may not hold so effectively.

2.2. BUSINESS PLAN 2014-17

EDPR's value creation strategic plan through 2017 remains in line with previous architecture, supported by three pillars with defined goals: Selective Growth, Increased Profitability and Self-funding Model.

On May 2014, EDPR presented to the financial community its Business Plan for 2014-17 at the EDP Group Investor Day held in London. In the event were present about 200 financial markets participants, including press, online participants, investors, analysts and rating agencies, demonstrating a great interest from the financial community in the group's equity story and strategy.

Since inception, EDPR has been performing a strategy focused on selective growth and seamless execution, supported by core competences that yield superior profitability, while observing a low risk profile, all embedded within a distinctive and renowned sustainability course of action. As a result of undertaking such strategy, at the same time flexible enough to accommodate to changing business and economic environments, EDPR remains today a global leading company in the renewable energy industry.

Selective Growth

Solid value creation, investing in quality projects with predictable prices through long term contracts

Investing in quality projects	>500 MW per year
Growing in projects w/ long-term contracts already awarded	>85% visible
Developing offshore: 1 GW awarded in FR and projects in the UK	post-2017 growth

Increased Profitability

Profitable growth supported by distinctive core competences and unique know-how

Maintaining high availability levels	>97.5%
Leveraging quality growth on distinctive wind assessment	31.5% Load Factor
Increasing efficiency, reducing OPEX/MW	-2% CAGR

Self-funding Model

Enhanced growth by an asset rotation program designed to accelerate value creation

Strong Operating Cash-Flow generation	€3.5bn
Asset Rotation to enhance value growth	€0.7bn (ex-CTG)
Net Investment supported by Asset Rotation Program	€1.8bn

By delivering on its strategy, EDPR expects to achieve solid growth targets...

Electricity Output	EBITDA	Net Profit	Dividend Pay-out
9% CAGR 13-17	**9%** CAGR 13-17	**11%** CAGR 13-17	**25-35%**

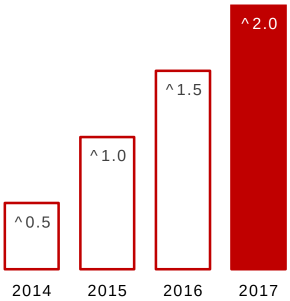
...and continue to lead in a green and competitive sector with increased worldwide relevance.

2.2.1. SELECTIVE GROWTH

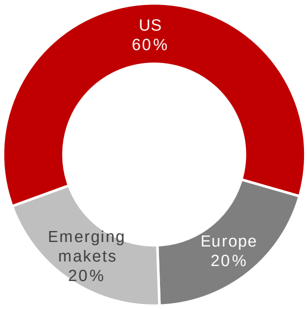
The company has a wide range of projects in its pipeline. Diverse investment options are crucial for ensuring the projects that are finally constructed have good strategic fit, meaning for EDPR a low risk profile at superior profitability. This is the case for the selective growth strategy as set up in its current Business Plan. For 2014-17 a growth target of +2 GW (>500 MW/year) has been set, in projects to share those two key guidelines:

1) A low risk profile through high visibility over future cash-flows, with most of the new capacity to be constructed under long-term PPAs already awarded or available regulated feed-in tariffs. This greatly allows to lock-in the project profitability.

2) High operational performance, with the projects identified to be built at above portfolio average operating metrics, namely in terms of load factors. This contributes to reduce the burden on remuneration.



EDPR to deliver >500MW/year in high quality projects: 60% in US, 20% in Europe and 20% from emerging markets



60% GROWTH FROM US, DRIVEN BY PPAS ALREADY SIGNED

Following a period of low growth in the United States, this market has been again chosen as the main growth driver for the company over the next four years period. EDPR's deep portfolio of projects in this market, maintenance of PTC tax benefits and strong demand for long-term PPAs from wind energy projects combined to provide this growth opportunity. Additionally, self-funding is available, through the availability of tax equity partnerships with the possibility of asset rotation transactions as well, given the strong interest from infrastructure and pension funds for equity stakes.

Project economics on all of the new investments in the US are strong, with average load factors of about 43%, earning average PPA prices in the first year of $48/MWh, leading to double-digit IRR percentages.

20% GROWTH FROM EUROPE, FOCUSING ON LOW RISK FRAMEWORKS

Certain European markets continue to provided good growth opportunities supported by regulatory frameworks that provide a low risk environment.

In France, EDPR maintains 60-70 MW of projects under development in its pipeline to be available for construction and benefit from the existing feed-in tariff regime. In Italy, EDPR will build the 30 MW awarded in 2013, and participate in future energy auctions to generate new possible additions for 2015-17. In Poland, further growth is contingent to the approval of a new energy law, expected to be based in energy auctions, where EDPR maintains competitive projects in pipeline. Finally, in Portugal, the total capacity awarded back in 2006 to the ENEOP consortium will be completed, and the consequent asset splitting expected in 2015, and by then EDPR will acquire the control and full consolidation of the MW corresponding to its 40% stake.

20% FROM SELECTED EMERGING MARKETS, IN PROJECTS WITH LONG-TERM PPAS

In Brazil, EDPR will install in 2015-17 the projects with PPA awarded in 2011 and 2013 for a total 236 MW, thus representing a significant increase in capacity from current portfolio of 84 MW.

In 2014 EDPR has entered the Mexican energy market signing a long-term electricity supply agreement, for the energy of a 180 MW wind farm to be installed in 2016, representing a sizeable entry in a low risk and attractive opening. Mexico is as a country with great potential for wind energy and this entry can provide a solid platform for further growth in this market.

Additionally, EDPR is to remain actively prospecting opportunities in new markets with strong fundamentals, namely high growth of electricity demand, robust renewable resources and availability of long-term energy supply agreements awarded through competitive schemes.

+1,255 MW FOR US GROWTH UNDER PPA

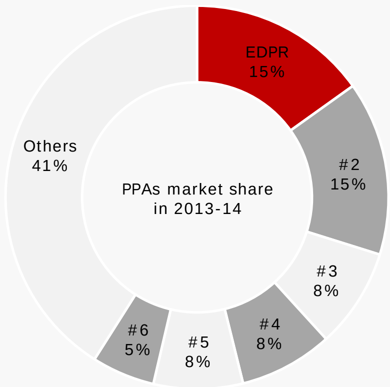
Since 2013 EDPR has signed 1,530 MW in long-term sale agreements becoming the market leader and providing full visibility to its 1.2 GW growth target in US for 14-17 and to the profitability of our existing fleet with 275 MW of new PPAs for operational projects

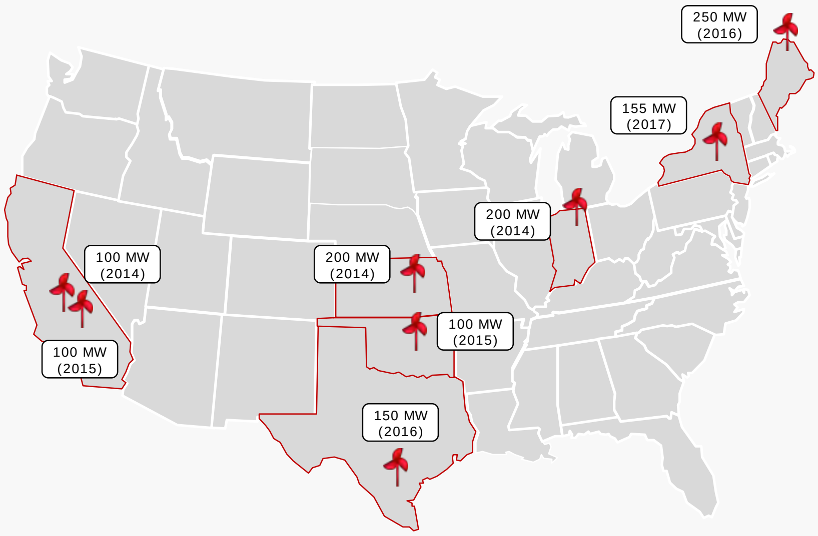
Signing	Project name	Location	Year	MW	Off-taker	Duration (years)
Nov-14	2 projects	New York	2017	155	NYSERDA	20
Apr-14	Hidalgo	Texas	2016	150	(undisclosed)	15-20
Jan-14	Waverly	Kansas	2016	200	Kansas City Power & Light Co	20
Sep-13	Number Nine	Maine	2016	250	Connectict L&P and United Illuminating	15
Jul-13	Arbuckle Mountain	Oklahoma	2015	100	Lincoln Electric System	20
Oct-13	Rising Tree South	California	2015	100	Southern California Edison	20
Oct-13	Rising Tree North	California	2014	20	Pacific Gas and Electric	20
Aug-13	Rising Tree North	California	2014	80	Southern California Edison	20
Jun-13	Headwaters	Indiana	2014	200	Indiana Michigan Power Co	20
	New projects:			**1,255**		
Aug-14	Rail Splitter	Illinois		25	Hoosier Energy	15 (f/ 01.12.14)
Apr-13	Blue Canyon II	Oklahoma		151	Georgia Power	20 (f/ 01.01.16)
Apr-13	Blue Canyon VI	Oklahoma		99	Georgia Power	20 (f/ 01.01.16)
	Op. projects:			**275**		

Since the one-year extension of the PTCs in early 2013, EDPR has moved rapidly securing new PPAs for future projects in the US, but also for operating projects.

These long term sale agreements demonstrate not just EDPR's skill in closing these commercial deals but foremost the company's strong ability to position effectively a pipeline of quality projects, in suitable locations and stages of development as a key success factor to capture growth opportunities on-time.

During the uncertainty about the PTC extension in 2014 two 20-year sale agreements for Renewable Energy Credits ("RECs") were also signed with the New York State Energy Research and Development Authority ("NYSERDA"), subject to a new extension of the Production Tax Credits, that actually materialized one month after, in a clear move of anticipation by EDPR.





EDPR secured long-term sale agreements for new growth in 7 US states

LOW RISK GROWTH:

The effectiveness of these agreements increases the visibility over the growth prospects and reinforces the company's low risk profile. In May 2014, EDPR presented its 2014-17 Business Plan including a growth strategy of 2 GW, of which 60% in the US, to be based from projects with long term sale agreements. The PPAs already signed for 1,255 MW provide now full visibility to this target.

2.2.2. INCREASED PROFITABILITY

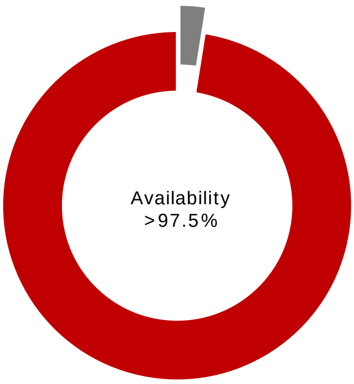
One of the strategic pillars and that has always been a keystone of the company, setting it apart in the industry, is the drive to maximize the operational performance of its wind farms and solar plants. In this area, EDPR's teams, namely in operations and maintenance, have established a strong track record that support challenging targets in 2014-17 Business Plan. For this period, EDPR has set targets in three key metrics: Availability (technical hourly availability), Load Factor and Opex/MW. These three metrics provide an overall view of the progress in our operations and maintenance, wind assessment and cost control efforts. They also serve as good indicators for the overall operational efficiency of the company.

As part of the 9% annualised increase target for EBITDA up to 2017, EDPR is implementing new technologies to improve the productivity of its wind farms, innovative O&M solutions and leaner approaches.

MAINTAINING HIGH LEVELS OF AVAILABILITY >97.5%

Availability measures the percentage of time the fleet is fully operational. If an equipment has a 97.5% availability metric this means that, in a given period, it was available to generate energy 97.5% of the time, which leaves only 2.5% for preventative maintenance or repairs. Availability is a clear indicator of performance of the company's operations and maintenance practices as it focuses on reducing to a minimum any malfunctions and performing maintenance activities in the shortest possible timeframe.

The company always maintained high levels of availability, and registered above 97.5% in 2014, and has set a target of overcoming this already top mark in the period of 2014-17. EDPR will continue to look for further increases in availability through new predictive maintenance optimization measures supported by the 24/7 control and dispatch centre, in reducing damages most common during extreme weather and improving the scheduling of planned stops. Also a new spare parts warehousing strategy will be key in reducing downtime during unexpected repairs.

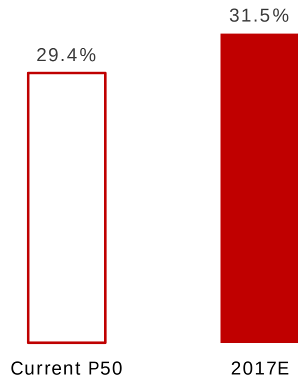


LEVERAGING QUALITY GROWTH ON DISTINCTIVE WIND ASSESSMENT TOWARD 31.5% LOAD FACTOR

Load factor (or net capacity factor) measures the speed and quality of the renewable resource at the wind turbines or solar panels. A load factor of 31.5% means the percentage of maximum theoretical energy output with an equipment working at full capacity, in a given period. For example, for 1 MW over a year, it equals to the production of 2.759,4 MWh (31.5% x 1 MW x 24 hours x 365 days).

Ensuring the assets generate the maximum amount of energy possible is a key success factor. With regards to the operating portfolio, optimizing load factor is strongly linked to improving availability as described and, if possible, introducing productivity enhancement retrofits that boost production by setting older equipment models with the most up-to-date technological improvements available to increase efficiency in the utilization of renewable resources available. With regards to wind farms and solar plants under development, maximizing load factor is mostly the expert work of energy assessment and engineering teams, designing an optimal layout of the plant, by fitting the positioning and choice among different equipment models with the characteristics of the site, specially the terrain, from the collected resource measurements and their estimated energy outputs.

The company has consistently maintained levels of load factor in the range of 29-30%, having registered 29.8% in 2014, which is slightly above the 29.4% P50 (mean probability) assessment for the current fleet, and has set a target of 31.5% until the end of the 2014-17 period.



INCREASING EFFICIENCY, REDUCING OPEX/MW -2%

In parallel with the top-line initiatives, the company focuses on strict cost control efforts to improve efficiency and gain additional profitability. Leveraging on the experience accumulated over time and its past performance (Opex/MW -5% CAGR 2010-2013), EDPR has set an ambitious to further reduce Opex/MW by -2% CAGR 2013-2017, despite the natural aging of its installed asset base. To achieve this target EDPR has developed a plan to tackle the main manageable costs in its costs structure. With regards to O&M, representing c. 30% of total Opex, EDPR expects to continue to obtain gains from its M3 system once wind farms are not subject to initial warranty contracts. With regards to SG&A and Personnel Costs, representing c. 50% of total Opex, the focus is to maintain a strict control plant to fully benefit from the economies of scale of a growing company. Levies, representing c. 20% of total Opex is basically non-manageable and increased in recent years, mostly penalised by the introduction of new taxes in some countries.

M3 program and self-performance

As EDPR's fleet becomes more mature the initial Operations and Maintenance (O&M) contracts with the turbine suppliers expire. When that happens the company needs to decide between renewing the maintenance service or taking the risk and operate the wind farm on its own, whilst maintaining high levels of availability.

The M3 (Modular Maintenance Model) program answers that question. Based on EDPR's expertise, our O&M teams will decide on the optimal balance between external contractors and in-house maintenance. Usually, EDPR keeps control of high value-added activities such as maintenance planning, logistics and remote operations while outsourcing, under direct supervision, people intensive tasks.

This methodology resulted in estimated savings of around 20% in the wind farms where the M3 system was implemented, which account for 40% of Europe's fleet.

On its turn, in the US the Blue Canyon V wind farm started its own pilot O&M program and is now fully operated by EDPR without any external help, immediately showing savings in operational expenses. Following this success other American plants will follow this model.

An extraordinary example of the new efficiency achieved by the M3 program is the time needed to replace major components, which have being reduced from 5 months to 3 days.

A new 2,000 square meter warehouse located in Castejón, Spain, is serving all the European countries.

Increasing turbine production

EDPR is also creating value by improving its assets implementing new technologies on the turbines to boost the power output without requiring major component changes. EDPR's Performance Analysis teams are collaborating with the manufacturers to determine the best practices to apply this new technology.

By monitoring real-time conditions, the rotational speed of the generator can be increased while staying within the existing loads envelope, thus increasing the power output. The extra output increases the revenues of the wind farm, without major investments needed. This technology has successfully being applied on many turbines and it will keep being developed in the following years.

LEAN program

Launched in 2011, EDPR's Lean program focuses on optimizing process across the company's business using the lean six sigma methodology. The objective is to leverage front-line personnel ideas and experience to improve the company's revenues and costs, improve safety and reduce environmental impact.

Within this strategy EDPR has implemented two programs, "Daily Lean" and "Lean improvement". The first, "Daily Lean" applies continuous improvement to the day-to-day activities at our wind farms, with the objective of reducing repetitive and non-value added tasks. The last, "Lean Improvement", developed by our performance engineers and our field personnel, identifies and solves issues that are common to a fleet of turbines or part of a fleet. This program implemented changes that help reduce the impact of lightning damage and reduce gearbox overheating, among others.

2.2.3. SELF-FUNDING MODEL

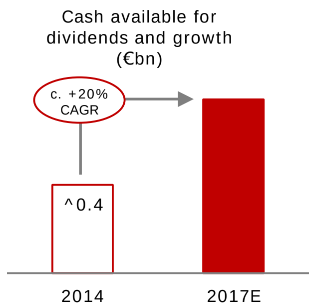
First presented in the May 2012 Investor Day, EDPR's self-funding model has been one of the three supporting pillars of the company's strategy thereafter. This self-funding model excludes any increase in corporate debt, and therefore relies on the combination of cash-flow from operating assets, external funds from tax equity and other structured project finances as well as proceeds from asset rotation transactions to finance the profitable growth of the business.

OPERATING CASH-FLOW

The primary source of funds for the company is the operating cash flow generated from the existing assets, that is firstly used to pay for the debt service and capital distributions to equity partners, while the excess is available to fund to pay dividends to the shareholders of EDPR or to fund new investments.

A strong operating cash-flow generation of about € 3.5 billion is expected for the period 2014-17. Cash-flow available for dividends and new investments, of about € 400 million in 2014, is expected to increase annually, on average, by about 20% until the end of the current business plan period in 2017.

EDPR has indicated a dividend pay-out ratio policy in the range of 25-35% of its annual net profit, thus allowing that most of the cash-flow available to fund growth. The dividends paid in 2014 amounted to about € 35 million corresponding to low end of the range relative to the net profit of the previous year, representing only a small share of the available cash-flow generated in the period.



US TAX EQUITY AND OTHER PROJECT FINANCE STRUCTURES

EDPR always aims to find external financing to its projects, namely through tax equity structures, typical of the US, and through other project finance structures, available in other geographies. The use of such structures fit in the self-funding model because they substitute the need of corporate debt.

Moreover, the case of tax equity in the US also enables an efficient utilization of the tax benefits provided by the project thus improving its economics. In a simple view, under the tax equity partnerships, tax equity investors contribute a sizable part of the initial project investment, receiving in return almost all of the PTCs granted to the project for first ten years of operation.

In the case of project finance, it is also a means to contract long-term debt in local currency at competitive costs in order to mitigate the refinancing risk and to reduce the foreign exchange risk by having a natural hedge between revenues and expenses.

In 2014 EDPR closed three tax equity transactions relating to the total 329 MW capacity added in the US this year, and corresponding to tax equity financing proceeds of US$ 332 million (c. EUR 250 million). These transactions bring total tax equity financing proceeds ever raised by EDPR close to US$ 2.9 billion.

Signing	Project name	Location	MW	Million	Timing	Counterparty
Oct-14	Rising Tree North	California	99	USD 109	4Q14	MUFG Union Bank
Set-14	Lone Valley	California	30	USD 33	4Q14	(undisclosed)
Jul-14	Headwaters	Indiana	200	USD 190	4Q14	BofA Merrill Lynch
	US Tax equity:		329	EUR 250		
Aug-14	Korsze	Poland	70	PLN 220	3Q14	Bank of China
Mar-14	Solar PV plants	Romania	50	EUR 30	3Q14	EBRD + BSTDB
Jan-14	South Branch	Canada	30	CAD 49	1Q14	(undisclosed)
	Project finance:		150	EUR 116		

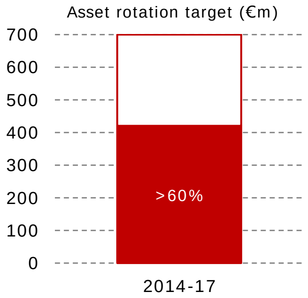
On the other hand, during 2014 EDPR also closed three more project finance deals, in Canada, Romania and Poland, amounting to project financing proceeds of c. € 116 million. In Eastern Europe alone, EDPR closed a total of eight project finances for a total of c. € 558 million, providing strong evidence of the company's competences in developing top quality projects that allow to establish solid financial structures meeting the requirements of partners with very rigorous investment criteria.

ASSET ROTATION

Proceeds from asset rotation transactions are also important sources of funds to the self-funding model of EDPR in financing its profitable growth of the business. Such model enables the company to advance the value yet to be realized from the future cash-flows of its existing projects over their long remaining lifetime, and reinvest the corresponding proceeds in the development in additional new value accretive projects, with superior returns to the costs of the asset rotation proceeds themselves. These transactions involve the company selling minority stakes at the level of the projects (typically of 49%), and still maintaining full management control over these projects. Moreover, the scope of projects for these transactions tend to be mature projects, generally already operating and thus significantly de-risked, with a high quality in its future cash-flows, that can be attractive to low risk institutional investors from who EDPR can then source a competitive cost of finance.

First asset rotation deal was signed in late 2012, and since then a total eight transactions have been closed, bringing the total amount raised to € 1.2 billion.

In 2014, three transactions have been closed, involving assets located in three countries: the US, France and Canada, with different infrastructure funds as counterparties. Also at the end of the year, in the context of the ongoing strategic partnership between EDP and China Three Gorges, one additional transaction was signed, this time relating to wind farm wind farms and projects in Brazil.



With 2014 transactions alone, over 60% of the € 700 million asset rotation target for 2014-17 period is already completed and closed at competitive multiples

About the above mentioned strategic partnership between EDPR's major shareholder, EDP, and CTG, apart from the transaction closed at the end of 2014, involving 49% of the 84 MW operating and the 237 MW under development from EDPR Brazil, for a total of R$ 365 million with financial closing expected by the mid of the following year, it is worth recalling EDPR received in the mid of 2013 the sum of € 368 million from the 49% sale of 615 MW in operation and 29 MW ready-to-build in EDPR Portugal, and signed at the end of that same year, a MoU envisaging the future sale of 49% of what the scope to be owned by EDPR in ENEOP after the asset splitting process of this consortium in Portugal, expected to occur in 2015. For the record, the referred strategic partnership was established at the end of 2011 and entered into force in May 2012, foreseeing a total € 2 billion investment by CTG until 2015 (including co-funding capex) in operating and ready-to-build renewable energy generation projects, that may include wind energy assets from EDPR and, as after agreed, selected hydro power plants from other EDP business units.

Signing	Location	Scope MW	Stake	Million	Million EV/MW	Timing	Partner
	Asset rotation:						
Nov-14	Canada	30	49%	-	CAD 3.3 (3.3)		Northleaf Capital Partners
Oct-14	France	270	49%	-	EUR 1.3 (1.9)		EFG Hermes
Aug-14	US	801+300	25-49%	-	USD 1.5 (2.3)		Fiera Axium Infrastructure
Oct-13	France	100	49%	-	EUR 1.3 (1.7)	1Q14	Axpo
Sep-13	US	97	49%	-	USD 1.0 (2.0)		Fiera Axium Infrastructure
Nov-12	US	599	49%	-	USD 1.3 (2.4)	4Q12	Borealis Infrastructure
				^EUR 719			
	Strategic partnership:						
Dec-14	Brazil	84+237	49%	BRL 365	-	2Q15	China Three Gorges
Dec-13	Portugal, ENEOP	^543	49%	(MoU)	-	2Q15	“”
Dec-12	Portugal	615+29	49%	EUR 368	EUR 1.6 (2.4)	2Q13	“”
				EUR 481			

2.2.4. SUSTAINABILITY ROADMAP

EDPR, as a renewable energy company, creates great expectations in its stakeholders about Sustainability. Responding to these expectations the company keeps committed to excel in all three pillars of sustainability – namely the economic, the environmental and the social – defining a strategy of best practices.

Following a culture of continuous improvement, 10 Sustainability goals were defined within the 2014-2017 Business Plan. This roadmap brings together the three sustainability pillars and is laid down in 10 different areas: Operational growth, Risk controlling, Economic value creation, Environment, Value circle, People, Governance, Stakeholder Engagement, Innovation and Society. Defined goals make performance measurable to help drive the company as a growing leader in value creation, innovation and sustainability.

1	Maintain leadership position in RENEWABLE ENERGY PRODUCTION	• Installed capacity: > 2,000 MWs additions • Avoided CO_2: +7% (CAGR vs. 2013) • < 1% emitted / avoided CO_2
2	CREATE VALUE while maintaining a LOW RISK profile	• EBITDA: +9% (CAGR vs. 2013) • Net Profit: +11% (CAGR vs. 2013) • OPEX/MW: -2% (CAGR vs. 2013)
3	Optimize ENVIRONMENTAL MANAGEMENT	• 100% Certified MWs (ISO 14001)
4	Maintain CIRCULAR ECONOMY in the internal management of the operations	• Maintain hazardous wastes and used water per GWh ratios aligned with previous years • > 90% Hazardous wastes recovered
5	Ensure high SAFETY STANDARDS for employees and contractors	• 100% Certified MWs (OHSAS 18001) • Zero accidents mind-set
6	Ensure a high standard ETHICAL PROCESS	• Zero tolerance for unethical behaviours
7	Broaden and harmonize the mechanisms of periodic consultation of STAKEHOLDERS	• Stakeholders plan development in 3 geographies
8	Invest in employees development of CORE COMPETENCIES and ensure continued compromise with society through VOLUNTEERING	• >80% of employees in training activities • >30% of employees in volunteering activities
9	Promote INNOVATION in operation phase increasing assets efficiency	• c. €10 million investment
10	Support SOCIAL AND EDUCATIONAL INITIATIVES through Fundación EDP	• c. € 500 thousand per year investment

2.3. RISK MANAGEMENT

In line with EDPR's controlled risk profile, Risk Management process defines the mechanisms for evaluation and management of risks and opportunities impacting the business, increasing the likelihood of the company achieving its financial targets, while minimizing fluctuations of results without compromising returns.

RISK MANAGEMENT PROCESS

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

The purpose of the Risk Management process is to ensure the alignment of EDPR's risk exposure with the company's desired risk profile. It consists in the identification and prioritization of risks, the development of adequate risk management policies and their implementation. Risk management policies are aimed to mitigate risks, without ignoring potential opportunities, thus, optimizing return versus risk exposure.

Risk management is endorsed by the Executive Committee, supported by the Risk Committee and implemented in day-to-day decisions by all managers of the company. It is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller):

- RISK PROFILER: Responsible for identification and analyses of risks, defining policies and limits for risk management within the company;
- RISK MANAGER: Responsible for day to day operational decisions and for implementing approved risk policies;
- RISK CONTROLLER: Responsible for follow up of the result of risk taking decisions and for verifying alignment of operations with general policy approved by the Executive Committee.

These three Risk Functions work together and meet in the Risk Committee, the forum to discuss global risk policies to be implemented and to control the risk exposure of the company.

In order to separate business decisions from strategic analyses and the definition of new policies, EDPR created two distinct meetings of the Risk Committee with different periodicity:

- RESTRICTED RISK COMMITTEE: Held every month, it reviews the risk of new transactions such as new power purchase agreements, new investments, energy price and FX hedges, along with pipeline status and EBITDA @Risk. It helps to control the implementation of defined policies and the exposure to most important risk factors.
- RISK COMMITTEE: Held every quarter, it is the forum where new strategic analyses are discussed and new policies are proposed for approval to the Executive Committee. Additionally, EDPR´s overall risk position is reviewed.

RISK AREAS AND MAIN RISK FACTORS

Risk Management at EDPR is focused on covering all market, credit and operational risks of the company. In order to have a holistic view of risks, they were grouped in Risk Areas covering the entire business cycle of EDPR. The following list summarizes Risk Areas defined within EDPR:

- COUNTRIES & REGULATIONS: Changes in regulations may impact EDPR's business in a given country;
- REVENUES: Revenues received by EDPR's projects may diverge from what is expected;
- FINANCING: EDPR may not be able to raise enough cash to finance its planned Capex; or to fulfil its financial obligations due to changes in exchange rates or bankruptcy of counterparties;
- WIND TURBINE CONTRACTS: Changes in turbine prices may impact projects' profitability; or there may not be sufficient turbine supply to build planned wind farms;
- PIPELINE DEVELOPMENT: EDPR may deliver an installed capacity different from its targets or suffer delays and/or anticipations in its installation;
- OPERATIONS: Projects may deliver a volume different from expected due to turbine availability; financial results can be impacted by human errors.

Within each Risk Area, risks are classified in Risk Groups and finally into Risk Factors. Those are the source of the risk and the purpose of Risk Management at EDPR is to measure, control and eventually mitigate all risk factors that affect the company.

The following table summarizes the Risk Areas, Risk Groups and main Risk Factors of the company's business and the Risk Management mitigation strategies, general and specific to the year 2014.

The full description of the risks and how they are managed can be found in the Corporate Governance chapter.

RISK AREA

- RISK GROUPS AND RISK FACTORS
  - Risk Management mitigation strategies at EDPR

COUNTRIES & REGULATIONS

- COUNTRY RISK (Macroeconomic, Political, Natural disasters)
- REGULATORY RISK (Incentive system, Incentive level, Tax, Operations)
  - Careful selection of energy markets based on country risk and energy market fundamentals
  - Diversification in markets and remuneration schemes
  - Active involvement in all major wind associations in all markets where EDPR is present

REVENUES

- MARKET PRICE RISK (Electricity, Green Certificates, REC, Basis)
- PRODUCTION RISK (NEH uncertainty, Wind volatility, Generation profile, Curtailment)
  - Regulated remunerations schemes in many markets in which EDPR operates
  - Hedge of market exposure through long term power purchase agreements (PPA) or short-term financial hedges

FINANCING

- FINANCIAL MARKETS RISK (Exchange rate, Interest Rate)
- COUNTERPARTY RISK (Credit, Operational)
- LIQUIDITY RISK
  - Natural hedging, maintaining debt and revenues in same currency
  - Execution of FX forwards to eliminate exchange rate transaction risk
  - Fixed interest rates
  - Counterparty credit analysis and compliance with policy
  - Alternative funding sources such as Tax equity structures and Multilateral/ Project Finance agreements

WIND TURBINE CONTRACTS

- TURBINE PRICE RISK (Demand/offer, Macroeconomics and commodity prices)
- TURBINE SUPPLY RISK
  - Signing of medium term agreements with turbine manufacturers to ensure visibility of turbine prices and supply
  - Relying on a large base of turbine suppliers to ensure supply and signing contracts before engaging in tender auctions

PIPELINE DEVELOPMENT

- EXECUTION RISK (Construction, Installation, Supply chain)
- DEVELOPMENT RISK (PPA contract, construction + environmental + interconnection permits)
  - Counterparty credit and technical analysis
  - Supervision of EDPR's engineering team
  - Flexible CODs in PPAs to avoid penalties
  - Employment of a "buffer" to ensure targets are achieved
  - Partnerships with strong local teams
  - Track recurrent operational risks during construction and development

OPERATIONS

- WIND TURBINE PERFORMANCE (Technology, Availability)
  - Closure of technical warranties and medium term full – scope maintenance agreements with suppliers
  - Adequate preventive and scheduled maintenance
- PHYSICAL ASSETS
  - Insurance against physical damage and business interruption
- PERSONNEL (Turnover, Health and safety)
  - Attractive remuneration packages and training
- LEGAL (Compliance, Fraud)
  - Revision of all regulations that affects EDPR activity (environmental, taxes…)
- PROCESSES
  - Control of internal procedures
- INFORMATION TECHNOLOGIES (Technical network, Corporate network)
  - Redundancy of servers and control centres of wind farms

During 2014, EDPR reviewed or defined three Global Risk Policies: Counterparty Risk Policy, Interest Rate Risk Policy and Operational Risk Policy. These policies are already implemented or will be implemented throughout 2015. They tackled those Risk Groups with highest impact in EDPR's financial results.

EDPR RISK MATRIX BY RISK GROUP

FOCUS ON OPERATIONAL RISK AT EDPR

WHAT IS OPERATIONAL RISK?

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

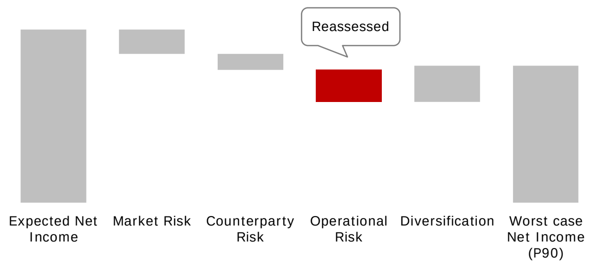
AREAS WITH OPERATIONAL RISK

From an operational perspective, EDPR classifies its risks in seven different categories: Development, Construction, Operation, IT, Legal, HR and Processes.

LIMITS OF NET INCOME @RISK

EDPR monitors Net Income @Risk, which consists on the worst case Net Income (measured as Expected-P90 of Net Income distribution) considering deviations from market, counterparty (credit) and operational.

The new analysis performed during 2014 on operational risk at EDPR has permitted a more accurate measure of Net Income @Risk within EDPR.



03

PERFORMANCE

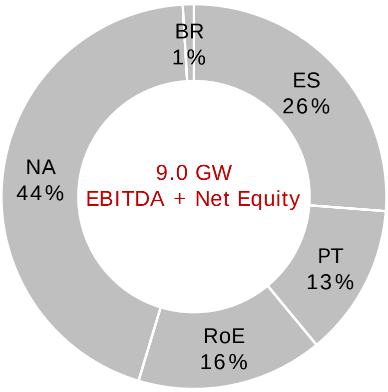
3.1. ECONOMIC

3.1.1. OPERATIONAL PERFORMANCE

2014 was a year of firsts as EDPR built its first project in California, first solar project in the United States and Portugal, and realized the completion of ENEOP

–	MW			NCF			GWh		
	YE14	YE13	Var.	FY14	FY13	Var.	FY14	FY13	Var.
Spain	2,194	2,194	-	28%	29%	-1pp	5,176	5,463	-5%
Portugal	624	619	+4	30%	29%	+1pp	1,652	1,593	+4%
Rest of Europe	1,413	1,353	+60	24%	25%	-1pp	2,495	2,132	+17%
Europe	4,231	4,167	+64	27%	28%	-1pp	9,323	9,187	+1%
US	3,805	3,476	+329	33%	32%	+1pp	10,145	9,769	+4%
Canada	30	30	-	27%	-	-	59	-	-
North America	3,835	3,506	+329	33%	32%	+1pp	10,204	9,769	+4%
Brazil	84	84	-	32%	31%	+1pp	236	230	+3%
EDPR: EBITDA	8,149	7,756	+393	30%	30%	-	19,763	19,187	+3%
ENEOP	533	455	+78						
Other equity consolidated	353	353	-						
Spain	174	174	-						
United States	179	179	-						
EDPR: EBITDA + Net Equity	9,036	8,565	+471						

EDPR CONTINUES TO DELIVER SOLID SELECTIVE GROWTH



With a top quality portfolio present in ten countries, EDPR has a strong track record and proven capability to execute superior projects and deliver on targets. The installed asset base of 9.0 GW is not only young, on average 5 years, it is also mostly certified in terms of environmental and health and safety standards.

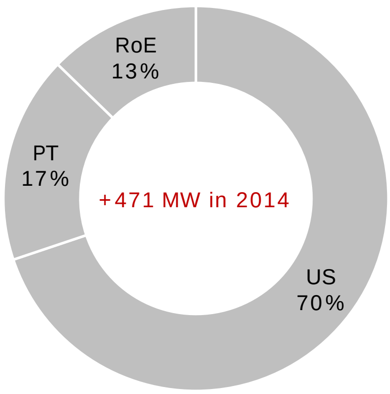
Since 2008, EDPR has doubled its installed capacity with the additions of 4.6 GW, resulting in a total installed capacity of 9,036 MW (EBITDA + Net Equity). As of year-end 2014, EDPR had installed 4,938 MW in Europe, 4,014 MW in North America and 84 MW in Brazil.

During 2014 EDPR added 471 MW to its installed capacity, of which 329 MW were in North America and 142 MW in Europe.

2014 INSTALLATIONS CONCENTRATED IN THE UNITED STATES

Project name	*Country*	*MW*	*Tech*
ENEOP	Portugal	78	Wind
Estarreja	Portugal	2	Solar
Headwaters	US	200	Wind
Ilza	Poland	4	Wind
Lone Valley	US	30	Solar
Overpowering	Portugal	2	Wind
Preuseville	France	6	Wind
Radziejow	Poland	18	Wind
Rising Tree North	US	99	Wind
San Giovanni	Italy	20	Wind
Truc de L'Homme	France	12	Wind
EDPR		471	

The largest growth in MW occurred due to the completion of 329 MW in the U.S., including 30 MW of their first solar project and 99 MW in California, which represents an entry into a new state for EDPR. All of the MW had previously secured long-term power purchase contracts, thus providing long term stability and visibility on the revenue stream. Total EBITDA + Net Equity installed capacity surpassed 4.0 GW in the U.S..



In Europe, half of the growth in capacity came from the completion of the ENEOP project resulting in an additional 78 MW to reach a grand total of 533 MW, which corresponds to EDPR's 40% participation in the Eólicas de Portugal consortium. In addition to the first solar project installed in the U.S., in 2014 EDPR also installed its first solar project in Portugal of 2 MW. All in all, Portugal installed 82 MW (78 MW ENEOP + 2 MW Solar + 2 MW Wind overpowering).

In Poland, EDPR continues to see positive growth with the installation of 22 MW, 18 MW from the Radziejow wind farm located in the central region and 4 MW from Ilza, which brings that project's total capacity to 54 MW.

EDPR added 18 MW to its installed capacity in France with the completion of the Truc de l'Homme wind farm of 12 MW and 6 MW from the Preuseville project. Truc de l'Homme presented numerous developmental challenges that were eventually overcome. Preuseville is an extension of an existing wind farm in north-west France.

After success in the 2014 auctions in Italy, EDPR was able to deliver on 20 MW with the San Giovanni project. Located in the Basilicata Region, the project also represents the installation of the first Vestas V110 2MW 95 meter hub height wind turbines in EDPR's fleet, in a very complex orography with huge slopes and earthworks.

NEARLY 90% OF 2015 EXPECTED CAPACITY ADDITIONS ALREADY UNDER CONSTRUCTION

By the end of 2014, EDPR had over 443 MW under construction all related to projects to be delivered in 2015.

In the U.S., EDPR had 299 MW under construction related to two wind farms with PPAs already secured, Waverly (200 MW in Kansas) and Rising Tree South (99 MW in California). In addition to the capacity already under construction, during 2015 EDPR will also start construction on the Arbuckle wind farm (100 MW in Oklahoma, US), which has a secured PPA.

Although no new capacity was added during the year in Brazil, EDPR has 120 MW under construction, related to the Baixa do Feijão projects after successfully bidding in the A5 auction for 20 year PPAs schedule to start in 2016.

In Europe, 24 MW were under construction: 10 MW in Italy, 6 MW in Portugal, 6 MW in Poland and 2 MW in Spain related to a turbine prototype.

88% OF EDPR'S INSTALLED CAPACITY IS COVERED BY ISO 14001 CERTIFICATION

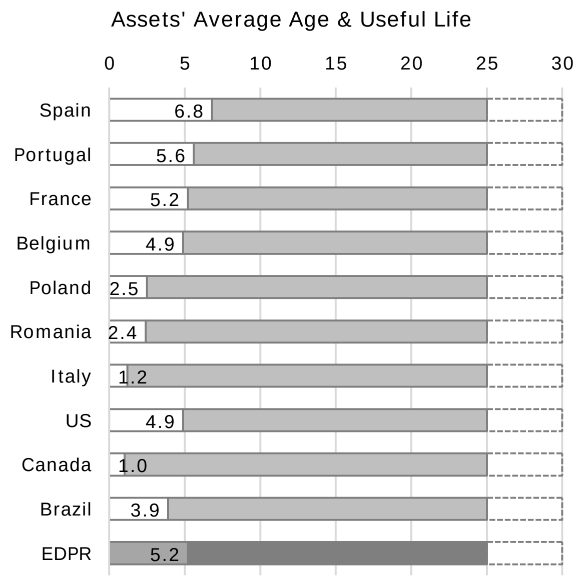
The Environmental Management System (EMS) is developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization. These consensus standards are considered the world's benchmark for EMS Management Systems and is a guarantee that EDPR sites, regardless of its regulatory environment are aligned and at the same level of compliance.

In addition to operating high quality and safe assets, EDPR also has a young portfolio with an average operating age of 5 years, with an estimate of at least 20 years of useful life remaining to be captured.

In Europe, EDPR's portfolio had an average age of 5 years, in North America 5 years, and in Brazil 4 years.

Throughout the entire process, from development to operations, EDPR maintains the highest standards in construction quality, integrity, and sustainability.

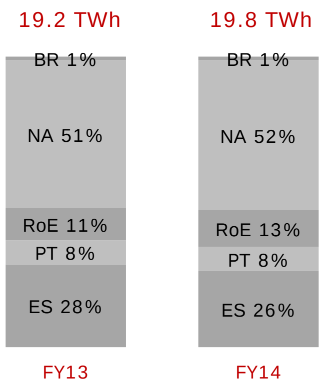
Considerable efforts were conducted to restore the land and biodiversity to either its original state or an improved state, for example by removing hazardous wastes uncovered during construction in California or burying high voltage lines underground to diminish visual impact. During the construction of the solar plants in the U.S., nearly 35 acres of conservation lands for preserving habitat for desert species were created. In Indiana, over 120 kilometres of public county roads were maintained and nearly half of those were strengthened.



However, environmental sustainability is not the only concern. In Italy, an archaeological area was found by the archaeological surveillance team resulting in a very deep campaign to discover and catalogue all the archaeological findings and protect them against the earthworks to be performed. Similarly in California, palaeontologists sifted through over 100 cubic yards of soil in an area of potential significance and all finds will be curated in a museum.

All in all, the total value created by the installation of nearly 0.5 GW is greatly positive.

3% INCREASE IN YOY GENERATION



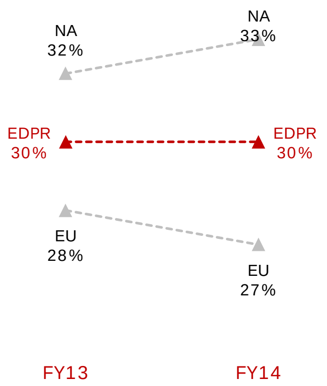
EDPR generated 19.8 TWh during 2014. When adding the over 1 TWh produced from our equity projects, enough clean energy was produced to serve nearly 50% of the electricity demand of Portugal.

The 3% year over year increase in the electricity output benefited from the capacity additions over the last 12 months and the strong wind resource in North America throughout 2014.

EDPR achieved a 30% load factor during 2014, which is in line with last year, maintaining its leading position within the wind sector and reflecting the intrinsic quality of the wind farms.

EDPR also achieved a stellar 98% availability. EDPR continues to leverage on its competitive advantages to maximize wind farm output and on its diversified portfolio to mitigate the wind volatility risk.

PREMIUM PERFORMANCE AND DIVERSIFIED PORTFOLIO DELIVERS BALANCED OUTPUT



EDPR's operations in North America were the main driver for the electricity production growth in 2014, increasing by +4% YoY to 10.2 TWh and represented 52% of the total output (51% in 2013). This performance was driven by EDPR's unique ability to capture the strong wind resource available and the contribution from new additions. EDPR achieved a 33% load factor in North America, +1pp vs. 2013, further reflecting the high quality assets.

Production growth in Europe was mainly due to reaping the benefits from the installed capacity in 2013, which help offset the decline in year over year load factor. All countries deliver positive growth except for Spain where 2013 was considered an above average year.

Iberia delivered a 28% load factor (vs. 29% in 2013), although a decline YoY, the efficiency achieved was above normal expectations and 2013 was an exceptional year for Spain. Moreover, EDPR delivered once again a solid premium over the Spanish market average load factor (+2pp).

The Rest of Europe operations delivered a 24% load factor (25% in 2013) and posted higher year over year generation. Poland increased its production by 253 GWh as new capacity and a solid resource contributed to the strong performance. Higher production in Italy was mainly due to a full year of operations for capacity installed in 2013. The remaining countries delivered stable growth of 28 GWh.

In 2014, EDPR's output in Brazil increased 3% YoY to 236 GWh, as a result of a higher wind resource during the year, and led to a higher load factor of 32%. The Tramandaí wind farm continues to deliver above average load factors.

CARBON FREE EMISSIONS

The 19.8 TWh of electricity produced has zero carbon emissions, thus contributing to the world's fight against climate change. Based on each countries' thermal emission factors, an estimate of 17 million tons of CO_2 equivalent emissions were avoided that would have otherwise been emitted by burning fossil fuels to generate the same amount of electricity in the geographies where EDPR is present.

3.1.2. FINANCIAL PERFORMANCE

Revenues totalled 1.3 billion euros and EBITDA summed 903 million euros

In 2014, EDPR revenues totalled 1,277 million euros, a decrease of 40 million euros when compared to 2013 mainly driven by the lower selling price but mitigated by the 3% output increase. EDPR's average selling price decreased 6% as the result of the lower average selling price in Europe and partially offset by the higher average selling price in North America and Brazil. In Europe, revenues evolution was mainly impacted by EDPR operations in Spain, following the change in assets remuneration framework with the approval of RDL 413/2014 in June 2014 in addition to the unfavourable pool prices, and minimized by EDPR's younger assets and load factor.

EBITDA decreased 17 million euros year on year to 903 million euros, as a result of the top-line evolution and partially offset by lower net operating costs. EBITDA margin increased from 70% to 71%, demonstrating EDPR control over costs and strong efficiency levels.

Financial Highlights (€m)	**2014**	**2013**	**▲% / €**
Income Statement			
Revenues	1,277	1,316	(3%)
EBITDA	903	921	(2%)
Net Profit (attributable to EDPR equity holders)	126	135	(7%)
Cash-Flow			
Operating Cash-Flow	707	677	+4%
Net investments	515	548	(6%)
Balance Sheet			
Assets	14,316	13,058	+1,258
Equity	6,331	6,089	+241
Liabilities	7,986	6,969	+1,017
Liabilities			
Net Debt	3,283	3,268	+14
Institutional Partnerships	1,067	836	+230

Net Profit reached 126 million euros

Impacted by the top line evolution, Net Profit decreased 7% year over year to 126 million euros, while Adjusted Net Profit decreased 25% to 105 million euros, adjusted for non-recurring events, forex differences and capital gains.

Robust Cash-flow

Operating Cash-Flow increased 4% to 707 million euros, higher than the net investments of the period. In 2014, EDPR received 215 million euros related to the financial closing of the asset rotation transactions signed in October 2013 with Axpo Group, and in October and November 2014 with EFG Hermes and Northleaf respectively. In August 2014, EDPR structured an additional asset rotation transaction with Fiera Axium for a portfolio of wind farms in the United States, which final financial close is expected to occur in the first quarter of 2015. Additionally, in 2014, a cash grant of 22 million euro was collected in Poland.

Capital expenditures (Capex) totalled 732 million euros reflecting the capacity additions in the year and the capacity under construction, leading to Net Investments of 515 million euro. As a result of forex translation (impact 170 million euros), investments done in the period, robust cash-flow generation, the execution of the asset rotation strategy and close monitoring of operating costs, Net Debt increase by 14 million euros.

Note: 2013 figures are restated for comparison purposes with IFRS 11 (mandatory from Jan 1st 2014)

INCOME STATEMENT

Solid top line performance despite regulatory changes

EDPR revenues totalled 1,277 million euros, a 3% decrease on the back of a lower average selling price and forex depreciation, mitigated by the positive impact from higher volumes. The impact in the average selling price is mainly driven by changes in Spanish remuneration for renewable assets and negatively magnified by the low market price in the period.

Other operating income increased by 4 million euros, while Operational expenses (Opex) – defined as Operating costs excluding Other operating income - decreased by 18 million euros, leading to a 8% decrease in the Opex per average MW. Excluding levies and write-offs, Opex per average MW decreased by 6% and Opex per MWh by 5%, showing strict control over costs and strong efficiency levels.

Impacted by the top line, EBITDA decreased 2% to 903 million euros, while EBITDA margin improved to 71% versus 70% in 2013.

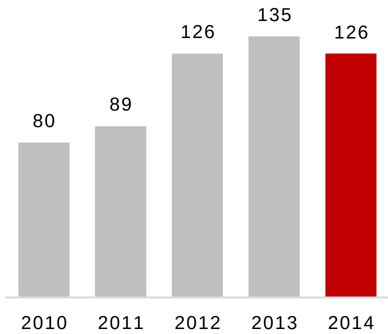
Operating income (EBIT) summed 422 million euros, reflecting the 8% higher depreciation and amortisation costs. In 2014, impairments had an impact of 27 million euros in EBIT, mainly as a consequence of a new long-term scenario with more conservative assumptions for EDPR operations in Romania.

At the financing level, Net Financial Expenses decreased 5%. Net interest costs increased 3% due to higher average net debt (+123 million euros versus previous year) along with a stable 5.2% cost of debt. Institutional Partnership costs in 2014 were 7% lower, while capitalised expenses increased by 11 million euros. Forex differences and derivatives had a negative impact of 5 million euros, as the positive impact from Leu was offset by the US dollar appreciation and Zloty depreciation.

Share of profits of associates increased by 7 million euros to 22 million euros, mainly reflecting EDPR's interest in ENEOP, the positive performance of United States associate companies and a Purchase Price Allocation post the acquisition of a company in Mexico, offsetting the negative performance of Spanish associate companies.

Pre-Tax Profit amounted to 194 million euros and income taxes decreased to 16 million euros, due to the positive effect of the approved corporate tax reform in Spain (income tax will be reduced to 25% in 2016 and beyond) impacting deferred assets and liabilities. Non-controlling interests in the period totalled 52 million euros, an increase of 18 million euros on the back of the non-controlling interests sold to CTG in the context of the EDP strategic partnership, to Fiera Axium, Axpo Group, EFG Hermes and Northleaf as part of the execution of the asset rotation strategy. All in all, Net Profit decreased to 126 million euros.

Net Profit (€m)



Consolidated Income Statement (€m)	2014	2013	▲%
Revenues	**1,277**	**1,316**	**(3%)**
Other operating Income	46	41	+10%
Supplies and services	(257)	(255)	+1%
Personnel costs	(66)	(66)	(1%)
Other operating costs	(96)	(116)	(17%)
Operating Costs (net)	**(374)**	**(396)**	**(6%)**
EBITDA	**903**	**921**	**(2%)**
EBITDA/Net Revenues	*71%*	*70%*	*+1pp*
Provisions	(0.0)	(1.3)	(98%)
Depreciation and amortisation	(500)	(465)	+8%
Amortization of government grants	19	18	+3%
EBIT	**422**	**473**	**(11%)**
Financial Income / (expenses)	(250)	(262)	(5%)
Share of profits of associates	22	15	+48%
Pre-tax profit	**194**	**226**	**(14%)**
Income taxes	(16)	(57)	(71%)
Profit of the period	178	169	+5%
Net Profit Equity holders of EDPR	**126**	**135**	**(7%)**
Non-controlling interest	52	34	+53%

BALANCE SHEET

Total equity increases by 242 million euros

Total Equity of 6.3 billion euros increased by 242 million euros during year, of which 131 million euros attributable to non-controlling interests. The increased equity attributable to the shareholders of EDPR by 111 million euros is mainly a result of the 126 million euros of Net Profit, reduced by the 35 million euros in dividend payments.

Total liabilities increased 15% by +1,017 million euros, mainly in accounts payable (+549 million euros), financial debt (+236 million euros) and institutional partnerships (+231 million euros).

With total liabilities of 8.0 billion euros, the debt-to-equity ratio of EDPR stood at 126% by the end of 2014, which is an increase from the 114% in 2013. Liabilities were mainly composed of financial debt (49%), liabilities related to institutional partnerships in the US (13%) and accounts payable (24%).

Liabilities to tax equity partnerships in the US stood at 1,067 million euros, and including +217 million euros of new tax equity proceeds received in the 2014. Deferred revenues related to institutional partnerships primarily represent the non-economic liability associated to the tax credits already realized by the institutional investor, arising from accelerated tax depreciation, and yet to be recognized as income by EDPR throughout the remaining useful lifetime of the respective assets.

Deferred tax liabilities reflect the liabilities arising from temporary differences between the accounting and the tax basis of assets and liabilities. Accounts payables include trade suppliers, PP&E suppliers, deferred income related to investment grants received and derivative financial instruments.

As total assets totalled 14.3 billion euros in 2014, the equity ratio of EDPR reached 44%, versus 47% in 2013. Assets were 77% composed of net PP&E - property, plant and equipment, reflecting the cumulative net invested capital in renewable energy generation assets.

Total net PP&E of 11.0 billion euros changed to reflect 749 million euros of new additions during the year of and 630 million euros from forex translation (mainly as the result of a US Dollar appreciation), and reduced by 487 million euros for depreciation charges, impairment losses and write-offs.

Net intangible assets mainly include 1.4 billion euros from goodwill registered in the books, for the most part related to acquisitions in the US and Spain, while accounts receivable are mainly related to loans to related parties, trade receivables, guarantees and tax receivables.

Statement of Financial Position (€m)	2014	2013	▲%
Assets			
Property, plant and equipment, net	11,013	10,095	918
Intangible assets and goodwill, net	1,405	1,301	104
Financial investments, net	376	346	30
Deferred tax assets	46	109	(63)
Inventories	21	15	6
Accounts receivable – trade, net	146	202	(56)
Accounts receivable – other, net	859	655	204
Financial assets at fair value through profit and loss	-	0	0
Collateral deposits	81	78	3
Cash and cash equivalents	369	255	114
Total Assets	**14,316**	**13,058**	**1,258**
Equity			
Share capital + share premium	4,914	4,914	-
Reserves and retained earnings	742	623	119
Net profit (equity holders of EDPR)	126	135	(9)
Non-controlling interests	549	418	131
Total Equity	**6,331**	**6,089**	**242**
Liabilities			
Financial debt	3,902	3,666	236
Institutional partnerships	1,067	836	231
Provisions	99	65	34
Deferred tax liabilities	270	367	(97)
Deferred revenues from institutional partnerships	735	672	63
Accounts payable – net	1,912	1,363	549
Total Liabilities	**7,986**	**6,969**	**1,017**
Total Equity and Liabilities	**14,316**	**13,058**	**1,258**

CASH FLOW STATEMENT

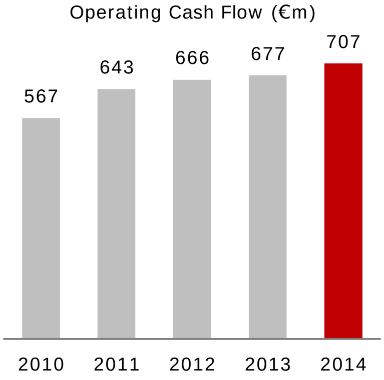
Strong Operating Cash Flow

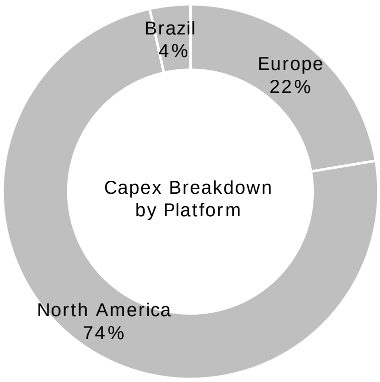
In 2014, EDPR generated Operating Cash-Flow of 707 million euros, a 4% increase from the prior year. EDPR continues to benefit from the strong cash-flow generation capabilities of its assets in operation.

The key items that explain 2014 cash-flow evolution are the following:

- Funds from operations, resulting from EBITDA after net interest expenses, share of profits of associates and current taxes, increased to 668 million euros;
- Operating Cash-Flow, which is the EBITDA net of income tax and adjusted by non-cash items (namely income from US institutional partnerships and write-offs) and net of changes in working capital, amounted to 707 million euros;
- Capital expenditures with the ongoing construction and development works totalled 732 million euros. In Europe capex totalled 164 million euros, mainly in Rest of Europe, while 543 million euros were invested in North America, the core growth of EDPR 2014-17 business plan. Other net investing activities amounted to +198 million euros, mostly reflecting equipment suppliers invoices already booked but not yet paid and a government grant for investments collected in Poland;
- Pursuing its asset rotation strategy, in 2014 EDPR signed agreements with Fiera Axium, EFG Hermes, Northleaf and CTG (in the context of EDP strategic partnership). In 2014 EDPR received 215 million euros of proceeds regarding EFG Hermes, Northleaf and Axpo Group (signed in October 2013) transactions. The settlement of Fiera Axium transaction is expected to occur in the first quarter of 2015;
- Net proceeds from Institutional Partnerships reached 148 million euros. In 2014, EDPR secured three institutional tax equity financing structures in the United States for a total of 332 million US Dollars. Proceeds received in 2014 from these transactions totaled 289 million US Dollars (217 million euros);
- Total net dividends and other capital distributions paid to minorities, including the payment of dividends to EDPR shareholders (35 million euros), amounted to 79 million euros. Forex & Other had a negative impact increasing Net Debt by 291 million euros, mainly explained by the impact from US dollar appreciation and other forex translation (170 million euros), and shareholder loans to associates.

All in all, Net Debt increased by 14 million euros, to 3,283 million euros by year end. In line with the self-funded business model and focus on operational excellence, EDPR continues to benefit from the solid free cash-flow generation capabilities of its premium assets.





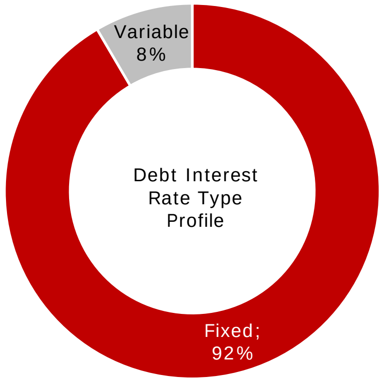
Cash Flow (€m)	2014	2013	▲%
EBITDA	**903**	**921**	**(2%)**
Current Income Tax	(50)	(89)	(44%)
Net interest costs	(207)	(199)	+4%
Share of profits of associates	22	15	+48%
FFO (Funds from operations)	**668**	**648**	**+3%**
Net interest costs	207	199	+4%
Income from associated companies	(22)	(15)	+48%
Non-cash items adjustments	(130)	(125)	+4%
Changes in working capital	(16)	(30)	(44%)
Operating Cash Flow	**707**	**677**	**+4%**
Capex	(732)	(627)	+17%
Financial Investments	(19)	(47)	(58%)
Changes in working capital related to PP&E suppliers	192	(180)	-
Government Grants	22	91	(76%)
Net Operating Cash Flow	**173**	**(86)**	-
Sale of non-controlling interests and shareholders' loans	215	402	(47%)
Proceeds/(Payments) related to Institutional partnerships	148	(36)	-
Net interest costs (post capitalisation)	(180)	(183)	(2%)
Dividends net and other capital distributions	(79)	(58)	+37%
Forex & Other	(291)	(21)	-
Decrease / (Increase) in Net Debt	**(14)**	**19**	**-**

FINANCIAL DEBT

Long-term and stable debt profile

EDPR's total Financial Debt increased by 234 million euros to 3.8 billion euros, reflecting US Dollar appreciation, investments done in the period and the proceeds from the execution of the asset rotation transactions. Loans with EDP group, EDPR's principal shareholder, accounted or 76% of the debt, 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 2014, EDPR closed three project finance transactions: i) 49 million Canadian dollars for 30 MW of EDPR's first wind farm in Canada; ii) 30 million euros for 50 MW of solar power plants in operation in Romania; iii) 220 million Zlotys for 70 MW wind farm in Poland.



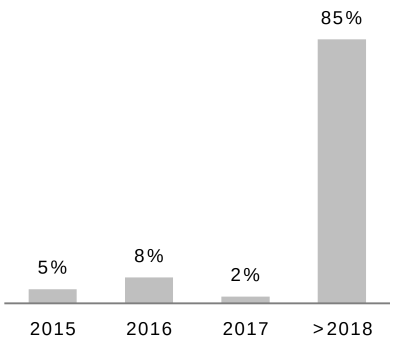
As of December 2014, 52% of EDPR's financial debt was Euro denominated, 39% was funded in US Dollars, related to the company's investment in the United States, and the remaining 9% was mostly related with debt in Polish Zloty and Brazilian Real.

EDPR's debt has a long-term profile as 85% of the financial debt has a 2018 and beyond maturity. EDPR continues to follow a long-term fixed rate funding strategy, matching the Operating Cash-Flow profile with its financial costs and therefore mitigating interest rate risk. Accordingly, 92% of EDPR's financial debt has a fixed interest rate and, as of December 2014, the average interest rate was 5.2%, stable year on year.

Institutional Partnerships

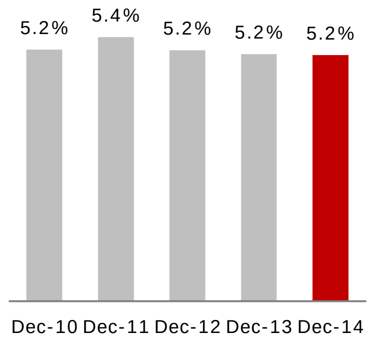
Liabilities referred to Institutional Partnerships increased 230 million euros to 1,067 million euros, due to US dollar appreciation in December 2014 versus December 2013, the benefits captured by the tax equity partners and the establishment of new institutional tax equity financing structures during the period.

Debt Maturity Profile



Financial Debt (€m)	**2014**	**2013**	**Δ€**
Nominal Financial Debt + Accrued interests	3,902	3,666	+236
Collateral deposits associated with Debt	81	78	+2
Total Financial Debt	**3,821**	**3,588**	**+234**
Cash and Equivalents	369	255	+113
Loans to EDP Group related companies and cash pooling	170	64	+106
Financial assets held for trading	-	0.1	(0.1)
Cash & Equivalents	**538**	**319**	**+219**
Net Debt	**3,283**	**3,268**	**+14**

Cost of Debt



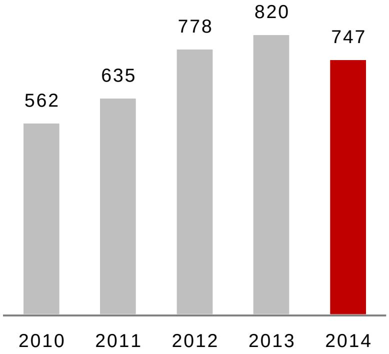
EUROPE

Revenues

In Europe, EDPR delivered revenues of 747 million euros, a decrease of 73 million euros versus 2013, reflecting the impact from the lower average selling price of 93 million euros, that offset the positive effect from the increase in output, of 21 million euros.

In detail, the decrease in revenues was a result of lower revenues in Spain (-93 million euros), mitigated by the increase in revenues in Portugal (+5 million euros) and Rest of Europe (+16 million euros). Consequently, the contribution from Spain decreased from 53% to 46%, while contribution from Portugal and Rest of Europe increased from 20% to 22% and 27% to 31%, respectively.

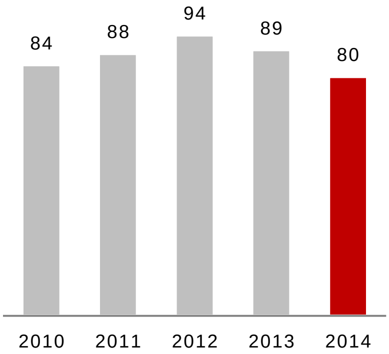
Revenues (€m)



Average Selling Price

The average selling price in Europe decreased 10% to 80 euros per MWh, mainly driven by Spanish changes in the remuneration framework for renewable assets, and in Rest of Europe by the lower realised price in Romania, with green certificates being sold at the floor of the regulated collar.

Average Selling Price (€/MWh)



Net Operating Costs

Net Operating Costs decreased 12% year on year, to 202 million euros, as a results of 12 million euros decrease in Operating costs and a 15 million euros increase in Other operating income, mainly due to a price adjustment in the sale of Portuguese assets to CTG following lower corporate taxes in Portugal. EDPR strict control over costs and high level of efficiency is reflected in the 11% decreased of Opex per average MW in operation ratio, reaching 57.3 thousand euros.

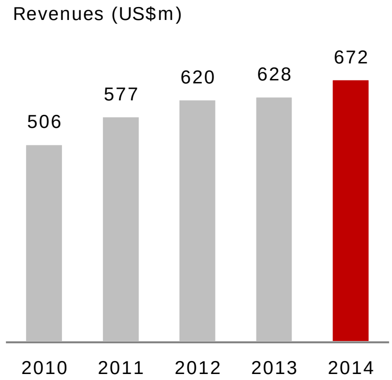
All in all, EBITDA in Europe totalled 544 million euros, leading to an EBITDA margin of 73%, while EBIT reached 275 million euros.

Europe Income Statement (€m)	2014	2013	▲€
Revenues	**747**	**820**	**(9%)**
Other operating income	27	12	+128%
Supplies and services	(141)	(138)	+2%
Personnel costs	(22)	(26)	(12%)
Other operating costs	(65)	(78)	(16%)
Operating Costs (net)	**(202)**	**(230)**	**(12%)**
EBITDA	**544**	**590**	**(8%)**
EBITDA/Net Revenues	*73%*	*72%*	*+1pp*
Provisions	(0.0)	(0.1)	(79%)
Depreciation and amortisation	(271)	(236)	+15%
Amortization of government grants	2	1	+46%
EBIT	**275**	**355**	**(23%)**

NORTH AMERICA

Revenues

In 2014, Revenues increased 7% to 672 million US Dollars, supported by 5% increase in the average selling price and 4% increase in production.



Average Selling Price

Average selling price increased by 5% versus 2013, to 51 US Dollars per MWh, propelled by higher output towards wind farms under PPA/Hedge. Selling prices for the production exposed to wholesale electricity prices also went up, from 32 US Dollars per MWh in 2013 to 41 US Dollars per MWh, benefiting from higher gas prices, due to low gas inventories and unusually cold winter in the first months of 2014, and an increase in REC prices.

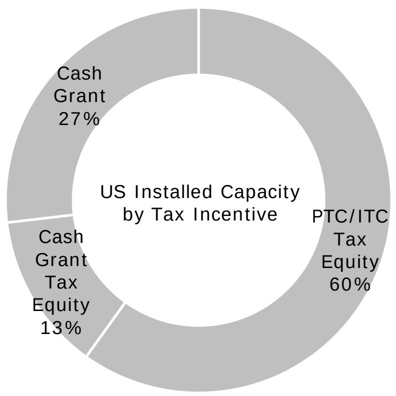
Net Operating Costs

Net Operating Costs increased 2% to 194 million US Dollars, mainly due to the lower Other operating income that offset the decrease in operating costs. The decrease in other operating income reflects the 18 million US Dollars from the restructuring of the off-taking volumes of a PPA for 200 MW in 2013. A strict control over costs and high efficiency levels resulted in 7% decrease in Opex per MW, to 61 thousand US Dollars.

Institutional Partnerships and Government Grants

Income from Institutional Partnerships totalled 164 million US Dollars. The projects that opted for the cash grant benefited from lower depreciation charges, booked in the income statement as amortisation of government grants, totalling 23 million US Dollars.

In 2014, EDPR established three institutional tax equity financing structures for a total amount of 332 million US Dollars, in exchange for an interest in the 200 MW Headwaters wind farm, 30 MW Lone Valley solar PV plant and 99 MW Rising Tree North.



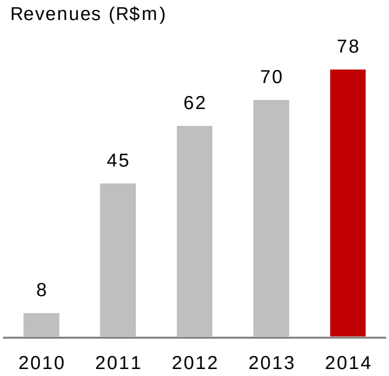
All in all, EBITDA went up 9% to 477 million US Dollars, leading the EBITDA margin to increase to 71%.

North America Income Statement (US$m)	2014	2013	▲%
Electricity Sales & Other	508	462	+10%
Income from Institutional Partnerships	164	166	(1%)
Revenues	**672**	**628**	**+7%**
Other operating income	23	40	(43%)
Supplies and services	(145)	(143)	+1%
Personnel costs	(37)	(38)	(3%)
Other operating costs	(36)	(49)	(27%)
Operating Costs (net)	**(194)**	**(190)**	**+2%**
EBITDA	**477**	**438**	**+9%**
EBITDA/Net Revenues	*71%*	*70%*	*+2pp*
Provisions	-	(2)	-
Depreciation and amortisation	(292)	(288)	+1%
Amortization of government grants	23	23	+0%
EBIT	**208**	**171**	**+22%**

BRAZIL

Revenues

In Brazil, EDPR reached revenues of 78 million reais, representing a year on year increase of 13%, mainly explained by the higher average selling price.



Average Selling Price

The average selling price in Brazil increased 12% to R$346 per MWh, basically reflecting the PPA update price according with inflation type adjustment.

EDPR installed capacity in Brazil, 84 MW, is fully under incentive programs for renewable energy development. These programs provide long-term visibility, setting long-term contracts to sell the electricity produced for 20 year, which translates into a stable and visible cash-flow generation throughout the projects' life.

Net Operating Costs

Net Operating Costs increased during the year by 3 million reais, mainly due to higher Other operating costs and at a lesser extend due to the increase in personnel costs, mitigated by lower supplies and services. Following the outstanding top line performance, in 2014, EBITDA reached 48 million reais, an increase of 15% versus previous year, with the EBITDA margin increasing to 61%.

Brazil Income Statement (R$m)	2014	2013	▲%
Revenues	**78**	**70**	**+13%**
Other operating income	0.0	-	-
Supplies and services	(19)	(22)	(15%)
Personnel costs	(4)	(3)	+27%
Other operating costs	(8)	(2)	+202%
Operating Costs (net)	**(31)**	**(28)**	**+9%**
EBITDA	**48**	**41**	**+15%**
EBITDA/Net Revenues	*61%*	*59%*	*+2pp*
Provisions	-	(0.1)	-
Depreciation and amortisation	(19)	(18)	+1%
Amortization of government grants	0.1	-	-
EBIT	**29**	**23**	**+27%**

3.2. ENVIRONMENT

3.2.1. ECOLOGICAL FOOTPRINT

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

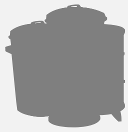
Even though we are in a clean energy business, we go beyond our commitment with the environment by fostering a corporate culture in which initiatives and activities are consistent with environmental responsibility. Therefore we are committed to minimize the environmental impact of our operations and measure the footprint from our administrative activities and plants electricity consumption, representing 0.2% of the emissions avoided. Despite this low impact we encourage reducing these emissions by improving our practices. EDPR's small footprint regarding CO_2 emissions and water is due to administrative activities and plants electricity consumption.

ZERO EMISSIONS

- Zero carbon emissions
- Avoided 17.0 million tons of CO_2 emission

WATER FREE

- Virtually no water used in electricity generation
- 0.56 litres of consumed water per MWh



LOW WASTE GENERATION

- 26 kilograms of hazardous wastes per GWh
- 96% of hazardous wastes recovered

OVERALL POSITIVE IMPACT IN BIODIVERSITY

EDPR...

- Co-exists peacefully and abundantly with most wildlife
- Mitigates climate change; being a zero-emission company is the best way to protect biodiversity
- Respects biodiversity in all phases of the plant's life-cycle
- Seeks a positive biodiversity balance, defining initiatives to prevent, correct and compensate identified risks

3.2.2. BIODIVERSITY

In the long term, EDPR aims to contribute to an overall positive balance to the world's objective of reducing biodiversity loss due to human activity, one of today's greatest challenge.

In an effort to seek a positive balance in biodiversity, numerous initiative were performed in 2014:

Iberian wolf

The Iberian wolf is a species subject to particular attention as stated in the specific legislation for the protection and preservation of its habitat. It is estimated that there are nearly 300 specimens of Iberian wolf in Portugal whose habitat extends from the district of Viseu to the north of the country.

EDPR has several wind farms in this area, which have been developed with the contribution of specialists in Iberian wolf. Tracking programs were established in the most sensible areas, as well as mitigation and compensation measures for this species and its habitat.

Many of these measures are intended to reduce the conflict between the local population and the Iberian wolf, trying to direct the wolf towards the wild prey species existing in their habitat.

Rainwater collection systems

In 2014, as part of one of its environmental targets within environmental management system, EDPR has conducted a series of implementations of rainwater uptake systems in several Spanish substations.

The main objective is to reduce water consumption from other less sustainable sources in such a way that, taking advantage of rainwater, good environmental practice is done and a trend towards a self-sufficiency model is performed. Before the establishment of the target, there were already 14 installations using this system and, from the implementation to date, rainwater systems have been installed in further 17 substations. As a result of this measure, today 53% of the water consumed in Spain is rainwater origin.

During 2015 it is expected this system to be installed in another 5 substations, so that almost 80% of Spanish installations would benefit from this supply.

Additionally, this type of systems were implemented in other European geographies, 65% of the water used in Portugal and 100% in Belgium is rainwater collected.

Environmental restoration

EDPR has launched an environmental restoration program in several Spanish facilities. The aim of this measure is to prevent problems arising from erosion as well as improving the landscape integration.

Since 2013 and until late 2014, the actions that have been made, were plantations and hydro-seeding, slopes restructuring and drainage structures improvement. Furthermore, aged rock slope labors were carried out for optimal integration. After completion of each performance, environmental technicians along with the companies in charge of the environmental monitoring, keep tracking the evolution.

So far, 16.2 hectares have been hydro-seeded, 24,215 units were planted and 2.83 hectares have been integrated in landscape. Results to date are satisfactory and the development of more planned measures are expected for 2015.

Golden Eagle study

The golden eagle population status largely affects the manner by which EDPR develops and operates its wind projects in adherence with the Bald and Golden Eagle Protection Action (BGEPA).

EDPR has contributed funding to the Oregon Eagle Foundation (OEF) and the Washington Department of Fish and Wildlife (WDFW) to conduct state-specific efforts to understand population status of eagles in those states. Thus far, OEF has completed four years of surveys, and WDFW has completed two years. Results of these surveys are forthcoming, but initial results do not indicate that Washington and Oregon eagle populations are in large decline.

Bat curtailment story

Direct mortality at wind turbines is currently the greatest concern for bats in general at wind facilities

EDPR has instituted a conservation program that incorporates feathering* operational wind turbines below the manufacturer's operational cut-in speed from ½ hour before sunset to ½ hour after sunrise during the fall migration period (August 1st to October 15th).

Starting in 2014, seven of EDPR's wind facilities fully feathered all wind turbines below the manufacturer's operational cut-in speed for the fall migration season. EDPR will continue to implement this conservation plan in future years and will enhance the functionality at many sites for the 2015 season.

3.2.3. ENVIRONMENTAL MANAGEMENT

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

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

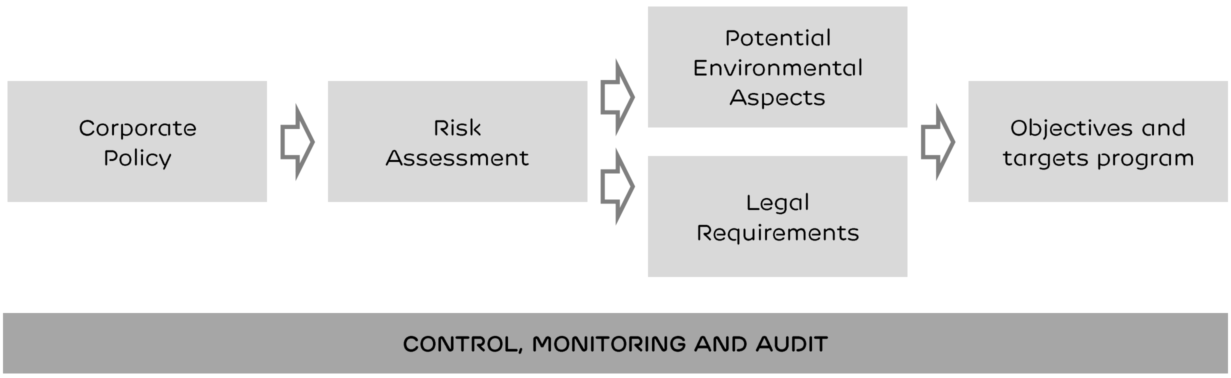
WHAT IS THE EMS?

EDPR's Environmental Management System (EMS) is a framework that helps the company achieve its environmental goals through consistent control of its operations, applicable to operations and maintenance phase of wind farms and solar PV plants, with the aim of improving its environmental performance.

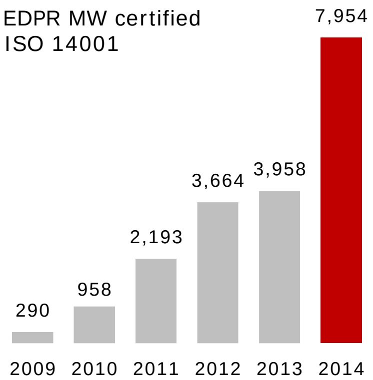
The system ensures focus on relevant environmental aspects, compliance with legal requirements while setting environmental objectives and targets to improve our environmental performance at country and platform levels.

HOW DOES THE EMS PROCESS WORK?

The implementation efforts of EDPR EMS started in 2008. All this is sustained by a continual improvement of the environmental performance mind-set and a qualified team aligned with the environmental strategy of the company. Both, our environment specialists and the network of external partners working with us, stand out for their extensive professional experience and knowledge of the environmental field.



HOW IS THE EMS CERTIFIED?



The EMS is developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization. These consensus standards are considered the world's benchmark for EMS Management Systems and is a guarantee that EDPR sites, regardless of its regulatory environment are aligned and at the same level of compliance.

In 2014, EDPR accomplished its target to have its EMS certified ISO 14001 in all its wind farms in the US, adding 3.655 certified MW to its portfolio of 100% European sites in operations certified in 2014 in Europe. **88% of EDPR's 9.0 GW installed capacity is covered by ISO 14001 certification,** including 7,649 EBITDA MW and 305 Equity MW.

3.3. STAKEHOLDERS

3.3.1. EMPLOYEES

To attract, develop and retain talent is a main goal of EDPR's Human Resources strategy. At EDPR, our people are very important and we, as a responsible employer, want to retain them by offering quality employment that can be balanced with personal life.

Despite a difficult macroeconomic environment, our employee base increased by three percent over last year to reach 919. New employees have the opportunity to join a company with a strong work culture that emphasizes team work within a diverse environment represented by 24 nationalities.

We strive to offer our workforce with opportunities to develop professionally and to assume new roles to reach the company's goals. Our employees are distributed globally as 21% of our employees work at EDPR Holding, 46% within the European Platform, 30% within the North American Platform and 3% in Brazil. All are encouraged to take advantage of the functional and geographic mobility opportunities so they can assume more responsibilities.

HIRING

As part of the employee recruiting strategy, EDPR is committed to hiring the brightest people and seeks potential employees attending top universities and business schools. We have carried out different initiatives to enhance employer branding by participating in different Employer forums and hosting visits from top-tier universities. EDPR offers an internship program aimed at giving young professionals work experience and potentially identifying future employees with growth potential who can contribute to the future development of the business.

EDPR hires talented individuals who are passionate about the industry and share our vision and purpose. When hiring, the company takes into account not only the specific job skills for a certain position but also the behavioural skills, which are at the base of the organisational culture. As a company devoted to sustainability, EDPR aims to combine career goals with company values.

- Team Oriented Environment: EDPR promotes an environment based on team building.
- Career Development: EDPR recognizes the importance of career development, helps employees acquire knowledge to master the business, 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.

At EDPR, we hire top talent ensuring a non-discriminatory selection processes. This is confirmed in the Code of Ethics which contains specific clauses of non-discrimination and equal opportunities in line with the company's culture of diversity.

In 2014, EDPR hired 120 employees, 29% of which are women. EDPR additionally offered 69 long term internships and 22 summer internships.

INTEGRATION

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

Our Welcome Day, a three day event for new hires, allows new employees to obtain basic knowledge of the company, our business, and depending on the employee's profile, a visit to one of the wind farms or the remote control dispatch centre. In 2013, EDPR introduced a new integration tool called the Induction Plan that was further developed in 2014. New hires spend a few days at the corporate headquarters and are guided by colleagues from different areas to learn key aspects of their job and gain a better understanding of their work and how it contributes to the mission of EDPR.

SAFE ENVIRONMENT

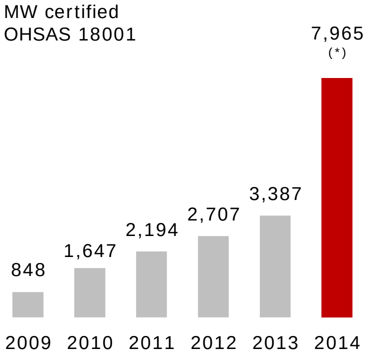
Guaranteeing a healthy and safe work environment for our employees and contractors is fundamental in all aspects of the business. EDPR's Health and Safety policy, available on our website, reflects the company's commitment to the prevention of occupational risks associated with our activities.

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

The Management System is being certified OHSAS 18001:2007. During 2014, EDPR achieved an important milestone with the implementation of the Environmental Management System in the United States. With the implementation, almost 88% of EDPR's capacity is now OHSAS 18011 certified.

During 2014, EDPR registered an injury rate of 4.50 and a severity rate of 140. The increase in the injury rate is mainly driven by an increase in the number of accidents with short-term absences; however, the average duration of the absence was lower versus 2013. Additionally, the severity rate increased due to a long-term absence coming from 2013.

Overall, the trend improves despite the increase in the number of accidents recorded. In 2015, greater focus on communicating the policies and the realization of benefits from OHSAS certification achieved during 2014 will help drive improvements in the ratios.



(*) 7,660 MW EBITDA and 305 MW Equity

BENEFITS AND WORK LIFE BALANCE

EDPR is committed to offer a competitive compensation and benefits package to recognize the work and talent of our employees. The compensation policy addresses the needs of local markets and provides flexibility to adapt to the specifics of each region. In addition to a fixed base compensation, there is a variable component that depends on a performance evaluation measured against the company's performance, area and individual KPIs.

Our performance based compensation is an important tool to promote a greater focus from our employees on not only the company's objectives but personal and team objectives as well. In order to be competitive in the marketplace and recruit the best talent, EDPR reviews and benchmarks itself against local markets in order to offer the most attractive benefits packages.

At EDPR, we understand the importance of maintaining a balance between work and personal commitments. This understanding has led to an increase of employees' satisfaction, while boosting productivity, and morale.

EDPR has work-life balance programs and aims to constantly improve and provide the most suitable benefits to employees. Often specific benefits are only applicable to certain countries in which EDPR is present. As an example of normalizing key benefits across the countries, EDPR employees in the United States and non-Iberian European countries can now enjoy extended time off when they get married. Additionally, employees in the United States can now enjoy their birthday as paid leave.

Since 2011, EDPR's practices have been recognized with the Family Responsible Employer Certification (EFR- Empresa Familiarmente Responsable) by the MásFamilia Foundation, in Spain. This certification reflects EDPR's commitment to promote a healthy work-life balance for its employees. EDPR stood out for its effectiveness in terms of scheduling flexibility, family support, equal opportunities and its ambitious policy of continuous improvement.

DEVELOPMENT & TRAINING

€1.6 million invested in training

43 hours of training per employee

€1,755 in training per employee

POTENTIAL APPRAISAL

Assessing the potential of our talented pool of employees is a fundamental tool in people management. The purpose of the annual Potential Appraisal is to prepare employees to achieve his/her top potential development based on a set of strategic skills. All of EDPR's employees, regardless of their professional category, are evaluated yearly to determine their development potential by providing the most suitable training. EDPR creates tailored development plan to address specific needs. The potential assessment process is independent from performance appraisal and is based on a 360 degree evaluation model which considers feedback from oneself, peers, subordinates and the manager.

In 2014, in order to reinforce communication and transparency, EDPR carried out meetings, led by the executive team and directors, with employees explaining the 2014 Transversal area objectives that apply to each platform.

TRAINING PLAN

Each year a customized Training Plan is created based on the results of the potential performance assessment. The plan provides a framework for managing training within the company, in close alignment with the business strategy. When defining our strategy for the future, we strive to align current and future demands of the organization with our employees' capabilities while fulfilling their professional development expectations and supporting their continuous improvement. EDPR is committed to offer employees an attractive career plan, as well as advanced education and training opportunities.

In 2014, the number of training hours increased to 38,298, representing 43 hours of training per employee. Almost 83% of our employees received training during 2014.

During 2014, EDPR introduced the Executive

Development Program in collaboration with the Instituto de Empresa (IE), a top ranked global business school in Madrid, Spain. The MBA style program, offered 34 participants advanced education in subjects ranging from Strategy and Leadership to Finance and Operations Management. The multi-month program culminated in a group presentation of a solution to several business challenges in front of members of the Executive Committee, the HR Director, and an IE Director.

Expanding upon the Coaching Program, initially developed for the High Potential Program (HIPO), one on one coaching sessions were provided by directors of the company to a wider pool of participants to advance professional development and soft skills. Since promoting talent from within is a strategic choice, the HIPO program was continued to further develop the skills of high potential employees. The program involves various modules focusing on communication, leadership, and analysis of market trends.

RENEWABLE ENERGY SCHOOL

The Renewable Energy School, which forms part of the corporate EDP University, is an established platform for internal capacity building and knowledge sharing.

In 2014, which corresponds to the third academic year of the School, the focus was on streamlining the training activities to ensure greater alignment between the training offers of the School and the needs of different employees. The School worked closely with managers and the Human Resources department to improve the process of selecting participants to ensure greater relevance and value creation. Significant effort was also dedicated to improving the existing courses through greater usage of EDPR specific case studies and practical exercises designed to enrich the employees' learning experience.

During the year, 30 training sessions were delivered in Europe, the United States, and Brazil, representing a total of 8,431 training hours and 730 attendances. The School engaged 80 internal experts in the preparation and delivery of the training courses.

Next year, EDPR plans to have a similar level of activity. To prepare the Training Plan for 2015, the School has developed individual training roadmaps for each of its employees in Europe in order to guide managers and their teams and to facilitate the selection of the most relevant courses.

Since the beginning of the project in 2011, the School has already reached 804 employees of EDPR in all the geographies.

PROMOTIONS & MOBILITY

All our employees are covered by our performance evaluation system that collects information from several data sources to evaluate employee performance.

In the context of fostering workers' growth through diversity of experience, EDPR encourages professional mobility. To support the 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.

During 2014, 73 employees had functional or geographical mobility including 8 new expatriates (expats). EDPR now has a total of 23 expats.

COMMUNICATION

EDPR is committed to provide employees with the best workplace experience. To help determine key drivers of employee satisfaction, EDPR ran a survey in 2013 to collect, analyse and act upon the results. After holding workshops to further discuss the results, an Action Plan was created to improve satisfaction during 2014. The plan was primarily focused on improving communication within the company. It is important to have open lines of communications with employees so in order to improve the channels, different measures were implemented:

- Meetings with the CEO: During these meetings, employees are given the opportunity to share their point of view of the business from their positions and learn about the strategy of the company and how this relates to their day-to-day tasks. This is a great opportunity for employees to better understand their impact on the business. Almost 85% of our employees already had the chance to meet the CEO.
- Meetings with HR: EDPR is keen on connecting with employees. HR regularly holds organized meetings with a small group of employees to discuss important issues via an open forum. Almost 85% of the employees have participated.
- HR Monthly: EDPR employees receive a monthly newsletter with human resources related news. The publication includes upcoming events, training and volunteering opportunities, social benefits, information on new hires, ongoing recruitments, and is an important tool to share the social initiatives with the employees.

In addition to open communication channels established for employees, satisfaction surveys are conducted every two years to gather opinions and gain an understanding of the motivation and satisfaction level of employees. The participation rate in the last survey reached 95% with a satisfaction score of 77%.

During 2014, the Great Place to Work (GPTW) organization named EDP Renewables in Poland the best place to work. EDPR also continued to be among the 50 best companies to work for in the GPTW Rankings in Spain and the UK.

EDPR's ability to attract, develop, and retain talent is a testament to its commitment to excelling in all areas. It's no wonder that EDPR continues to be among the 50 best companies to work for as determined by the Great Place to Work rankings. A motivated workforce aligned with the company's strategy is one of the key drivers behind our ability to deliver on results during 2014.

3.3.2. LOCAL COMMUNITIES

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

Therefore, we establish a relationship of trust and collaboration with the communities where we have presence from the very initial stages of our projects, organizing informative sessions, we hold open dialogs with these communities, to explain the benefits of wind and solar energy. We also organize volunteering activities to promote a sustainable development of the society.

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

FUNDACIÓN EDP

Fundación EDP's mission is to strengthen the commitment of the EDP Group in Spain, with special emphasis on those social, cultural, environmental and educational areas related to research that spearheads global sustainable development.

As such, Fundación EDP has promoted during 2014 a whole series of initiatives in Spain, funded by EDPR:

- In the educational area EDPR has kept and reinforced the previously existing initiatives, namely the trainees programme, the sixth edition of the University Challenge contest and the Green Education grants for young students. In addition to these, EDPR has implemented for its first time the initiative "Tu Energía", to explain primary education students the importance of renewable energy and the differences with fossil energy sources. The programme was attended by 3,862 students in Albacete province.
- In the environmental area Fundación EDP has been supporting, among others, two sounding projects carried out by the University of Málaga and by Fundación del Patrimonio Natural de Castilla y León, respectively. In both cases the programmes are studying and implement actions to protect several species of birds of prey.
- And in the social area EDPR together with Fundación EDP has supported several initiatives, some developed internally such as the volunteering programmes or the interrelation with the community activities, and many others developed by third parties such as Fundación Sociedad, Educación y Desarrollo, several food banks or Fundación Cerro Verde.

EDPR has devoted more than 0.5 million euros in 2014 to support the activities of Fundación EDP. For 2015 EDPR will keep supporting the activities of Fundación EDP, including the new social programme called "EDP Solidaria 2015" to contribute to improve the quality of life and the integration of social disadvantaged people.

Details of these activities can be obtained in the web page of Fundación EDP (www.fundacionedp.es).

EDPR devotes time and resources to local communities in all countries in which it operates. Therefore, and in line with EDP Foundation's strategy, its activities are focused on three pillars: education, social and environment. EDPR has several modalities of collaboration with communities, initiatives that only involve the company, others in which it does it along with their employees and others in which are EDPR employees who dedicate their resources or time to these activities . Thereby, EDPR shows that is a company concerned about one of its key stakeholders both at organizational and individual level.

SOLIDARITY TEAMBUILDING

In 2014, taking the opportunity that most of the employees in Europe were together in Madrid in order to assist to the Annual Meeting, a team-building event took place December 2014.

600 employees were challenged to spend one full morning assembling a large variety of furniture that EDPR then distributed to several Spanish non-profit organizations. Soñar Despierto, Espiral, Nuestra Señora de los Desamparados, Corazones Menudos and Afanias were the NGOs involved.

More than 2,400 hours dedicated together to a one same goal, collaborate with the disadvantaged. This activity reinforces the team spirit and EDPR's commitment with community.

CHRISTMAS CAMPAIGN IN POLAND

EDPR's support to local Community in Poland is increasing year by year. One of the most relevant actions this year was the collaboration between EDPR and the local authorities during the 2014 Christmas campaign. EDPR organizes this initiative each year in all the polish regions where the Company is present. The campaign was addressed to more than 500 kids aged between 3 and 14 years old, who received several packages with Christmas presents.

All this in addition to the enjoyment of a Christmas party that was specially organized for them in each of the towns, where kids enjoyed a memorable and festive day with colleagues and relatives.

These type of events receive high recognition by the community.

KILOS GLOBAL SOLIDARITY CAMPAIGN

Kilos Global Solidarity Campaign is a EDPR initiative that aims to collect food and products of first necessity. Food and products donated by EDPR employees are collected in each office and then distributed to local NGOs.

This initiative was developed in Spain, Romania, the UK, Italy, Poland and the US where more than 825 kilos were collected. Through this project, 9 NGOs of 6 countries will receive the solidarity impact of EDPR employees.

Moreover, in countries where EDPR has more presence, Spain and the US, employees also participated in volunteering activities with these NGOs. The possibility of being involved in all the process help employees to develop their volunteering capabilities.

GREEN EDUCATION

Green Education is a scholarship program launched by EDPR in 2011 with the purpose of offering financial support for the educational development of children and young ones coming from families with limited resources.

During 2014, EDPR has continued providing education grants to 107 students from Spain, Portugal, Poland, Romania, France, Italy and the UK based on their academic merits and financial situation.

The commitment with EDPR with society and the new generations is constant and growing. Proof of that is the number of Green Education program scholarships has increased respect to last year.

This program creates strong ties with the communities.

PARTE DE NÓS – IT'S UP TO US!

In June, the EDPR Group volunteering campaign "Parte de Nós" dedicated several activities across Europe and North America to the Environment. Employees were invited to participate as well as their families and friends.

In Spain, volunteers collaborated with non-profit organization "Fundación Oxígeno" in Tubilla del Lago (Burgos) by restoring the lagoon of Valcabadillo. In Italy volunteers worked together with Legambiente on cleaning an area that will be used as an urban garden. Also in Houston, volunteers met in the Urban Harvest to help maintaining a community garden. In the UK the organization Lothian Conservation Volunteers did environmental conservation works in Edinburgh. In the US, EDPR collaborated with Urban Harvest Community Garden. Volunteers helped harvest the garden's vegetables and improve the appearance of the garden.

The objective of "Parte de Nós" is to sensitize the community with the conservation of nature and biodiversity. During 2014, 67 volunteers in Spain, Italy and the US have collaborated in this Campaign with more than 500 hours contributions in their own time.

3.3.3. SUPPLIERS

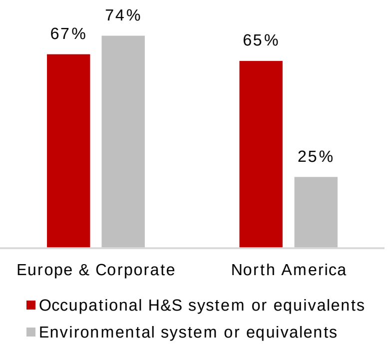
The performance of suppliers is essential for the success of EDPR. The company bases its relationship with suppliers on trust, collaboration and the creation of shared values shared, and this results in a joint capacity to innovate, strengthen sustainability policy and improve the quality of our operations. This significantly contributes to EDPR keeping the leadership in its areas of operation and it is a factor inducing competitiveness in the markets in which it operates.

The importance of sustainability in the supply chain is a key thing for EDPR. EDPR's Code of Ethics defines the core values that must be respected and the framework of the relationship with suppliers. Moreover, our Health & Safety and our Environmental Management Systems require our employees and all other individuals working on behalf of EDPR to follow a series of best practices in those areas, as required in our Environmental and H&S Policy.

EDPR Procurement Manual includes a chapter that guides each Purchasing Department to put our values and principles into practice, therefore when procuring and contracting goods and services EDPR appeals to all reasonable endeavours so that selected suppliers accept to comply with the UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption and the spirit of EDPR's Code of Ethics. Additionally, EDPR collects sustainability information for the main services provider to be used in the supplier's selection. In Europe, this is made by an independent partner and in the US by internal questionnaires.

In 2014, about 67% of EDPR's suppliers in Corporate and Europe had Occupation Health & Safety system and 74% Environmental system. In North America, 25% and 65% of the companies have safety and environmental management systems, respectively.

Certified suppliers



- Europe includes suppliers above 500k euros;
- North America started capturing Sustainability data as part of the supplier qualification in 2014;
- North America figures consider Biodiversity programs as Environmental Management System

SUPPLY CHAIN DEVELOPMENT IN THE UK

The development of offshore wind energy brings significant new markets and opportunities to Scotland and the UK. As a developing industry, offshore wind requires the development of new enterprises and diversification of existing enterprise to undertake the works associated with the deployment of infrastructure.

MORL a joint venture between EDPR and Repsol Nuevas Energias UK has worked with a variety of agencies to enable businesses local to the Moray Firth, Scotland and the UK to take advantage of the new offshore wind market.

As result of this work, new companies were created and also spurred the establishment of new joint ventures with broad-ranging capabilities. Since 2012 MORL's competitive tender process has driven the development of 7-8MW turbines suitable for deeper water, high wind sites which are capable of reducing the cost of energy. Where monopoles have been the industry standard in the past, MORL is driving competition between next generation substructures. Successful deployment will support the evolution of the industry, establishing the standard for the rest of R3 and opening new areas of seabed worldwide to development. Additionally, MORL has identified partners in both the public and private sector to identify the skills gap and develop strategies to fill it. Resolving the skills gap has already yielded benefits beyond the UK market. Skills which were established developing MORL's projects were successfully exported to France where EDPR won both sites of the French Round 2 tender.

3.4. INNOVATION

Innovation is about new technologies for more renewable energy - such as offshore wind - but that is not all: it is also about attitude, looking for ongoing improvement every day at what we do

INNOVATION IN DEVELOPMENT AND CONSTRUCTION

OPTIMIZATION OF WIND FARM LAYOUT AND CONSTRUCTION

During the construction of a wind farm, finding the optimal design for wind farm foundations is critical to control capex requests. Optimal superficial foundations are those that minimize the volume for the specific conditions of the site, while ensuring all applicable safety requirements. However, in the case of deep foundations (piloted ones), finding the optimal solution is more complex as it is a process of optimizing a number of different variables: shape of the foundation and the number, diameter, type and length of the piles. EDPR internally developed an algorithm to obtain the optimal design piloted foundation for a wind farm project once known the wind turbine weight and the geotechnical information of the site.

WIND FARM OPTIMIZATION MODEL

After three years of work, the Department of Energy Assessment EDPR created the edpWOM (Windfarm Optimization Model) program. It is a specific software for estimating annual energy production and optimization of layout adapted to the particularities of the company. This program has been the reference tool in the project offshore Moray Firth.

The programming environment allows simulations automatically and in a reduced period of time compared to other commercially available software. One of its strengths is that being a code generated internally, supports any modification or addition of new criteria according to the needs of the project at the time, without modelling the data again as with the other standard software marketed. It is able to optimize according to different adaptable and independent criteria according to the study to be performed (production, deep foundation costs, financial variables, offshore...)

INNOVATION IN OPERATIONS

REGULATION OF ACTIVE AND REACTIVE SEVERAL WIND FARMS ON THE SAME NODE

The topology of certain parks EDPR, evacuating several wind farms through the same node, creates a new challenge for EDPR, it is considered as a single wind farm for compliance with grid code proposes (regulation of active, reactive or voltage). There are no commercial tools to control grid code compliance in these specific situations when different technologies interact. EDPR developed a control system that depending on the data collected at the node and the data from each one of the difference sites, balance and send the appropriate instructions to each wind farm control system to guarantee grid code compliance. This requires some preliminary simulations of static and dynamic wind turbines and control systems behaviour for each site, to be able to define the balancing control algorithms.

MINIMIZING IMBALANCE COSTS

One of the main challenges at EDPR consist on minimizing the error in the energy estimates of the six intraday market sessions, and thus minimizing the imbalance costs. To do so, EDPR has developed an adaptive system based on a non-conventional technology in the energy sector that corrects the original estimates based on the historical errors committed in past predictions. These algorithm improvements not only reduce costs but also enhances the integration of wind energy in the national electricity system.

RESEARCH AND DEVELOPMENT

EDP Inovação is the EDP group company responsible for promoting innovation and research and development within the different business units within the group, EDPR among them. It operates in three distinct areas: 1) technological development; 2) innovation in products, organization and processes; 3) transversal support for R&D+i.

WINDFLOAT

The 'WindFloat' project is one of the flagstaffs of the renewable R&D project list at EDP, with a deep waters offshore prototype that has been reporting excellent results after three years in operation under harsh conditions, having to endure waves up to 15 meters high, off the coast of Aguçadoura in the north of Portugal.

This is the most ambitious innovation project on floating offshore technology conducted worldwide so far, the first wind energy turbine in open waters in the Atlantic ocean, and also the first time for a triangular semi-submersible floating structure supporting a 2 MW wind turbine allowing the utilization of offshore winds with great stability at water depths below 40 meters, existing at long distances from the coast. It is the first offshore wind energy project in the world not requiring the use of any heavy offshore lifting equipment. The whole process of final assembly, installation and commissioning preparation was performed on land, in a controlled environment. When the construction on land was completed in dry docks located in Setúbal, south of Lisbon, the structure was towed for about 350 kilometres in the open water. The capability to undertake the towing operation under such circumstances can be attributed to the performance and stability of WindFloat. These factors also allow any ready-to-use commercial wind turbines of any manufacturer to be installed on WindFloat. The project is a partnership between EDP, Repsol, Principle Power, A. Silva Matos, Vestas and InovCapital and is also supported by the Innovation Support Fund (FAI), involving more than 60 suppliers, more than two thirds are Portuguese.

In March, while the competition for the offshore wind energy capacity tender in France was ongoing, EDPR hosted French journalists to visit the 'Windfloat' project. The journalists met at the dispatch centre in Oporto, and were flown by helicopter to see from the sky, this project live and in action. In July, French mayors from 20 municipalities also paid a visit to this project, this time going on a boat out in the ocean to see the turbine operate. These visits were a great opportunity for EDPR to demonstrate how wind energy generation works offshore, while strengthening ties with key opinion leaders in France, a country that has historically relied greatly on nuclear energy.

Last October, Joao Manso Neto participated in an international conference held in Lisbon, organized by the Wave Energy Centre (WavEC) in partnership with the United States Embassy in Portugal, where companies, research centres, public agencies and political decision-makers gathered to discuss about the transatlantic efforts to create a technology cluster capable of leveraging the tremendous economic potential of the sea. Wind offshore renewable energy was highlighted at the event and EDPR solid commitment to developing technologies for offshore wind exploration showcased with the WindFloat case.

3.5. INTEGRITY AND ETHICS

Ethical behaviour is absolutely essential for the functioning of the economy. EDPR recognizes its importance and complexity, and is committed to address ethics and its compliance. But is employees' responsibility to comply with ethical obligations.

GOVERNANCE MODEL FOR ETHICS

Ethics are the cornerstone of EDPR strategy, to the extent that EDPR has a Code of Ethics that goes beyond just defining the company principles to be adopted, but also how employees and any other service provider working on behalf of EDPR should behave when dealing with the company stakeholders. The code of Ethics has its own regulation that defines a process and channels to report any potential incident or doubt on the application of the code. The Ethics Ombudsman is behind this communication channel, and to analyse and present to the Ethics Committee any potential ethical problem. The code is communicated and distributed to all employees and interested parties, and complemented with tailored training sessions.

CODE OF ETHICS

EDPR's Code of Ethics applies to all company employees, regardless of their position in the organization and working location, and they all must comply with. Our suppliers should be aligned with the spirit of our Code of Ethics, and this is reflected in our procurement policies.

During 2014, a revision of the code was approved, to reinforce some areas such as integrity, human rights, compliance with the legislation and transparency. In addition, the revised code, is divided into principles of action, engagement with stakeholders and ethical process. This division aims to clearly state which are the values and the behaviours with stakeholders that anyone representing EDPR should have, and how the process of overseeing the code compliance works.

After this revision, the code was announced and published on the Company's intranet and sent by e-mail by the General Secretary to all employees. All new hires find the Code of Ethics included in the welcome pack that each employee receives when entering the Company and are required to return it with a signed acknowledgment.

CODE OF ETHICS REGULATION

The Code of Ethics regulation, adopted by the Board of Directors in 2011, aims to regulate the application within EDPR of the Code of Ethics. Particularly, it defines the procedures for the reception, registration and processing of information received by the Company concerning violations of the Code in matters of legislation, ethics, conduct in the work environment, human rights, equal opportunities, integrity, relations with customers and suppliers, environment and sustainability. The Regulation of the Code of Ethics features aspects such as:

- Job description and responsibilities;
- Procedures;
- Confirmation, investigation and corrective measures;
- Confidentially and anonymity; Management supervision and revision.

ETHICS COMMITTEE

The Ethics Committee will receive, register, process and report to the Board of Directors all reports regarding violations of the Code in matters of legislation and ethics, establishing, if appropriate, corrective actions.

The Ethics Committee is composed of three members: the presidents of the Audit and Control Committee, the Related Parties Transactions Committee, and the Appointments and Remuneration Committee.

The Committee's main functions include:

- Proposing corporate ethics instruments, policies, goals and targets.
- Monitoring application of the Code of Ethics, laying down guidelines for its regulation and overseeing its proper application by the Company and its subsidiaries.
- Analysing reported violations of the Code of Ethics, deciding on their relevance and admissibility.
- Deciding if there is any need for a more in-depth investigation to ascertain the implications and persons involved.
- Appointing the Ethics Ombudsman.

ETHICS OMBUDSMAN

In the first meeting of the Ethics Committee held in 2011, EDPR's Ethics Ombudsman was nominated.

The Ethics Ombudsmen plays an essential role in the ethics process. He guarantees impartiality and objectivity in registering and documenting all complaints of ethical nature submitted to him. He monitors their progress and ensures that the identity of the complainants remains confidential, while entering into contact with them whenever appropriate, until the case is closed.

EDPR ETHICS PROCESS

EDPR stakeholders, both internal and external, can easily start an ethical process or resolve doubts through the Ethics Channel, either contacting via e-mail the Ethics Ombudsman or filling the form available in the corporate website. The Ethics Ombudsman guarantees transparency and professional secrecy throughout the entire process.

In addition, EDPR provides employees with a whistleblowing channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting or financial irregularity in their Company.

In 2014 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR and no communications regarding any irregularity with material impact at EDPR though the whistleblowing channel.

Identify an alleged violation of the code of ethics	Reports of alleged violations of the Code of Ethics must be submitted to the Ethics Ombudsmen, indicating personal data and a detailed description of the situation.
Ombudsman performs a summary investigation	Ethics Ombudsmen first confirms the events reported and submits a preliminary report on the initial confirmations to the Ethics Committee.
Ethics Committee decides if the complaint portrays a violation	Ethics Committee analyses every situation reported and decides as to whether it should be classified as a violation of the Code of Ethics.
When a violation is confirmed, the Committee opens an investigation	When conducting an investigation, the Company shall abide by the law and its own in-house rules. After the investigation is complete, the Committee decides whether any corrective or disciplinary action is required.

ETHICS PROGRAM

Our commitment to ethics is reflected in our Ethics Program. It was first launched in 2010 and in order to renew ethical behaviours within the company and transmit the new additions to the code, will be performed again during the first half of 2015. The Ethics program is an important tool to assess the current status and promote awareness on the issue internally. The Program consists of an interpretative guide of the Code of Ethics, a survey to assess how ethics is understood by EDPR's workers and a training program. During 2015, the training program will consist on a transversal online session, to transmit general concepts to all employees, and specific on-site sessions, tailored to the different work positions and associated risks.

ANTI-BRIBERY REGULATION

In order to ensure compliance with the standards of Anti-bribery Regulation in every geography where EDPR operates, the Company has developed an Anti-Bribery Policy of application to all EDPR Group, which was approved by its Board of Directors on December, 2014. This Anti-Corruption Policy will involve a series of new procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. This Policy will be implemented in the Group throughout 2015.

A full description of the Ethics governance model can be found in the Corporate Governance Report.

EMPLOYEE RELATIONS

EDPR is committed to respect freedom of trade union association and recognise the right to collective bargaining

Our commitment is reflected in the Code of Ethics, and its compliance is controlled through the Ethics Channel, where stakeholders can anonymously report on any infraction.

At EDPR, from 919 employees, 21% were covered by collective bargaining agreements. Collective bargaining agreements apply to all employees working under an employment relationship with and for the account of the some companies of EDPR group, regardless of the type of contract, the professional group into which they are classified, their occupation or job. However, matters relating to the corporate organization itself, the laws of each country or even usage and custom in each country result in certain groups being expressly excluded from the scope of collective bargaining agreements.

The collective bargaining agreements that are applied at EDPR are usually negotiated at state level or regional level, and EDPR may be just one of the players among other leading sectorial companies in the negotiation with employees' representatives, and in some cases, governmental representatives. In Portugal and Brazil, EDP negotiates its own agreements with employees, and those apply to all employee working for companies of the group, including EDPR.

Despite not taking an active part in the negotiations, EDPR wants to facilitate the broadcast of any update in those agreements. For example, in Portugal, during 2014 a new collective bargaining agreement was negotiated. EDPR organized training sessions for its employees to inform about the results of those negotiations.

During the last years, EDPR has performed different benchmark analysis of the benefits stated at the different collective bargaining agreements that apply to our employees, comparing them against the benefits offered by the company and, in general terms, the company offers a more competitive benefits package compared to what is stated in the collective bargaining agreement.

During 2014, representatives of the company held different meetings with employees' representatives to deal with some critical topics that affect EDPR, such as the health and safety of its employees, or the bonus payment that is being done in Brazil. In France, EDPR representatives defined a roadmap with the elected employees' representatives with the actions to follow in the short term.

3.6. EXECUTIVE REMUNERATION

REMUNERATION STRUCTURE

EDPR's remuneration policy approved by the General Shareholders Meeting on April 8th 2014 (with 99.6% votes in favour), submitted by the Board of Directors after a proposal of its Nominations and Remunerations Committee (that composed of three non-executive and independent Directors), defines a structure with a fixed remuneration for all members of the Board and a variable remuneration, with annual and multi-annual components, for the members of the Executive Committee.

Fixed base (cash) remuneration ⊕ Variable remuneration (cash bonus) ▶ Annual / Multi-annual

The maximum annual variable remuneration approved by the General Shareholders Meeting for all the executive members of the Board of Directors was € 1 million per year. EDPR has not incorporated any share remuneration or share purchase options plans as components of remuneration of its Directors. Variable annual and multi-annual remuneration are a percentage of fixed annual component, with a superior weight for multi-annual vs annual component. The value of variable annual remuneration may range between 0% and 85% of the 80% of annual fixed remuneration. The value of variable multi-annual remuneration may range between 0% and 85% of the 120% of annual fixed remuneration.

For the CFO and COOs there is a qualitative evaluation by the CEO about the annual performance, weighting 20% in the calculation of the annual variable remuneration and 32% of the multi-annual variable remuneration. The remaining is calculated based on the KPIs and respective weights indicated below.

The Key Performance Indicators (KPIs) used to determine the amounts of the annual and multi-annual variable are aligned with the strategic grounds of the Company: growth, risk/return and efficiency. These are the same for all members of the Executive Committee, although with specific targets for in the case of the Chief Operating Officers for Europe/Brazil and North America.

KPI	Weight
Total Shareholder Return vs. Peers & PSI 20	15%
Incremental MW (EBITDA + Net Equity)	15%
ROIC Cash %	8%
EBITDA	12%
Net Income	12%
Technical Availability	6%
Opex / MW	6%
Capex / MW	6%
Sustainability *)	10%
Employee satisfaction	5%
Appreciation of the Remuneration Committee	5%

*) based on external performance evaluation using a Sustainability Index methodology that benchmarks the company to its sector

OTHER REPORTING TOPICS

RELEVANT SUBSEQUENT EVENTS

EDPR executes a new asset rotation transaction in the US

During the third quarter of 2014, EDP Renováveis S.A. (EDPR) has reached an agreement with Fiera Axium Infrastructure US L.P. (Fiera Axium) to sell a minority cash equity interest in a US wind portfolio with a total production capacity of 1,101 MW. Fiera Axium's interest in the portfolio will represent 394.5 MW and is the second asset rotation transaction announced by EDPR with Fiera Axium, further strengthening the existing partnership.

The portfolio is comprised of 9 operating wind farms. All of the wind farms have long-term offtake agreements in place.

Based on i) the transaction price and ii) the expected tax equity liabilities of the projects, the total enterprise value on the 1,101 MW portfolio amounts to US 1.7 billion of US Dollar translating to 1.54 million of US Dollar/MW.

The transaction is subject to regulatory approvals. The offer contemplates an initial funding to occur upon obtaining regulatory approvals and a final funding to occur upon achievement of commercial operations of the assets under construction.

Acquisition by EDPR of 45% of the share capital of EDP Renováveis Brasil

In November 2014, EDP Renováveis, S.A. and EDP Energias do Brasil (EDP Brasil) have signed a Memorandum of Understanding envisaging the acquisition by EDPR of 45% of the share capital of EDP Renováveis Brasil, S.A. controlled by EDP Brasil. Following this transaction EDPR will control 100% of the share capital of EDPR Brasil. EDPR Brasil operates 84 MW of wind energy and has in execution 237 MW of wind energy projects with long-term power purchase agreements (PPAs) awarded in the 2011 and 2013 energy auctions.

EDPR announces the sale of minority stakes in wind farms in Brazil to CTG

In December 2014, EDP Renováveis, S.A. through its subsidiary EDPR Brasil entered into an agreement with CWEI (Brasil) Participações Ltda, a subsidiary of CTG to sell an equity shareholding of 49% in both operational and under development wind farms in Brasil. The transaction scope covers 84 MW in operation, as mentioned above, with an average age of 4 years, as well as 237 MW under development, remunerated according to long-term awarded contracts to sell the electricity produced for 20 years.

EDP Renováveis executes project finance for 120 MW in Brazil

On 26 January 2015, EDP Renováveis, S.A. (EDPR) has executed project finance structure agreements with the Brazilian Development Bank (BNDES) for the Baixa do Feijão project, which comprises four wind farms with a total capacity of 120 MW. The Baixa do Feijão project is currently under construction and is located in the State of Rio Grande do Norte, one of the windiest locations of Brazil.

The long-term contracted debt facilities amount to 306 million of Brazilian Reais and its financial closing is subject to customary conditions. The execution of this agreement reflects EDPR financing strategy to contract long-term debt in local currency at competitive prices in order to mitigate the refinancing risk and to reduce the foreign exchange risk by having a natural hedge between revenues and costs.

In December 2011, at the Brazilian energy A-5 auction, these four projects were awarded with 20-year Power Purchase Agreements (PPAs) starting in January 2016.

INFORMATION ON AVERAGE PAYMENT TERMS TO SUPPLIERS

In 2014 total payments made from Spanish companies to suppliers, amounted to €107,975 thousands with a weighted average payment period of 62.4 days, therefore grossly in line with the payment period stipulated by law of 60 days. Notwithstanding, the company is maintaining an optimization of its internal processes in order to settle all payments due within the maximum legal period.

05

CORPORATE GOVERNANCE

INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

PART I:
INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

1. CAPITAL STRUCTURE

EDP Renováveis, S.A. (hereinafter referred to as EDP Renováveis, EDPR or the Company) total share capital is, since its initial public offering (IPO) in June 2008, EUR 4,361,540,810 consisting of issued and fully paid 872,308,162 shares with nominal value of EUR 5.00 each. All the shares are part of a single class and series and are admitted to trading on the NYSE Euronext Lisbon regulated market.

Codes and tickers of EDP Renováveis SA share:
ISIN: ES0127797019
Bloomberg Ticker (NYSE Euronext Lisbon): ....EDPR PL
Reuters RIC: .... EDPR.LS

EDPR main shareholder is EDP Group, with 77.5% of share capital and voting rights. Excluding EDP Group holding, EDPR shareholders comprise about 81,000 institutional and private investors spread across more than 23 countries with main focus in United States, United Kingdom, Portugal, Australia, Norway and France.

Institutional Investors represented 90% of Company shareholders (ex-EDP Group), mainly Investments and SRI funds, while Private Investors, mostly Portuguese, stand for 10%.

2. RESTRICTIONS TO THE TRANSFERABILITY OF SHARES

EDPR's Articles of Association have no restrictions on the transferability of shares.

3. OWN SHARES

EDPR does not hold own shares.

4. CHANGE OF CONTROL

EDPR has not adopted any measures designed to prevent successful takeover bids.

The Company has taken no defensive measures for cases of a change in control in its shareholder structure.

EDPR has not entered into any agreements subject to the condition of a change in control of the Company, other than in accordance with normal practice. In the case of financing of certain wind farm projects, lenders have the right to approve change in control at the borrower if the later ceased to be controlled, directly or indirectly, by EDPR. In the case of guarantees provided by EDP Group companies, if EDP, directly or indirectly ceases to have the majority of EDPR then EDP is no longer obliged to provide such services or guarantees. The relevant subsidiaries will be obliged to provide for the cancellation or replacement of all outstanding guarantees within 60 days of the change of control event.

In the cases of intra-group services agreements and according to the Frame Agreement signed between EDP Renováveis S.A. and EDP Energias de Portugal S.A., the contracts will maintain their full force as long as EDP maintains its share capital above 50% or the right to exercise directly or indirectly more than 50% of voting rights on EDPR's share capital. Even if the share capital of EDP or its voting rights are below 50%, the contract is maintained as long as half of the Members of the Board or of EDPR's Executive Committee are elected through an EDP proposal.

5. SPECIAL AGREEMENTS REGIME

EDPR does not have a system for the renewal or withdrawal of counter measures particularly to provide for the restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

6. SHAREHOLDERS AGREEMENTS

The Company is not aware of any shareholders' agreement that may result in restrictions on the transfer of securities or voting rights.

II. SHAREHOLDINGS AND BONDS HELD

7. QUALIFIED HOLDINGS

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. Pursuant the Article 23 and Article 24, of the Spanish Securities Market Law ("Ley de Mercado de Valores") EDPR is providing the following information on qualifying holdings and their voting rights as at December 31st 2014.

In 2014 EDPR did not receive notifications regarding qualified holdings.

As of December 31st 2014 the following qualified holdings were identified:

Shareholder	# Shares	% Capital	% Voting Rights
EDP Group:			
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 EDP Group:	676,283,856	77.5%	77.5%

EDP Group detains 77.5% of EDPR capital and voting rights, of which 62.0% through EDP – Energias de Portugal, S.A. – Sucursal en España and 15.5% through its fully owned Hidroeléctrica del Cantábrico, S.A..

MFS Investment Management:			
Total MFS Investment Management	27,149,038	3.1%	3.1%

On September 24th 2013, MFS Investment Management, an American based active and global asset manager, reported to CNMV its indirect qualified position as collective investment institution.

Total Qualified Holdings	703,432,894	80.6%	80.6%

As of December 31st 2014, EDPR's shareholder structure consisted of a total qualified shareholding of 80.6%, with EDP Group and MFS Investment Management detaining 77.5% and 3.1% of EDPR capital respectively.

8. SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

The table below reflects the number of EDPR shares owned, directly or indirectly, by the Board Members, as of December 31st of 2014. The transactions of shares by EDPR Board Members are reported to the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

Board Member	Transactions in 2014				# Shares as of 31st Dec 2014		
	Type	Date	# Shares	Price	Direct	Indirect	Total
António Mexia	-	-	-	-	3,880	320	4,200
João Manso Neto	-	-	-	-	-	-	-
Nuno Alves	-	-	-	-	5,000	-	5,000
Rui Teixeira	-	-	-	-	12,000	370	12,370
Gabriel Alonso	-	-	-	-	26,503	-	26,503
João Paulo Costeira	-	-	-	-	3,000	-	3,000
João Lopes Raimundo	-	-	-	-	170	670	840
João Manuel de Mello Franco	-	-	-	-	380	-	380
Jorge Santos	-	-	-	-	200	-	200
José Araújo e Silva	-	-	-	-	80	-	80
Manuel Menéndez Menéndez	-	-	-	-	-	-	-
Rafael Caldeira Valverde	-	-	-	-	-	-	-
Gilles August	-	-	-	-	-	-	-
João Marques da Cruz	-	-	-	-	1,200	-	1,200
Acácio Piloto	-	-	-	-	300	-	300
António Nogueira Leite	-	-	-	-	400	-	400
José Ferreira Machado	-	-	-	-	630	-	630

9. POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers to manage, supervise and govern the Company, with no other limitations besides the powers expressly granted to the exclusive jurisdiction of General Meetings in Article 13 of the Company's Articles of Association or in the applicable law. Within this context, the Board is empowered to:

- Acquire on a lucrative or onerous title basis personal and real property, rights, shares and interests that may suit the Company;
- Sell and mortgage or charge personal and real property, rights, shares and interests of the Company and cancel mortgages and other rights *in rem*;
- Negotiate and conclude as many loans and credit operations that it may deem appropriate;
- Enter and formalize all sorts of acts or contracts with public entities or private persons;
- Exercise civil and criminal actions and all further actions to be undertaken by the Company, representing it before governmental officers, authorities, corporations, governing, administrative, administrative-economic, administrative-litigation and judicial courts, labour courts and the labour sections ("Juzgados de lo Social e Salas de lo Social") of the Supreme Court and of the High Courts of the Autonomous Communities, with no limitations whatsoever, including before the European Court of Justice, and in general before the Government, in all its levels and hierarchies; to intervene or promote, follow and terminate, through all procedures and instances, the processes, court sections or proceedings; to accept decisions, to file any kind of appeal, including the cassation one and other extraordinary appeals, to discontinue or confess, to agree an early termination of a proceeding, to submit litigious questions to arbitration judges, and to carry out all sorts of notices and requirements and to grant a Power of Attorney to Court Representatives and other representatives, with the case-related powers and the powers which are usually granted to litigation cases and all the special powers applicable, and to revoke such powers;
- Agree the allotment of dividends;
- Call and convene General Meetings and submit to them the proposals that it deem appropriate;
- Direct the Company and organize its operations and exploitations by acknowledging the course of the Company businesses and operations, managing the investment of funds, making extraordinary depreciations of bonds in circulation and realizing anything that it is considered appropriate to obtain maximum gains towards the object of the Company;
- Freely appoint and dismiss Directors and all the Company's technical and administrative personnel, defining their office and their retribution;
- Agree any changes of the registered office's address within the same borough;
- Incorporate under the law all sorts of legal persons; contribute and assign all sorts of assets and rights, as well as entering merger and cooperation agreements, association, grouping and temporary union agreements between companies or businesses and joint property agreements and agreeing their alteration, transformation and termination;
- All further powers expressly granted to the Board in these Articles or in the applicable law. This list is without limitations and has a mere indicative nature.

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

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

As of today this power has never been delegated.

On December 24th, 2014 a modification to the Spanish Companies Law has entered into force (Ley 31/2014). This Law will be applicable from 2015 onwards. One of the modifications is regarding the Board of Directors powers according to the new wording of article 249 of Spanish Companies Law.

10. SIGNIFICANT BUSINESS RELATIONSHIPS BETWEEN THE HOLDERS OF QUALIFYING HOLDINGS AND THE COMPANY

Information on any significant business relationships between the holders of qualifying holdings and the Company are on topic 90 of this Report.

PART I: INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

A. COMPOSITION OF THE PRESIDING BOARD OF THE GENERAL MEETING

11. BOARD OF THE GENERAL SHAREHOLDERS' MEETING

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

The Chairman of the General Shareholders' meeting is José António de Melo Pinto Ribeiro, who was elected on the general meeting of April 8th 2014 for a three-year term.

The Chairman of the Board of Directors is António Mexia, who was re-elected on June 21st, 2011 for a three-year term. Although the term of office has ended on June 21st, 2014, according to EDPR's personal law is still in force till the next Ordinary General Shareholders' Meeting that will take place on April 9th, 2015.

The Secretary of the General Shareholders' Meeting is Emilio García-Conde Noriega who was nominated as Secretary of the Board of Directors on December 4th, 2007. The Secretary of the Board of Directors mandate does not have a date for the end of the term according to the Spanish Companies Law since he is a non-Member of the Board.

The Chairman of the General Shareholders' Meeting of EDPR has the appropriate human and logistical resources for his needs. Therefore in addition to the resources provided by the Company' Secretary the Company hires a specialized entity to collect, process and count the votes on each General Shareholders' Meeting.

B. EXERCISING THE RIGHT TO VOTE

12. RESTRICTIONS VOTING RIGHTS

Each share entitles its holder to one vote. EDPR's Articles of Association have no restrictions regarding voting rights.

13. VOTING RIGHTS

EDPR's Articles of Association has no reference to a maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship. All shareholders, irrespective of the number of shares that they own, may attend a General Shareholders' Meeting and take part in its deliberations with right to speak and vote.

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

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

Said powers of attorney shall be specific to each General Shareholders' Meeting and can be evidenced, in writing or by remote means of communication, such as mail post.

Shareholders may vote on the meeting's agenda, relating to any matters of the Shareholder's competence, by mail or electronic communication.

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

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

Votes by mail shall be sent in writing to the place indicated on the summon of the meeting, accompanied by the documentation indicated in the Shareholder's Guide. Pursuant to the terms of article 15 of the Articles of Association, mail-in votes must be received by the Company before midnight (24.00 hours) of the day before the scheduled meeting date of the first call.

In order to vote by electronic communication, the shareholders who requested will receive a password within the time limit and in the form established in the call of the General Shareholders' Meeting. Pursuant to the terms of article 15 of the Articles of Association, electronic votes must be received by the Company before midnight of the day before the scheduled meeting date of the first call.

14. DECISIONS THAT CAN ONLY BE ADOPTED BY A QUALIFIED MAJORITY

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

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

EDPR has not established any mechanism that may intend to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share and has not adopted mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.

Concerning the above mentioned and according to the modification introduced on the Spanish Companies Law published on December 24th, 2014, EDPR will present on the next General Shareholders Meeting a proposal to modify the Articles of Association in order to include the changes introduced the new percentage for the valid constitution of the General Shareholders Meeting that are more favourable to the shareholders and more protective of their position.

II. MANAGEMENT AND SUPERVISION

A. COMPOSITION

15. CORPORATE GOVERNANCE MODEL

EDPR is a Spanish Company listed in a regulated stock exchange in Portugal. EDP Renováveis' corporate organization is subject to its personal law and to the extent possible, to the recommendations contained in the Portuguese Corporate Governance Code, ("Código de Governo das Sociedades") approved by the Comissão do Mercado de Valores Mobiliários (CMVM) (Portuguese Securities Market Commission) in July 2013. This governance code is available to the public at CMVM website (www.cmvm.pt).

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

EDPR 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.

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

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

The governance model of EDPR was designed to ensure the transparent, meticulous separation of duties and the specialization of supervision. EDPR' bodies for the management and supervision model are the following:

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

The purpose of the choice of this model is to adapt, to the extent possible, the Company's corporate governance structure to the Portuguese legislation. The governance model adopted by EDPR therefore seeks, as far 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 the Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

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

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

16. RULES FOR THE NOMINATION AND REPLACEMENT OF DIRECTORS

According to Article 29.5 of the Company's Articles of Association, the Nominations and Remunerations Committee is empowered by the Board of Directors to advise and inform the Board regarding nominations (including by co-option), re-elections, dismissal and remuneration of Board Members and of its duties, as well as regarding the composition of the several Committees of the Board. The Committee also advises on the appointment, remuneration and dismissal of top management officers. The Committee proposes the nomination and re-election of the Directors and of the members of the various Committees by presenting a proposal with the names of the candidates that considers having the best qualities to fulfil the role of Board Member. The Board of Directors submit a proposal to the General Shareholders' Meeting, which should be approved by majority for an initial period of three (3) years and may re-elect these members once or more times for further periods of three (3) years.

Pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders may group their shares until constituting an amount of capital equal or higher than the result of dividing the company's capital by the number of Directors, and in such case said shareholders are entitled to nominate a number of Directors equal to the result of the fraction using only whole amounts. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Article 23 of the Articles of Association and 244 of the Spanish Companies Law, the Board of Directors may co-opt a shareholder, who will occupy the position until the next General Shareholders' Meeting, to which a proposal will be submitted for the ratification of said co-option. Pursuant to Article 248 of the Spanish Companies Law, the co-option of Directors must be approved by absolute majority of the Directors at the meeting.

17. COMPOSITION OF THE BOARD OF DIRECTORS

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

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

Board Member	Position	Date of first appointment	Date of re-election	End of term
António Mexia	Chairman	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Vice-Chairman, CEO	18/03/2008	21/06/2011	21/06/2014
Nuno Alves	Director	18/03/2008	21/06/2011	21/06/2014
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
Gabriel Alonso	Director	21/06/2011	-	21/06/2014
João Paulo Costeira	Director	21/06/2011	-	21/06/2014
João Lopes Raimundo	Director	04/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Director	04/06/2008	21/06/2011	21/06/2014
Jorge Santos	Director	04/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Director	04/06/2008	21/06/2011	21/06/2014
Manuel Menéndez Menéndez	Director	04/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director	04/06/2008	21/06/2011	21/06/2014
Gilles August	Director	14/04/2009	21/06/2011	21/06/2014
João Marques da Cruz	Director	16/05/2012	21/06/2011	21/06/2014
Acácio Piloto	Director	26/02/2013	-	21/06/2014
António Nogueira Leite	Director	26/02/2013	-	21/06/2014
José Ferreira Machado	Director	26/02/2013	-	21/06/2014

Despite the fact that the term of office of all the Members of the Board ended on June 21st, 2014, according to the Spanish Law, EDPR's personal law, the Members of the Board maintain their terms in full force till the next Ordinary General Shareholder's Meeting, which is foreseeing to take place on April 9th, 2015.

18. EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

EDPR's Articles of Association, which are available for consultation on the Company's website (www.edpr.com), contains the rules on independence for the fulfilment of duties in any body of the Company. The independence of the Directors is evaluated according to the Company's personal law, the Spanish law.

Following the recommendations of CMVM, Article 12 of the Board of Directors regulations requires that at least twenty-five percent (25%) of the Members of the Board have to be independent. Article 20.2 of EDPR's Articles of Association defines independent members of the Board of Directors as those who are able to perform their duties without being limited by relations with the Company, its shareholders with significant holdings, or its Directors and comply with the other legal requirements.

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

- People who are Directors of or are associated with any competitor of EDPR and those who are related to the above. A Company shall be considered to be a competitor of EDPR if it is directly or indirectly involved in the generation, storage, transmission, distribution, sale, or supply of electricity or combustible gases and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its Group, and Directors, employees, lawyers, consultants, or representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;
- People who are in any other situation of incompatibility or prohibition under the law or Articles of Association. Under Spanish law, people, among others, who are i) aged under eighteen (18) years, (ii) disqualified, iii) competitors; (iv) convicted of certain offences, or (v) hold certain management positions are not allowed to be Directors.

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

The following table includes the executive, non-executive and independent members of the Board of Directors. The independent members mentioned below meet the independence and incompatibility criteria's required by the law and the Articles of Association.

Board Member	Position	Independent
António Mexia	Chairman and Non-Executive Director	-
João Manso Neto	Executive Vice-Chairman and Executive Director	-
Nuno Alves	Executive Director	-
Rui Teixeira	Executive Director	-
Gabriel Alonso	Executive Director	-
João Paulo Costeira	Executive Director	-
João Lopes Raimundo	Non-Executive Director	Yes
João Manuel de Mello Franco	Non-Executive Director	Yes
Jorge Santos	Non-Executive Director	Yes
José Araújo e Silva	Non-Executive Director	Yes
Manuel Menéndez Menéndez	Non-Executive Director	-
Rafael Caldeira Valverde	Non-Executive Director	Yes
Gilles August	Non-Executive Director	Yes
João Marques da Cruz	Non-Executive Director	-
Acácio Piloto	Non-Executive Director	Yes
António Nogueira Leite	Non-Executive Director	Yes
José Ferreira Machado	Non-Executive Director	Yes

19. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

The positions held by the members of the Board of Directors in the last five (5) years, those that they currently hold, positions in Group and non-Group companies and other relevant curricular information is available in the Annex of this Report.

20. FAMILY, PROFESSIONAL AND BUSINESS RELATIONSHIPS OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH QUALIFYING SHAREHOLDERS

Qualifying Shareholders in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. As of December 31st 2014, and as far as the Company was informed, there are no family or business relationships of Members of the Board of Directors with qualifying shareholders but only professional relationships due to the fact that some of the Members of EDPR's Board of Directors are currently Members of the Board of Directors in other companies belonging to the same group as EDP Energias de Portugal S.A., which are the following:

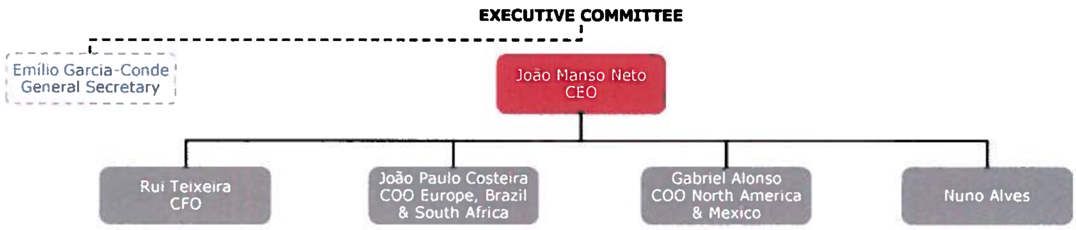
- António Mexia;
- João Manso Neto;
- Nuno Alves;
- Manuel Menéndez Menéndez;
- João Marques da Cruz.

Or employees in other companies belonging to EDP's group, which are the following:

- Rui Teixeira;
- João Paulo Costeira.

21. MANAGEMENT STRUCTURE

According to the Spanish Law and Spanish companies' practices, the daily management of the business is guaranteed by a Chief Executive Officer who is empowered to ensure the day-to-day management of the Company. This type of organization is different from what occurs on the Portuguese companies in which a "Conselho de Administração Executivo" takes the assignment of areas of business and each Executive Director is responsible to and for an area of business.



B. FUNCTIONING

22. BOARD OF DIRECTORS REGULATIONS

EDPR's Board of Directors Regulations is available to the public on the Company's website at www.edpr.com and at the Company's headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

23. NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS

The Board of Directors held six (6) meetings during the year ending on December 31st, 2014. Minutes of all meetings were drawn. The table below expresses the attendance percentage of the participation of the Directors to the meetings held during 2014:

Board Member	Position	Attendance
António Mexia	Chairman and Non-Executive	83.5%
João Manso Neto	Executive Vice-Chairman and CEO	100%
Nuno Alves	Executive	100%
Rui Teixeira	Executive	100%
Gabriel Alonso	Executive	83.5%
João Paulo Costeira	Executive	100%
João Lopes Raimundo	Non-Executive and Independent	83.5%
João Manuel de Mello Franco	Non-Executive and Independent	100%
Jorge Santos	Non-Executive and Independent	100%
José Araújo e Silva	Non-Executive and Independent	100%
Manuel Menéndez Menéndez	Non-Executive	83.5%
Rafael Caldeira Valverde	Non-Executive and Independent	83.5%
Gilles August	Non-Executive and Independent	66.8%
João Marques da Cruz	Non-Executive	66.8%
Acácio Piloto	Non-Executive and Independent	100%
António Nogueira Leite	Non-Executive and Independent	83.5%
José Ferreira Machado	Non-Executive and Independent	100%

The percentage reflects the meetings physically attended by the Members of the Board. During 2014, none of the Members of Board who could not attend a meeting has delegated its voting rights on other Member of the Board.

24. COMPETENT BODY FOR THE PERFORMANCE APPRAISAL OF EXECUTIVE DIRECTORS

The Nominations and Remunerations Committee is the body responsible for the evaluation of the performance of the Executive Directors. According to Article 249 of the Spanish Companies Law, the Board of Directors supervises de effective functioning of its Committees and as well as the performance of the delegated bodies and Directors designated.

25. PERFORMANCE EVALUATION CRITERIA

The criteria's for assessing the Executive Directors' performance are described on topics 70, 71 and 72 of the Report.

26. AVAILABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

EDPR's members of the Board of Directors are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with other positions. The positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of the Board of Directors throughout the financial year are listed in the Annex of this report.

C. COMMITTEES WITHIN THE BOARD OF DIRECTORS OR SUPERVISORY BOARD AND BOARD DELEGATES

27. BOARD OF DIRECTORS' COMMITTEES

Pursuant to Article 10 of the Company's Articles of Association the Board of Directors may have delegated bodies. The Board of Directors has created four Committees:

- Executive Committee
- Audit and Control Committee
- Nominations and Remunerations Committee
- Related-Party Transactions Committee

The Board of Directors' Committees regulations are available to the public at the Company's website, www.edpr.com.

28. EXECUTIVE COMMITTEE COMPOSITION

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no less than four (4) and no more than seven (7) Directors.

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

The Board of Directors established the number of members of the Executive Committee of five (5), plus the Secretary. The current members are:

- João Manso Neto, who is the Chairman and CEO
- Nuno Alves
- Rui Teixeira
- Gabriel Alonso
- João Paulo Costeira

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

29. COMMITTEES COMPETENCES

EXECUTIVE COMMITTEE

FUNCTIONING

In addition to the Articles of Association, this committee is also governed by its regulations approved on June 4th, 2008 and amended on April 23rd, 2013. The committee regulations are available to the public at www.edpr.com.

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

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

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

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

The composition of the Executive Committee is described on the previous topic.

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

- Election of the Chairman of the Board of Directors;
- Nomination of Directors by co-option;
- Request to convene or convening of General Shareholders' Meetings;
- Preparation and drafting of the Annual Management Report and Accounts and submission to the General Shareholders' Meeting;

- Change of registered office; and
- Drafting and approval of the proposal for mergers, spin-off, or transformation of the Company.

2014 ACTIVITY

In 2014 the Executive Committee held 49 meetings. The Executive Committee main activity is the daily management of the Company.

AUDIT AND CONTROL COMMITTEE

COMPOSITION

Pursuant to Article 28 of the Company's Articles of Association and Articles 8 and 9 of the Committee's Regulations, the Audit and Control Committee consists of no less than three (3) and no more than five (5) members.

According to Article 28.5 of the Articles of Association the term of office of the Chairman of the Audit and Control Committee is three (3) years after which may be re-elected for another term of three (3) years. João Manuel de Mello Franco was first elected on 2008 and re-elected on 2011.

Considering that on June 21st, 2014 João Manuel de Mello Franco ended the term of his office as Chairman of the Audit and Control Committee, the Board of Directors decided on its meeting held on April 8th, 2014 to nominate Jorge Santos for the position of Chairman of the Audit and Control Committee, following the opinion presented by the Nominations and Remuneration Committee.

João Manuel de Mello Franco remains as member of the Audit and Control Committee according to Article 28.5 of the Articles of Association.

The Audit and Control committee consists of three (3) independent members, plus the Secretary. As of December 31st, 2014, the members of the Audit and Control Committee are:

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

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

COMPETENCES

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

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

FUNCTIONING

In addition to the Articles of Association and the law, this committee is governed by its regulations approved on June 4th, 2008 and amended on May 4th, 2010 available to the public at www.edpr.com.

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

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

2014 ACTIVITY

In 2014, the Audit and Control Committee's activities included the following:

- Monitor the closure of quarterly accounts, the first half-year and year-end accounts, to familiarize itself with the preparation and disclosure of financial information, internal audit, internal control and risk management activities;
- Analysis of relevant rules to which the committee is subject in Portugal and Spain;
- Assessment of the external auditor's work, especially concerning with the scope of work in 2014 and approval of all "audit related" and "non-audit" services;
- Supervision of the quality and integrity of the financial information in the financial statements and participation in the Executive Committee meeting at which these documents were analysed and discussed;
- Drafting of an opinion in the individual and consolidated annual reports and accounts, in a quarterly, half year and yearly basis;
- Pre-approval of the 2014 Internal Audit Action Plan;

- Supervision of the quality, integrity and efficiency of the internal control system, risk management and internal auditing;
- Reflection on the corporate governance system adopted by EDPR;
- Analysis of the evolution of the SCIRF project;
- Information about the whistle-blowing;
- Quarterly and annual report of its activities.

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

A report on the activities of the Audit and Control Committee in the year ended on December 31st, 2014 is available to shareholders at www.edpr.com.

NOMINATIONS AND REMUNERATIONS COMMITTEE

COMPOSITION

Pursuant to Article 29 of the Company's Articles of Association and Articles 8 and 9 of its Regulations, the Nominations and Remunerations Committee shall consist of no less than three (3) and no more than six (6) members. At least one of its members must be independent and shall be the Chairman of the committee.

The members of the committee shall not be members of the Executive Committee. The Nominations and Remunerations Committee is constituted by independent members of the Board of Directors, in compliance with Recommendation 49 of the Unified Code of Good Governance (Código Unificado de Buen Gobierno), as amended by CNMV Circular 4/2007 of December 27th. The code lays down that the Nominations and Remunerations Committee must be entirely constituted by external Directors numbering no fewer than three (3). As it is made up of independent Directors (in Spain the committee may only be comprised of Directors), it complies to the extent possible with the recommendation indicated in chapter II.3.1 of the Portuguese Code of Corporate Governance.

On April 8th, 2014 the Board of Directors approved adjustments to the Nominations and Remunerations Committee. João Manuel de Mello Franco was elected Chairman of the Nominations and Remunerations Committee as Jorge Santos resigned. Below is the new composition of the Committee.

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

The current members are:

- João Manuel de Mello Franco, who is the Chairman
- António Nogueira Leite
- Rafael Caldeira Valverde

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

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

The committee members shall maintain their positions for as long as they are Company Directors.

Nonetheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while still remaining Company Directors.

COMPETENCES

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

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

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

FUNCTIONING

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

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

2014 ACTIVITY

In 2014 the Nominations and Remunerations Committee activities were:

- Performance evaluation of the Board of Directors and the Executive Committee;
- Drafting update and consequent approval of the Performance Evaluation and Remuneration Model for 2014-2016;
- Drafting of the Remuneration Policy to propose to the Board of Directors and to be approved at the General Shareholders Meeting;
- Annual Report of their activities.

RELATED-PARTY TRANSACTIONS COMMITTEE

COMPOSITION

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

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

The Related-Party Transactions committee consists of two (2) independent members and one (1) non-independent member, as described above, plus the Secretary.

The current members are:

- José Ferreira Machado, who is the Chairman
- João Manuel de Mello Franco
- Nuno Alves

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

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

COMPETENCES

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

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDPR or related entities and EDP or related entities;
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDPR Group and the EDP Group and the transactions between related entities during the fiscal year in question;
- Ratifying transactions between EDPR and/or related entities with EDP and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds € 5,000,000 or represents 0.3% of the consolidated annual income of the EDPR Group for the fiscal year before;
- Ratifying any modification of the Framework Agreement signed by EDPR and EDP on May 7th, 2008;
- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDPR and related entities with EDP and related entities;
- Asking EDP for access to the information needed to perform its duties;
- Ratifying, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to € 1,000,000;
- Ratifying, in the correspondent terms according to the necessities of each specific case, the transactions between Board Members, "Key Employees" and/or Family Members with entities from EDP Renováveis Group whose annual value is superior to € 75,000.

In case the Related Party Transactions Committee does not ratify the commercial or legal relations between EDP or its related entities and EDP Renováveis and its related entities, as well as those related with Qualifying Holders other than EDP, Board Members, "Key Employees" and/or there Family Members, such relations must be approved by 2/3 of the members of the Board of Directors as long as half of the members proposed by entities different from EDP, including independent Directors, vote favourably, except when a majority of members expresses its approval prior to submitting the matter to the Related Party Transactions Committee for its approval.

The terms of part 1 above shall not apply to transactions between EDP or its related entities and EDP Renováveis or its related entities carried out under standardized conditions and are applied equally to different related entities of EDP and EDP, even standardized price conditions.

FUNCTIONING

In addition to the Articles of Association, the Related-Party Transactions Committee is governed by its regulations approved on June 4th, 2008 and amended on February 28th, 2012. The committee's regulations are available at www.edpr.com.

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

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

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

2014 ACTIVITY

In 2014, the Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

Chapter E – I, topic 90, of this report includes a description of the fundamental aspects of the agreements and contracts between related parties.

III. SUPERVISION

A. COMPOSITION

30. SUPERVISORY BOARD MODEL ADOPTED

EDPR's governance model, as long as it is compatible with its personal law, the Spanish law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

31. COMPOSITION OF THE AUDIT AND CONTROL COMMITTEE

Composition of Audit and Control Committee is reflected on topic 29. The term of office and the dates of first appointment of the members of the Audit and Control Committee are available on the chart of topic 17.

32. INDEPENDENCE OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Information concerning the independence of the members of the Audit and Control Committee is available on the chart of topic 18 of the report. As mentioned on the first paragraph of topic 18, the independence of the members of the Board and of its Committees is evaluated according to the Company's personal law, the Spanish law.

33. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Professional qualifications of each member of the Audit and Control Committee and other important curricular information, are available in the Annex of this report.

B. FUNCTIONING

34. AUDIT AND CONTROL COMMITTEE REGULATIONS

The Audit and Control Committee regulations are available to the public at the Company's website, www.edpr.com and at the Company's headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

35. NUMBER OF MEETINGS HELD BY THE AUDIT AND CONTROL COMMITTEE

In 2014, the Audit and Control Committee held fifteen (15) meetings, six (6) of those meetings were plenary and the other nine (9) were with the different departments whose activity development was discussed with the Committee. On September 6th and 7th, 2014, the Chairman of the Audit and Control Committee visited EDPR Poland and met with the local teams.

The Audit and Control Committee also attended three meetings organized by EDP's General Supervisory Board and participated in September on the Annual Meeting of the Audit and Control Committees' of EDP's Group.

The following table shows the attendance percentage to the meetings of the Audit and Control Committee by its members:

Member	Position	Attendance
Jorge Santos	Chairman	100%
João Manuel de Mello Franco	Vocal	83.5%
João Lopes Raimundo	Vocal	83.5%

36. AVAILABILITY OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

The members of the Audit and Control Committee are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with positions in other companies. The positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of this Committee throughout the financial year is listed in the Annex of this report.

C. POWERS AND DUTIES

37. PROCEDURES FOR HIRING ADDITIONAL SERVICES TO THE EXTERNAL AUDITOR

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation IV.2 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2014.

The services, other than auditing services, provided by the External Auditor and entities in a holding relationship with or incorporated in the same network as the External Auditor were previously approved by the Audit and Control Committee according to Article 8.2, b) of its Regulations and upon review of each specific service, which considered the following aspects: (i) such services having no effect on the independence of the External Auditor and any safeguards used; and (ii) the position of the External Auditor in the provision of such services, notably the External Auditor's experience and knowledge of the Company.

Furthermore, although hiring services other than auditing services to the External Auditor is admissible, it is envisaged as an exception. In 2014 such services reached only around 5% of the total amount of services provided to the Company.

38. OTHER DUTIES OF THE AUDIT AND CONTROL COMMITTEE

Apart from the competences expressly delegated on the Audit and Control Committee according to Article 8 of its Regulations and in order to safeguard the independence of the External Auditor, the following powers of the Audit and Control Committee were exercised during the 2014 financial year and should be highlighted:

- Nominate and hire the External Auditor and responsibility for establishing their remuneration as well as pre-approval of any services to be hired from the External Auditor and perform its direct and exclusive supervision;
- Assessment of the qualifications, independence, and performance of the External Auditors, and obtaining, yearly and directly from the External Auditors, written information on all relations existing between the Company and the Auditors or associated persons, including all services rendered and all services in progress; in fact, the Audit Committee, in order to evaluate independence, obtained from the External Auditors information on their independence in light of article 62B of Decree-Law no. 224/2008 of 20 November 2008, which amends the articles of association of the Chartered Accountant Professional Association;
- Review of the transparency report, signed by the Auditor and disclosed at its website. This report covers the matters provided for under article 62A of Decree-Law no. 224/2008, including those regarding the quality control internal system of the audit firm and the quality control procedures carried out by the competent authorities;
- Definition of the Company's hiring policy concerning persons who have worked or currently work with the External Auditors;
- Review, with the External Auditors, of the scope, planning, and resources to be used in their services;
- Responsibility for the settlement of any differences between the Executive Committee and the External Auditors concerning financial information;
- Contracts signed between EDPR and its Qualified Shareholders that were analysed by the Audit and Control Committee. This information is included on the annual report of the Audit and Control Committee regarding those cases that needed a previous opinion from the committee.

Within this context, it should be particularly stressed that the External Auditor' independence was safeguarded by the implementation of the Company's policy for the pre-approval of the services to be hired to External Auditors (or any entity in a holding relationship with or incorporating the same network as the External Auditors), which results from the application of the rules issued by SEC on this matter. According to such policy, the Audit and Control Committee makes an overall pre-approval of the services proposal made by the External Auditors and a specific pre-approval of other services that will eventually be provided by the External Auditors, particularly tax consultancy services and services other than "audit and audit related" services.

IV-V. STATUTORY AND EXTERNAL AUDITORS

39-41. According to the Spanish law, the External Auditor ("Auditor de Cuentas") is nominated by the General Shareholders' Meeting and corresponds to the statutory auditor body ("Revisor Oficial de Contas") described on the Portuguese Law. Consequently, the information regarding points 39 to 41 is available on chapter V of the report, points 42 to 47.

42. EXTERNAL AUDITOR IDENTIFICATION

The External Auditor is, since 2007, KPMG Auditores S.L., a Spanish Company, whose partner in charge of EDPR accounts auditing is, since January 2014, Estibaliz Bilbao. Estibaliz Bilbao replaced the previous partner, Ana Fernandez Poderós, due to the limitation imposed by article 19.2 of the "Ley de Auditoría de Cuentas" of a seven year term for the partner in charge of the accounts auditing which ended in 2013. KPMG Auditores S.L. is registered at the Spanish Official Register of Auditors under number S0702 and with Tax Identification Number B-78510153.

43. NUMBER OF YEARS OF THE EXTERNAL AUDITOR

KMG Auditores S.L. is in charge of EDPR's accounts auditing having carried these duties for the last eight consecutive years.

44. ROTATION POLICY

According to CMVM's Recommendation IV.3 of its 2013 Corporate Governance Code, the companies shall rotate the auditor after two or three terms whether they are of four or three years, respectively, being the maximum nine years. As of December 31st, 2014, KPMG Auditores S.L. has ended its eight (8th) consecutive year as EDPR's External Auditor, therefore compliant with Recommendation IV.3 of the Portuguese Corporate Governance Code. According to the Spanish Law, EDPR's personal law, there is no limitation to the rotation of the auditing firm but only to the responsible partner, as described in topic 42.

45. EXTERNAL AUDITOR EVALUATION

The Audit and Control Committee is responsible for the evaluation of the External Auditor according to the competences granted by its Regulations. The evaluation of the Audit and Control Committee is made once a year. The Audit and Control Committee acts as the company speaker for the relevant matters with the External Auditor and establishes a permanent contact throughout the year to assure the conditions, including the independence, adequate to the services provided by them related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects. In 2014, according to the Audit and Control Committee's competences and in line with Recommendations II.2.2, it was the first and direct recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time. The External Auditor within the scope of its duties, verified the implementation of the remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.

46. NON-AUDIT SERVICES CARRIED OUT BY THE EXTERNAL AUDITOR

According to the rules described on topic 29 of this Report, in EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection non-audit services according to Article 8.2, b) of the Audit and Control Committee Regulations.

Below are the details of non-audit services provided during 2014 by the External Auditor for EDPR's business units:

- Tax and accounting due diligence services for the acquisition of a new wind farm;
- KPMG's assistance in the process of IRS tax examination;
- KPMG's assistance in the process of IRS tax examination for the 2009 tax year;
- Tax services to prepare six technical memos on PTC qualification for six wind farms.

KPMG was engaged to provide the above mentioned services due to it's in depth knowledge of the group activities and tax related matters. These engagements did not risk the independence of the External Auditor and were pre-approved by the Audit and Control Committee prior to rendering the services.

47. EXTERNAL AUDITOR REMUNERATION IN 2014

€ thousand	Portugal	Spain	Brazil	US	Other	Total	%
Audit and statutory audit	141.6	588.4	137.8	760.3	631.6	2,259.8	86%
Other assurance and reliability services (*)	-	228.6	-	-	16.7	245.3	6%
Sub-total audit related services	141.6	817	137.8	760.3	648.4	2,505.1	92%
Tax consultancy services	-	53	-	135.2	-	188.2	7%
Other services unrelated to statutory auditing	10.5	-	-	-	3.0	13.5	1%
Sub-total non-audit related services	10.5	53	-	135.2	3.0	201.8	8%
Total	152.1	870	137.8	895.5	651.4	2,706.8	100%

PART I:
INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments to the Articles of Association of the Company are of the responsibility of the General Shareholders' Meeting who has the power to decide on this matter. According to Article 17 of the Company's Articles of Association ("Constitution of the General Shareholders' Meeting, Adoption of resolutions"), to validly approve any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need:

- On first call, that the Shareholders either present or represented by proxy, represent at least fifty percent (50%) of the subscribed voting capital.
- On second call, that the Shareholders either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital.

In the event the shareholders attending represent less than fifty percent (50%) of the subscribed voting capital, the resolutions referred to in the present paragraph will only be validly adopted with the favourable vote of two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting.

On December 24th, 2014, entered into force the new wording of the Spanish Companies Law ("Ley de Sociedades de Capital"), Ley 31/2014, with modifications regarding the amendments of the Articles of Association that will be proposed on the next General Shareholders' Meeting to be introduced on EDPR's Articles of Association.

II. REPORTING OF IRREGULARITIES

49. IRREGULARITIES COMMUNICATION CHANNELS

WHISTLEBLOWING

EDPR has always carried out its activity by consistently implementing measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance.

EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their Company, in compliance with the provisions of CMVM Regulation no. 4/2013.

With this channel for reporting irregular accounting and financial practices, EDPR aims:

- Guaranteeing conditions that allow workers to freely report any concerns they may have in these areas to the Audit and Control Committee;
- Facilitating the early detection of irregular situations, which, if practised, might cause serious damage to the EDPR Group, its workers, customers, and shareholders.

Contact with the Company's Audit and Control Committee is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. S/he will be assured that the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information, or assist in an investigation.

The Secretary of the Audit and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2014 there were no communications regarding any irregularity at EDPR.

ETHICS CHANNEL AND CODE OF ETHICS

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

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing. On February 2014, the Board of Directors approved an updated version of the Code of Ethics.

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

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

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

In 2014 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR.

ANTI-BRIBERY POLICY

In order to ensure compliance with the standards of Anti-bribery Regulation in every geography where

EDPR operates, the Company has developed an Anti-Bribery Policy of application to all EDPR Group, which was approved by its Board of Directors on December 19th, 2014. This Anti-Corruption Policy will involve a series of new procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. This Policy will be implemented in the Group throughout 2015.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. INTERNAL AUDIT

EDPR Internal Audit Department is composed by six people. The function of EDPR's Internal Audit is to carry out an objective and independent assessment of the Group's activities and of its internal control situation, in order to make recommendations to improve the internal control mechanisms over systems and management processes in accordance with the Group's objectives.

Additionally, EDPR has a Responsibilities Model and a SCIRF Manual (Internal Control System over Financial Reporting), in which individuals, governing bodies and committees responsible for implementing and managing the internal control system are indicated.

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

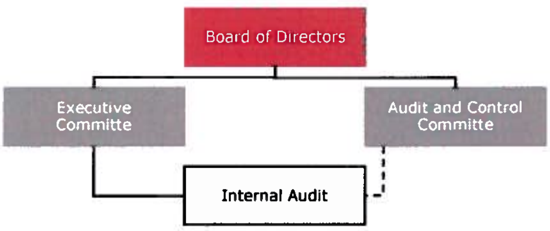
The SCIRF Manual incorporates the general principles of the Internal Control System over Financial Reporting, as well as the methodology used, the procedures for ensuring the effectiveness of internal control and design of models, documentation, evaluation and reporting.

In line with the general principles of the model adopted by EDPR for the management of the SCIRF, the COSO Internal Control Integrated Framework 2013 (Committee of Sponsoring Organizations of the Treadway Commission), the responsibility for overseeing the Internal Control System lies in the Board of Directors and the Audit and Control Committee. The CEO is accountable before the Board, must ensure the proper functioning and effectiveness of the SCIRF, promoting its design, implementation and maintenance. The Executive Committee must support the CEO in this task, guiding the development of the Entity Level Controls of the Company and the controls in their areas of responsibility, relying when necessary on other levels of the organization. Also, the Senior Managers are responsible for evaluating any deficiencies and implementing appropriate improvement opportunities.

To fulfil these responsibilities, EDPR's Internal Audit offers support and advice to the management and development of the SCIRF.

51. ORGANIZATIONAL STRUCTURE OF INTERNAL AUDIT

The Internal Audit function in EDPR Group is a corporate function carried out by the Internal Audit Department, that reports both to the Chairman of EDPR's Executive Committee and to EDPR's Audit and Control Committee.



52. RISK MANAGEMENT

EDPR's Risk Management is as an integrating element of all organizational processes and decisions and not a stand-alone activity separated from the main activities of the company. It includes from strategic planning to evaluation of new investments and contracts.

Risk Management at EDPR is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

Market, credit and operational risks are identified and assessed and, following the result of the assessment, Risk Policies are defined and implemented across the company. These policies are aimed to mitigate risks without compromising potential opportunities, thus, optimizing return versus risk exposure.

During 2014, EDPR defined or reviewed three new Global Risk Policies: Counterparty Risk Policy, Interest Rate Risk Policy and Operational Risk Policy. These policies are already implemented or will be implemented throughout 2015.

53. RISK AREAS AND RISK FACTORS

Risk Management at EDPR is focused on covering all market, credit and operational risks of the company. In order to have a holistic view of risks, they were grouped in Risk Areas following EDPR's business cycle. The following list summarizes Risk Areas defined within EDPR:

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; or to fulfil its financial obligations due to changes in exchange rates or bankruptcy of counterparties;

4. Wind turbine contracts - Changes in turbine prices may impact projects' profitability; or there may not be sufficient turbine supply to build planned wind farms;

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 due to turbine availability; financial results can be impacted by human errors.

Within each Risk Area, risks are classified in Risk Groups and finally into Risk Factors. Risk factors are the source of the risk and the purpose of Risk Management at EDPR is to measure, control and eventually mitigate all risk factors that affect the company.

1. Countries and regulations

1. i) Country Risk

Country Risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political or natural disasters. EDPR has defined a Country Risk Policy that assesses country risk through an internal scoring based on publicly available data. This internal scoring is compared with external assessments from renowned parties. Each risk factor affecting country risk is evaluated independently to decide on potential mitigating actions:

- Macroeconomic Risk: Risks from the country´s economic evolution, affecting revenue or cost time of the investments
- Political Risk: All possible damaging actions or factors for the business of foreign firms that emanate from any political authority, governmental body or social group in the host country
- Natural disaster risk: Natural phenomena (seismicity, weather) that may impact negatively in the business conditions.

Before approving a new project in a new geography, EDPR analyses the risk of the new country and compares it to our existing portfolio. Mitigation measures may be decided when this risk is above a certain threshold.

1. ii) Regulatory Risk

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

Remuneration schemes have become less competitive in some countries due to the financial crisis and it cannot be guaranteed that current support will be maintained in all EDPR's geographies or that future renewable energy projects will benefit from current support measures. Regulation promoting green energy has been revised or is under revision in some of the countries where EDPR is present.

In the US, renewable generation from wind has been incentivized through Production Tax Credits (PTC) at a Federal level for projects demonstrating beginning of construction before end of 2014. Additionally, it is still incentivized through State RPS Programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation.

EDPR is managing its exposure to regulatory risks through diversification by being present in several countries and through participation as an active member in several wind associations.

Regulatory Risk in each of EDPR's countries is monitored continuously, considering current regulation, potential drafts of new laws, feedback from associations, evolution of installed renewable generation capacity and other inputs. EDPR has developed an internal quantitative assessment of Regulatory Risk that serves as an indicator for changes in supporting schemes. This measure is updated annually in all EDPR´s geographies.

Regulatory Risk is also considered ex-ante at the moment of the investment, through sensitivity analyses that are performed to evaluate its impact in project profitability under different scenarios.

2. Revenues

2. i) Market price risk

EDPR faces limited electricity 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 those countries with no regulated tariffs, power purchase agreements are negotiated with different offtakers to eliminate electricity and Green Certificate or REC price risks.

Despite EDPR's strategy of eliminating market price risk, EDPR still has some wind farms with merchant exposure.

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Portugal, France and Italy) 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). EDPR is also developing investment activity in the UK, where current incentive system is based on green certificates but will change to a feed in tariff.

In countries with a pre-defined regulated premium or a green certificate scheme, EDPR is exposed to electricity price fluctuations. Considering current PPAs in place, EDPR is exposed to electricity price risk in Romania, in Poland and partially in Spain. Additionally, in European countries with a green certificate scheme (Romania and Poland), EDPR is exposed to fluctuation on the price of green certificates.

The US market does not provide a regulated framework system for the electricity price. Nevertheless, renewable generation is incentivized through PTCs (Production Tax Credits) and regional RPS programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation. REC prices are very volatile and depend on the regional supply/demand equilibrium in the relevant market.

Most of EDPR's capacity in the US has predefined prices determined by bundled (electricity + REC) long-term contracts with local utilities in line with the Company's policy of avoiding market price risk. Despite existing long term contracts, some EDPR's wind farms in the US do not have PPA and are selling merchant with exposure to electricity and REC price risks. Additionally, some wind farms with existing PPAs do not sell their energy where it is produced and are therefore exposed to basis risk (different in price between the location where energy is produced and that where energy is sold).

In Ontario (Canada), the selling price is defined by a long term feed-in-tariff, thus, there is no electricity price exposure.

In Brazilian operations, the selling price is defined through a public auction which is later translated into a long-term contract. Electricity price exposure is almost null, with little exposure for the production above or below the contracted production.

Under EDPR's global approach to minimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the pre-defined limits (measured through EBITDA at risk, Net Income at risk and total merchant exposure).

EDPR intends to eliminate Green Certificates and REC price risk with the signing of bundled PPAs with private offtakers, which include the sale of the electricity and the Green Certificate or REC. In some cases, the offtaker may be interested in contracting only the Green Certificate or the REC, thus a GCPA (Green Certificate Purchase Agreement) or a RECPA (REC Purchase Agreement) is signed. During 2014, EDPR signed or reviewed PPAs in Europe for 716 MW and in the US for 459 MW.

In those geographies with remaining merchant exposure, EDPR uses various commodity hedging instruments in order to minimize the exposure to fluctuating market prices. In some cases, due to the lack of liquidity of financial derivatives, it may not be possible to successfully hedge all merchant exposure (i.e. no financial derivatives exist for green certificates nor RECs).

In 2014, EDPR financially hedged most of its generation in Poland and Romania. In Spain, hedges were distributed along 2014 but unhedged volumes were affected by significant low prices in Q1.

As aforementioned, some US wind farms have exposure to electricity price risk or basis risk (difference in electricity price between locations). EDPR hedges electricity price and basis exposures through financial swaps or FTR (Financial Transmission Rights).

The market of GCPA or RECPA is very illiquid and few financial derivatives exist for Green Certificates nor RECs. Therefore, all exposure to Green Certificates or REC prices cannot be eliminated.

2. ii) Energy Production Risk

The amount of electricity generated by EDPR's wind farms is dependent on weather conditions, which vary across locations, from season to season and from year to year. Variation on the amount of electricity that is generated affects EDPR's operating results and efficiency.

Not only the total wind production in a specific location is relevant, but also the profile of production. Wind usually blows more at night than at daytime, when energy prices are lower. Generation profile will affect the discount in price of a wind farm versus a baseload generation.

Finally, curtailment of a wind farm will also affect its production. Curtailment occurs when the production of a wind farm is stopped by the TSO (Transmission System Operators) for external reasons to the company. Examples of cases of curtailment are upgrades in transmission lines, high level of renewable generation production with low demand (very exceptional).

EDPR mitigates wind resource volatility and seasonality through geographical diversification of its asset base in different countries and regions.

• EDPR acknowledges the correlation between different wind farms in its portfolio that allows for this geographical diversification, which enables EDPR to partially offset wind variations in each region and to keep the total energy generation relatively steady. Currently, EDPR is present in 12 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK (no generation), Italy, US, Canada, Brazil and Mexico (no generation).

• In some geographies there is an inverse correlation between wind volume and electricity price, implying a natural hedge.

EDPR has analysed in detail the potential use of financial products to hedge wind risk, and EDPR might use this product to mitigate risk in specific cases.

Profile risk and curtailment risk are managed ex-ante. For every new investment, EDPR factors the effect that expected generation profile and curtailment will have on the output of the wind farm. Generation profile and curtailment of EDPR's wind farms are constantly monitored by Risk department to detect potential future changes.

3. Financing

3. i) Risks related to financial market

EDPR finances its wind farms through project finance or corporate debt. In both cases, a variable interest rate might imply significant fluctuations in interest payments.

On the other hand, due to EDPR's presence in several countries, revenues denominated in different currencies. Consequently, exchange rate fluctuations may have a material adverse effect on financial results.

3. i) a) Interest rate risk

Given the policies adopted by EDPR Group, current exposure to variable interest rate is not significant and financial cash flows are substantially independent from the fluctuation of interest rates.

The purpose of interest rate risk management policies is to reduce the exposure of long term debt cash flows to market fluctuations, mainly by contracting long term debt with a fixed rate.

• When long term debt is issued with floating rates, EDPR settles derivative financial instruments to swap from floating to fixed rate.

• EDPR has a portfolio of interest-rate derivatives with maturities of up to 13 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are periodically performed.

Taking into account risk management policy and approved exposure limits, the Finance team identifies, evaluates, and submits the financial strategy appropriate to each project/location for the Executive Committee's approval. Global Risk Area supports the Finance team in interest rate hedging decisions.

Repricing calendar of debt is continuously monitored together with interest rates in order to detect good timing for interest rate hedging.

3. i) b) Exchange rate risk

EDPR has international operations and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currently, currency exposure is to U.S. dollar, Romanian leu, Polish zloty, Brazilian real, British pound and Canadian dollar.

EDPR hedges risk against currency fluctuations by financing in the same currency as the revenues of the project. When local financing is not available, EDPR hedges debt cash flows though cross currency interest rate swaps.

EDPR also contracts foreign exchange forwards to hedge the risk in specific transactions, mainly in payments to suppliers which may be denominated in different currencies.

EDPR's hedging efforts minimize exchange rate volatility, but do not eliminate completely this risk due to high costs associated to hedging FX in certain situations.

3. ii) Counterparty Risk

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss could occur, either a direct economic loss if the transaction has a positive value at the moment of default (counterparty credit risk) or a replacement cost due to change of the counterparty (counterparty operational risk).

During 2014, EDPR updated its Global Counterparty Risk Policy to account for Counterparty Operational Risk. It is now implemented across the company.

3. ii) a) Counterparty Credit Risk

If the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default, an economic loss would occur.

To control credit risk at EDPR, thresholds of Expected Loss and Unexpected Loss are established as defined in Basel Standards and re-evaluated monthly. If threshold is surpassed by any counterparty or by the company as a whole, mitigation measures are implemented in order to remain within the pre-established limit.

3. ii) b) Counterparty Operational Risk

If the transactions or portfolio of transactions with the counterparty does not have a positive economic value at the time of default, it will impact operations. Despite no direct loss at the time of default, the replacement of the counterparty could imply a cost to EDPR due to potential delays, higher contract value with a new counterparty (replacement costs), etc.

Construction and O&M subcontractors are counterparties to which EDPR is exposed from an operational point of view.

To minimize the probability of incurring in potential replacement costs with counterparties, EDPR´s policy concerning counterparty operational risk is managed by an analysis of the technical capacity, competitiveness, credit notation and replacement cost of the counterparty.

3. iii) Liquidity Risk

Liquidity risk is the risk of EDPR not meeting its financial obligations.

EDPR's strategy to manage liquidity risk is to ensure that its liquidity is sufficient to meet financial liabilities when due, under both normal and stressed conditions, and without incurring unacceptable losses or risking damage to EDPR's reputation. Different funding sources are used such as Tax Equity investors, multilateral organizations, project finance, corporate debt and asset rotation.

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).

4. Wind turbine contracts

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 dramatically affect development of new projects and their profitability.

WTG represents on average 70 to 80% of an onshore wind farm capital expenditure, and around 40% of an offshore wind farm.

4. i) Wind Turbine Price Risk

Price of wind turbines is affected, not only by market fluctuations of the materials used in the turbines, but also by the demand of wind turbines.

For every new project, EDPR secures the demand risk that might increase price of the turbines.

With regards to market risk of the materials used to manufacture wind turbines, an escalation formula is negotiated with wind turbine manufacturers. EDPR might hedge some of the market exposure of this escalation formula if exposure is above a pre-established limit and the market is liquid.

4. ii) Wind Turbine Supply Risk

The demand for new wind farms may offset the offer of turbines by WTG manufacturers. Currently, the local component requirement in some geographies (Ex: Brazil) creates this shortfall situation.

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

For geographies with specific requirements of local component, EDPR does not engage in a project before securing the supply of wind turbines.

5. Pipeline

5. i) Development Risk

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, EDPR acknowledges a trend for legislations to align towards concentrating the most restrictive rules and development risks on the consenting (environmental and urban permissions) and interconnection (connection of the wind farm to the national grid).

In this context, EDPR's experience gathered in different countries is useful to anticipate and deal with similar situations in other countries.

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables, such as choice of locations, lay-out, etc, the objective is to make our projects more resilient to permitting risks.

Additionally, EDPR mitigates development risk by generating optionality, with development activities in 12 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada, Brazil and Mexico) and a portfolio of projects in several stages of maturity. EDPR has a large pipeline of projects that provide a "buffer" to overcome potential delays in the development of prioritized projects, ensuring growth targets and being able to compensate permitting delays in some geographies.

54. RISK FUNCTIONS AND FRAMEWORK

Risk Management at EDPR is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

5. ii) Execution Risk

During the construction of the foundations, interconnection and substation of a wind farm, and the installation of the wind turbines, different events (bad weather, accidents, etc) might occur that could imply an over cost or a delay in the commercial operation date of the wind farm:

- The delay implies a postponement of cash flows, affecting profitability of the investment.
- When a wind farm has a PPA, a delay of the commercial operation date might imply the payment of LDs , with the consequent loss of revenues and the impact on annual financial results.

While execution risk in onshore wind farms is significant, but not relevant, for offshore wind farms it could be higher.

During the design phase, EDPR engineering teams supervise the engineering and the installation method. Construction is subcontracted to experienced construction companies, after verifying their creditworthiness.

For offshore wind farms, EDPR has partnered with large companies with previous experience in large electricity generation projects or offshore construction, in order to benefit from their knowledge and share the execution risk.

In both cases, a critical path analysis is performed to assess the reliability of construction and installation plan.

6. Operations

6. i) Wind Turbine Performance Risk

Wind farm output depends upon the operating availability of the turbines and the operating performance of the equipment, mainly the components of wind turbines and transformers.

EDPR mitigates this risk by using a mix of turbine suppliers which minimizes technological risk, avoiding exposure to a unique manufacturer.

EDPR also engages wind turbine suppliers through medium-term full-scope maintenance agreements to ensure alignment in minimizing technology risk. Finally, EDPR has created an O&M program with adequate preventive and scheduled maintenance program.

EDPR externalized non-core technical O&M activities of its wind farms, while primary and value added activities continue controlled by EDPR.

Risk functions	Description
Strategy – General risk strategy & policy	• Global Risk Department provides analytically supported proposals to general strategic issues • Responsible for proposing guidelines and policies for risk management within the company
Management – Risk management & risk business decisions	• Implement defined policies by Global Risk • Responsible for day-to-day operational decisions and for related risk taking and risk mitigating positions
Controlling – Risk control	• Responsible for follow-up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the board

These three Risk Functions work together following EDPR's Risk Framework, through which major strategic questions of the Executive Committee are translated into specific guidelines or policies, to be used by managers in their day-to-day decisions. The Risk Committee is the forum where the different Risk Functions discuss the policies to be implemented and control the risk exposure of the company.

EDPR's Risk Committee integrates and coordinates all Risk Functions and assures the link between corporate's risk appetite and defined strategy and the operations of the company.

In order to separate discussions on business decisions from new analyses and the definition of new policies, EDPR has created three distinct meetings of the Risk Committee with different periodicity:

- Restricted Risk Committee: Held every month, it covers the risk of new transactions such as new power purchase agreements, new investments, energy hedges along with pipeline status and the EBITDA at Risk. It helps to control the implementation of defined policies and the exposure to most important risk factors.
- Risk Committee: Held every quarter, it is the forum where new analyses are discussed and newly defined policies are proposed in order to send to the Executive Committee for approval. Additionally, EDPR´s overall risk position is reviewed.
- By the end of 2014 the Executive Committee approved the creation of a Financial Risk Committee. The Committee will held meetings every quarter starting in 2015 and will be a forum to review financial strategy and mitigation measures for main financial risks (FX and interest rates).

55. DETAILS ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED IN THE COMPANY REGARDING THE PROCEDURE FOR REPORTING FINANCIAL INFORMATION

With the purpose of not only controlling risks, but also managing them ex-ante, EDPR has created Global Risk policies that are enforceable at a Global Level. These policies are proposed and discussed in the Risk Committee and approved by the Executive Committee.

During 2013, EDPR defined or reviewed four Global Risk Policies, which are already implemented or in the process to be implemented throughout 2014:

- Energy Price Hedging Policy
- Counterparty Credit Risk Policy
- Country Risk Policy
- FX Risk Policy

Compliance with Global Risk policies is verified every month in the Restricted Risk Committee.

INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

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

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

Scope Revision and Update

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

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

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

Control Activities

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

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

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

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

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

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

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

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

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

SCIRF Supervision

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

EDPR has an Internal Audit Department under the President of the Executive Committee and is overseen by the Audit Committee as provided in the Basic Internal Audit Act.

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

The annual work plans of the Audit Department obtain the opinion of the Audit Committee, which is reported about their implementation.

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

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

Also in the year 2014, as in previous years, a process of self-certification was made by the heads of the various process owners regarding proper documentation update on SCIRF controls and processes in their area of responsibility and the implementation of controls with corresponding evidence.

SCIRF Evaluation

Besides the monitoring and evaluation activities described in the preceding paragraph, in case the auditors identified internal control weaknesses in the scope of their financial audit work, they are expected to communicate these circumstances to the Audit Committee, which regularly monitors the results of the audit work.

Additionally, in 2014 the EDPR Group decided to have its SCIRF audited by the external auditor. As a result of its evaluation, the external auditor issued a report with a favourable opinion on SCIRF of the EDPR Group, according to ISAE 3000 (International Standard on Assurance Engagements 3000).

IV. INVESTOR ASSISTANCE

56. INVESTOR RELATIONS DEPARTMENT

EDPR seeks to provide to shareholders, investors, and stakeholders all the relevant information about the Company and its business environment, on a regular basis. The promotion of transparent, consistent, rigorous, easily accessible, and high-quality information is of fundamental importance to an accurate perception of the Company's strategy, financial situation, accounts, assets, prospects, risks, and significant events.

EDPR, therefore, looks to provide investors with accurate information that can support them in making informed, clear, and concrete investment decisions.

The Investor Relations Department was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee the equality between shareholders and to prevent imbalances in the information access.

The EDPR Investor Relations Department (IR) is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow Company's activity, all investors and other members of the financial community. The main purpose of the department is to guarantee the principle of equality among shareholders, by preventing asymmetries in access the information and reducing the gap between market perception and Company's strategy and intrinsic value. The department responsibility comprises developing and implementing EDPR's communication strategy and preserving an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

EDPR is clearly aware of the importance of detailed and transparent information, delivered on-time to the market. Consequently, EDPR publishes Company's price sensitive information before the opening or following the closing of the NYSE Euronext Lisbon stock exchange through CMVM's information system and, simultaneously, make that same information available on the website investors' section and through the IR department's mailing list. In 2014, EDPR made 47 press releases. Additionally, the IR Department also elaborates and makes available quarterly, semi-annual and annual results presentations, hand-outs, key data files and interim presentations.

On each earnings announcement, EDPR promotes a conference call and webcast, at which the Company's management updates the market on EDPR's activities. On each of these events shareholders, investors and analysts had the opportunity to directly submit their questions and to discuss EDPR's results as well as the Company's outlook and strategy.

EDPR IR Department is coordinated by Rui Antunes and is located at the Company's head offices in Madrid, Spain. The department structure and contacts are as follows:

IR Contacts:
Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability
Calle Serrano Galvache 56
Centro Empresarial Parque Norte
Edificio Olmo – 7th floor
28033 – Madrid – España
Website: www.edpr.com/investors
E-Mail: ir@edpr.com
Phone: +34 902 830 700 / Fax: +34 914 238 429

In 2014, EDPR promoted and participated in several events, namely EDP Group investor day, road shows, presentations to investors and analysts, meetings and conference calls. During the year, EDPR management and the IR team attended to 15 broker conferences, held 29 roadshows and 6 reverse roadshows, along with conference calls and meetings, totalling more than 400 interactions with institutional investor in 21 of the major financial cities across Europe, US, Canada, Australia and Asia.

EDPR IR Department was in permanent contact with capital markets agents, namely financial analysts who evaluate the Company. In 2014, as far as the Company is aware, sell-side analysts issued more than 170 reports evaluating EDPR's business and performance.

At the end of the 2014, as far as the Company is aware of, there were 21 institutions elaborating research reports and following actively EDPR activity. As of December 31st, 2014, the average price target of those analysts was of Euro 5.72 per share with the majority reporting "Buy" recommendations on EDPR's share: 11 Buys, 9 Neutrals and 1 Sell.

Company	Analyst	Price Target	Recommendation
Bank of America Merrill Lynch	Pinaki Das	€ 5.90	Neutral
Barclays	Monica Girardi	€ 4.90	Equalweight
BBVA	Daniel Ortea	€ 5.62	Outperform
Berenberg	Lawson Steele	€ 5.75	Buy
BES	Felipe Echevarria	€ 6.30	Buy
BPI	Flora Trindade	€ 7.10	Buy
Caixa BI	Helena Barbosa	€5.50	Buy
Citigroup	Antonella Bianchessi	€ 6.30	Buy
Deutsche Bank	Virginia Sanz de Madrid	€ 5.50	Hold

Company	Analyst	Price Target	Recommendation
Exane BNP	Manuel Palomo	€ 4.50	Underperform
Fidentiis	Daniel Rodríguez	€ 5.78	Hold
Goldman Sachs	Manuel Losa	€ 6.40	Neutral
JP Morgan	Javier Garrido	€ 5.30	Overweight
Kepler Cheuvreux	Jose Porta	€ 5.25	Hold
Macquarie	Shai Hill	€ 5.75	Outperform
Main First	Fernando Garcia	€ 5.70	Outperform
Morgan Stanley	Carolina Dores	€ 6.30	Overweight
Natixis	Philippe Ourpatian	€ 5.00	Neutral
Santander	Bosco Mugiro	€ 6.50	Buy
Société Générale	Jorge Alonso	€ 5.20	Hold
UBS	Alberto Gandolfi	€ 5.50	Neutral

57. MARKET RELATIONS REPRESENTATIVE

EDPR representative for relations with the market is the Executive Member of the Board, Rui Teixeira.

58. INFORMATION REQUESTS

In 2014, EDPR was present in several events with analysts and investors, such as EDP Group investor day, road shows, presentations, meetings and conference calls, communicating EDPR's business plan, strategy and its operational and financial performance.

During the year, IR Department received more than 600 information requests and interacted 410 times with institutional investors. On average, information requests were replied in less than 24 hours, with complex requests being replied within one week time. As of December 31st 2014 there was no pending information request.

V. WEBSITE – ONLINE INFORMATION

59-65.

EDPR considers online information a powerful tool in the dissemination of material information, updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, EDPR website also carries financial and operational updates of Company's activities ensuring an easy access to the information.
EDPR website: www.edpr.com

Information	Link
Company information	www.edpr.com/investors/corporate-governance/companys-name www.edpr.com/our-company/who-we-are
Corporate by-laws and bodies/committees regulations	www.edpr.com/investors/corporate-governance
Members of the corporate bodies	www.edpr.com/investors/corporate-governance/directors
Market relations representative / IR department	www.edpr.com/investors/contact-ir-team
Means of access	www.edpr.com/our-company/contacts/contact-us
Financial statements documents	www.edpr.com/investors/reports-and-results
Corporate events Agenda	www.edpr.com/investors/calendar
General Shareholders' Meeting information	www.edpr.com/investors/shareholders-meeting-2

PART I:
INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

D. REMUNERATION

I. POWER TO ESTABLISH

66. COMPETENCES TO DETERMINE THE REMUNERATION OF THE CORPORATE BODIES

The Nominations and Remunerations committee is a permanent body belonging to the Board of Directors with an informative and advisory nature. Its recommendations and reports are non-binding.

As such, the Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and inform the Board of Directors regarding the nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board Members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and dismissal of senior management personnel.

The Nominations and Remunerations Committee is the body responsible for proposing to the Board of Directors the determination of the remuneration of the Executive management of the Company; the Declaration on Remuneration Policy; the evaluation and compliance of the KPI's (Key Performance Indicators); the annual and multi annual variable remuneration, if applicable, and also proposes the remuneration of the Non-Executive Directors and members of the Board Committees.

The Board of Directors is responsible for the approval of the above mentioned proposals except concerning the Declaration on the Remuneration Policy.

The Declaration on the Remuneration Policy is submitted by the Board of Directors to the approval of the General Shareholders' Meeting as an independent proposal. According to the Company's Articles of Association the Board of Directors remuneration is subject to a maximum value that can only be modified by a Shareholders agreement.

II. REMUNERATION COMMITTEE

67. NOMINATIONS AND REMUNERATIONS COMMITTEE

The Composition of the Nominations and Remunerations Committee is reflected on topic 29 of the report.

The Nominations and Remunerations Committee did not hire any external consultancy services corresponding to 2014.

68. KNOWLEDGE AND EXPERIENCE REGARDING REMUNERATION POLICY

The Chairman of the Nominations and Remunerations Committee has knowledge and experience regarding Remuneration Policy as member of the Remuneration Committee of a Portuguese listed company as mentioned on his biography available in the Annex of this report, together with the biographies of all other members of the Nominations and Remunerations Committee.

III. REMUNERATION STRUCTURE

69. REMUNERATION POLICY

Pursuant to Article 26 of the Company's Articles of Association the Directors shall be entitled to a remuneration which consists of (i) a fixed amount to be determined annually by the General Shareholders' Meeting for the whole Board of Directors and of (ii) attendance fees regarding the Board Meetings.

The above mentioned article also establishes the possibility of the Directors being remunerated with Company shares, share options, or other securities granting the right to obtain shares or by means of share-indexed remuneration systems. In any case, the system chosen must be approved by the General Shareholders' Meeting and comply with current legal provisions.

The total amount of the remunerations that the Company will pay to its Directors under the terms provided in the previous paragraphs shall not exceed the amount determined for that effect by the General Shareholders' Meeting. The maximum remuneration approved by the General Shareholders' Meeting, for all the members of the Board of Directors was € 2,500,000 per year.

Pursuant to Article 26.4 of the Company's Articles of Association, the rights and duties of any kind derived from the condition of Board Member shall be compatible with any other rights and obligations either fixed or variable that could correspond to the Board Members as a consequence of other employment or professional engagements, if any, carried out in the Company. Variable remuneration resulting from said contracts or from any other relationship, including being a Board Member, will be limited to a maximum annual amount to be established by the General Shareholders' Meeting.

The maximum annual remuneration approved by the General Shareholders Meeting for the variable remuneration for all the executive members of the Board of Directors was € 1,000,000 per year.

EDPR, in line with EDP Group corporate governance practice, has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for such services to some of the members of the Board of Directors to the extent their services are devoted to EDPR.

The non-executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee, and the Audit and Control Committee. Those members who are seated in two different Committees don't accumulate two remunerations. In these cases, the remuneration to be received is the one that corresponds to the highest value.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors.

No Director has entered into any contract with the Company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the Company.

In EDPR there aren't any payments for the dismissal or termination of Director's duties.

The remuneration policy for the Directors of the Company is submitted each year to the General Shareholders' Meeting for approval.

70. REMUNERATION STRUCTURE

The remuneration policy proposed by the Nominations and Remuneration Committee and approved by the General Shareholders' Meeting on April 8th, 2014 (the Remuneration Policy), defines a structure with a fixed remuneration for all members of the Board of Directors and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee.

For the period 2014-2016, it was decided to maintain the remuneration structure in terms of its components, as well as to keep the same nominal value of fixed annual component as the one in force during the 2011-2013 period, having adjusted at the end of such period the fix remuneration of the CFO, COO EU and COO NA motivated by the end of their expatriation contracts, not incurring in any cost increase to the company, revising the KPIs (Key Performance Indicators) for variable multi-annual and annual components.

71. VARIABLE REMUNERATION

Variable annual and multi-annual remuneration applies to the members of the Executive Committee.

The variable annual remuneration may range from 0 to 68% of the annual fixed remuneration and the multi-annual remuneration from 0 to 120% of the annual fixed remuneration.

For Executive Committee Members that are also Officers, there will be a qualitative evaluation of the CEO about the annual performance. This evaluation will have a weight of 20% for the final calculation in the annual variable remuneration and 32% in the multi-annual variable remuneration. The other 80% will be calculated based on the weights indicated in the next paragraph for the annual variable remuneration and 68% for the multi- annual variable.

The KPIs (Key Performance Indicators) used to determine the amounts of the annual and multi-annual variable regarding to each year of the term are aligned with the strategic grounds of the Company: growth, risk control and efficiency. These are the same for all members of the Executive Committee, although with specific targets for the platforms in the case of COO's:

Target Group	Key Performance Indicator	Weight
	Total Shareholder Return vs. Peers & PSI 20	15%
Growth	Incremental MW (EBITDA + Net Equity)	15%
	ROIC Cash %	8%
Risk - Return	EBITDA	12%
	Net Income	12%
	Technical Availability	6%
Efficiency	Opex / MW	6%
	Capex / MW	6%
	Sustainability	10%
Other	Employee satisfaction	5%
	Appreciation of the Remuneration Committee	5%

According to the Remuneration Policy approved by the General Shareholders' Meeting, the maximum variable remuneration (annual and multi-annual) is applicable if all the above mentioned KPI's were achieved and the performance evaluation is equal or above 110%.

72. MULTI-ANNUAL REMUNERATION

EDPR Shareholders approved on the last General Shareholders' Meeting that took place on April 8th, 2014, a modification in the remuneration policy to incorporate the deferral for a period of three years of the multi-annual variable remuneration, subject to the positive performance of the Company, in line with CMVM corporate governance practices.

73. VARIABLE REMUNERATION BASED ON SHARES

EDPR has not allocated variable remuneration on shares and does not maintain Company shares that the Executive Directors have had access to.

74. VARIABLE REMUNERATION BASED ON OPTIONS

EDPR has not allocated variable remuneration on options.

75. ANNUAL BONUS AND NON-MONETARY BENEFITS

The key factors and grounds for any annual bonus scheme are described on topics 71 and 72. Additionally, the Officers, with the exception of the CEO received the following non-monetary benefits: company car and Health Insurance. Given the end of the expatriation contracts of EDPR's Officers, there is no longer house allowance benefits. In 2014, the non-monetary benefits corresponded to €63,532,47.

The Directors do not receive any relevant non-monetary benefits as remuneration.

76. RETIREMENT SAVINGS PLAN

The retirement savings plan for the members of the Executive Committee that are also Officers, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary. The percentage is defined according with the retirement savings plan applicable in their home country. The retirement savings plan has been approved by the General Shareholders' Meeting on April 8th, 2014 (the Remuneration Policy included the retirement plan).

IV. REMUNERATION DISCLOSURE

77. BOARD OF DIRECTORS REMUNERATION

The remuneration paid by EDPR to the members of the Board of Directors for the year ended on December 31st 2014 was as follows:

Remuneration	Fixed (€)	Variable (€)		Total (€)
		Annual	Multi-annual	
Executive Directors:				
João Manso Neto (CEO) a)	-	-	-	-
Nuno Alves a)	-	-	-	-
Rui Teixeira b)	61,804	-	-	61,804
Gabriel Alonso b)	-	-	-	-
João Paulo Costeira b)	61,804	-	-	61,804
Non-Executive Directors:		-	-	
António Mexia a)	-	-	-	-
João Lopes Raimundo	60,000	-	-	60,000
João Manuel de Mello Franco	73,333	-	-	73,333
Jorge Santos	66,667	-	-	66,667
José Araújo e Silva	45,000	-	-	45,000
Manuel Menéndez Menéndez	45,000	-	-	45,000
Rafael Caldeira Valverde	55,000	-	-	55,000
Gilles August	45,000	-	-	45,000
João Marques da Cruz a)	-	-	-	-
Acácio Piloto	45,000	-	-	45,000

Remuneration	Fixed (€)	Variable (€)		Total (€)
		Annual	Multi-annual	
António Nogueira Leite	55,000	-	-	55,000
José Ferreira Machado	60,000	-	-	60,000
Total	673,608	-	-	673,608

[a] António Mexia, João Manso Neto, Nuno Alves and João Marques da Cruz do not receive any remuneration from EDPR. EDPR and EDP signed an Executive Management Services Agreement according to which EDPR pays to EDP a fee for the services rendered by these Board Members.
[b] Rui Teixeira, Gabriel Alonso and João Paulo Costeira, as Officers and members of the Executive Committee receive their remuneration as Directors and/or other Group companies' employees, as described on the table below.

According to the Executive Management Services Agreement signed with EDP, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-executive Managers. The amount due under said Agreement for the management services rendered by EDP in 2014 is € 1,107,341, of which € 1.017,341 refers to the management services rendered by the Executive Members and €90,000 to the management services rendered by the non-executive Members. The retirement savings plan for the members of the Executive Committee, excluding the Officers, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The non-executive Directors may opt between a fixed remuneration or attendance fees per meeting, in a value equivalent to the fixed remuneration proposed for a Director, taking into consideration the duties carried out.

78. REMUNERATION FROM OTHER GROUP COMPANIES

As mentioned on the 2013 Corporate Governance Report, due to the termination of the expatriation conditions of three Officers (Rui Teixeira, CFO; João Paulo Costeira, COO EU, BR & South Africa; and Gabriel Alonso COO NA & Mexico), new employment contracts were signed with other group companies, as follows:

- Rui Teixeira with EDP Energias de Portugal S.A. Sucursal en España;
- João Paulo Costeira with EDP Energias de Portugal S.A. Sucursal en España; and,
- Gabriel Alonso with EDP Renewables North America LLC.

The total remuneration of the Officers, ex-CEO, was the following:

Member	Fixed (€)	Variable (€)	
		Annual (*)	Multi-annual (*)
Rui Teixeira	228,196	75,000	235,000
João Paulo Costeira	228,196	75,000	235,000
Gabriel Alonso	301,874	75,000	235,000
Total	758,266	225,000	705,000

(*) Corresponds to the 2014 annual variable and multi annual variable 2011-2013.

79. REMUNERATION PAID IN FORM OF PROFIT SHARING AND/OR BONUS PAYMENTS

In EDPR there is no payment of remuneration in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

80. COMPENSATION FOR RESIGNED BOARD MEMBERS

In EDPR there is no compensation paid or owed to former executive Directors concerning contract termination during the financial year.

81. AUDIT AND CONTROL COMMITTEE REMUNERATION

Member	Position	Remuneration (€) (*)
Jorge Santos	Vocal / Chairman since April 8th 2014	66,667
João Manuel de Mello Franco	Chairman up to April 8th 2014 / Vocal	73,333
João Lopes Raimundo	Vocal	60,000

(*) The non-executive Directors receive only a fixed remuneration, which is calculated based on their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related-Party Transactions Committee, and/or the Audit and Control Committee.

82. REMUNERATION OF THE CHAIRPERSON OF THE GENERAL SHAREHOLDERS' MEETING

In 2014, the remuneration of the Chairman of the General Shareholders' Meeting of EDPR was € 15,000.

V. AGREEMENTS WITH REMUNERATION IMPLICATION

83-84. EDPR has no agreements with remuneration implication.

VI. SHARE-ALLOCATION AND/OR STOCK OPTION PLANS

85-88. EDPR does not have any Share-Allocation and/or Stock Option Plans.

PART I:
INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

E. RELATED-PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

89. RELATED-PARTY TRANSACTIONS CONTROLLING MECHANISMS

In order to supervise the transactions between the Group Companies' and its qualified shareholders, the Board of Directors has created the Related-Party Transactions Committee, a permanent body with delegated functions. The Related-Party Transactions Committee duties are described on topic 29 of the Report. The Audit and Control Committee also supervises the transactions with qualified shareholders when requested by the Board of Directors of the Related-Party Transactions Committee according to Article 8.2, i) of its Regulations. This information is included on the annual report of the Audit and Control. The mechanisms established on both committees regulation and also the fact that one of the members of the Related-Party Transactions Committee is member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

90. TRANSACTIONS SUBJECT TO CONTROL DURING 2014

During 2014, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

However, EDPR closed a transaction with China Three Gorges (CTG), qualified shareholder of EDP, but not of EDPR, through its subsidiary EDP Renováveis Brasil S.A. ("EDPR Brasil"), for the sale of an equity shareholding of 49% in both operational and under development wind farms in Brazil. The transaction scope covers 84 MW in operation, with an average age of 4 years, as well as 237 MW under development, remunerated according to long-term awarded contracts to sell the electricity produced for 20 years. The financial closing is pending approval of regulatory authorities in Brazil and China. For this transaction, EDPR's Audit and Control Committee issued a favourable opinion according to Recommendation V.2 of CMVM.

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

The contracts signed between EDPR and its related parties have been analysed by the Related-Party Transactions Committee according to its competences, as mentioned on the previous topic, and have been concluded according to the market conditions.

The Related Party Transactions Committee was informed that in 2014, the average value and the maximum value regarding the transactions analysed by the Committee was EUR, respectively.

The total amount of supplies and services in 2014 incurred with or charged by the EDP Group was € 16.6 million, corresponding to 6.5% of the total value of Supplies & Services for the year (€ 256.6 million).

The most significant contracts in force during 2014 are the following:

FRAMEWORK AGREEMENT

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

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

It lays down the obligation to provide EDP with any information that it may request from EDPR to fulfil its legal obligations and prepare the EDP Group's consolidated accounts. The framework agreement shall remain in effect for as long as EDP directly or indirectly owns more than 50% of the share capital of EDPR or nominates more than 50% of its Directors.

EXECUTIVE MANAGEMENT SERVICES AGREEMENT

On November 4th, 2008 EDP and EDPR signed an Executive Management Services Agreement that was renewed on May 4th, 2011 and effective from March 18th, 2011 and renewed again on May 10th, 2012.

Through this contract, EDP provides management services to EDP Renováveis, including matters related to the day-to-day running of the Company. Under this agreement EDP nominates four people from EDP to be part of EDPR's Management: i) two Executive Managers which are members of the EDPR Executive Committee, including the CEO, and (ii) two Non-Executive Managers, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting. Under this contract, EDPR incurred an amount of EUR1,107,341 for the management services rendered in 2014.

POTENTIAL ACQUISITION OF 45% OF THE SHARE CAPITAL OF EDP RENOVÁVEIS BRASIL S.A. BY EDP RENOVÁVEIS S.A.

EDP Renováveis, S.A. ("EDPR") and EDP Energias do Brasil, S.A. ("EDP Brasil") have signed a Memorandum of Understanding ("MoU") envisaging the acquisition by EDPR of 45% of the share capital of EDP Renováveis Brasil, S.A. ("EDPR Brasil") controlled by EDP Brasil. Following this transaction EDPR will control 100% of the share capital of EDPR Brasil. The purchase price to be paid will be agreed between the parties in consideration of the value attributed to EDPR Brasil and its subsidiaries and certified by a fairness opinion issued by a renowned financial institution Completion of this transaction is subject to regulatory approval and other customary closing conditions, and is expected to occur until the end of the first half of 2015.

FINANCE AGREEMENTS AND GUARANTEES

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

LOAN AGREEMENTS

EDPR (as the borrower) has loan agreements with EDP Finance BV (as the lender), a Company 100% owned by EDP Energias de Portugal S.A. Such loan agreements can be established both in EUR and USD, usually have a 10-year tenor and are remunerated at rates set at an arm's length basis. As of December 31st 2014, such loan agreements totalled EUR 1,451,042,386 and USD 1,836,699,611.

COUNTER-GUARANTEE AGREEMENT

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

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As of December 31st 2014, such counter-guarantee agreements totalled € 34,181,464 and USD 211,500,000.

There is another counter-guarantee agreement signed, under which EDP Energias do Brasil, SA or EDPR undertakes on behalf of EDPR Brasil, to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDPR executive board. Each party undertakes to indemnify the other pro-rata to its stake of any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. As of December 31st 2014, such counter-guarantee agreements totalled BRL 87,858,811.

CURRENT ACCOUNT AGREEMENT

EDP Servicios Financieros España SLU and EDPR signed an agreement through which EDP Servicios Financieros España manages EDPR's cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As of December 31st 2014, there are two different current accounts with the following balance and counterparties:

- in USD, EDPR SF with EDP SFE for a total amount of €32,308,521 in favour of EDPR SF;
- in EUR, EDPR SF with EDP SFE for a total amount of €136,625,957 in favour of EDPR SF.

The agreements in place are valid for one year as of date of signing and are automatically renewable for equal periods.

CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investment in EDPR NA, EDPR Brazil, and Polish companies, EDPR's accounts were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDPR settled the following Cross Currency Interest Rate Swap (CIRS):

- in USD/EUR, with EDP Sucursal for a total amount of USD 2,632,613,000;
- in BRL/EUR, with EDP Energias de Portugal SA for a total amount of BRL 118,000,000;
- in PLN/EUR, with EDP Energias de Portugal SA for a total amount of PLN 710,132,653.

HEDGE AGREEMENTS – EXCHANGE RATE

EDP Energias de Portugal S.A., EDPR and EDP Servicios Financieros España SLU entered into several hedge agreements with the purpose of managing the transaction exposure related with the short term positions in the North American, Polish, and Romanian subsidiaries, fixing the exchange rate for EUR/USD, EUR/PLN and EUR/RON in accordance to the prices in the forward market in each contract date. As of December 31st 2014, the total amount of Forwards and Non Delivery Forwards by geography and currency are as following:

- Polish operations, for EUR/PLN, a total amount of PLN 218,036,836 (NDFs) and PLN 156,608,820 (FWDs);
- Romanian operations, for EUR/RON a total amount of RON 63,648,349 (FWDs);
- US operations, for EUR/USD a total amount of USD 329,000,000 (NDF).

HEDGE AGREEMENTS – COMMODITIES

EDP and EDPR EU entered into hedge agreements for 2014 for a total volume of 1.802.056 MWh (sell position) and 612.230 MWh (buy position) at the forward market price at the time of execution related with the expected sales of energy in the Spanish market..

CONSULTANCY SERVICE AGREEMENT

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

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2014 the estimated cost of these services is €2,407,776. This was the total cost of services provided for EDPR, EDPR EU, and EDPR NA.

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

RESEARCH AND DEVELOPMENT AGREEMENT

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

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

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

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

MANAGEMENT SUPPORT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS PORTUGAL S.A., AND EDP VALOR – GESTÃO INTEGRADA DE RECURSOS S.A.

On January 1st, 2003, EDPR - Promoção e Operação S.A., and EDP Valor – Gestão Integrada de Recursos S.A. (hereinafter EDP Valor), an EDP Group Company, signed a management support service agreement.

The object of the agreement is the provision to EDPR - Promoção e Operação S.A. by EDP Valor of services in the areas of procurement, economic and financial management, fleet management, property management and maintenance, insurance, occupational health and safety, and human resource management and training.

The remuneration paid to EDP Valor by EDPR Promoção e Operação S.A. and its subsidiaries for the services provided in 2014 totalled €797,062,29. The initial duration of the agreement was five (5) years from date of signing and it was tacitly renewed for a new period of five (5) years on January 1st, 2008.

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

INFORMATION TECHONOLOGY MANAGEMENT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS S.A. AND EDP ENERGIAS DE PORTUGAL S.A.

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

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

The amount incurred for the services provided in 2014 totalled €265,293,77.

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

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

REPRESENTATION AGREEMENT WITH HIDROELÉTRICA DEL CANTÁBRICO S.A. FOR THE EDP RENOVÁVEIS S.A. PORTFOLIO IN SPAIN

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

The object of this agreement was to provide EDPR representation services in the market and risk management for a fix tariff based in volume (€0.12/MWh) in the electricity market.

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

CONSULTANCY AGREEMENT BETWEEN EDP RENOVÁVEIS BRASIL S.A., AND EDP ENERGIAS DO BRASIL S.A.

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

The amount incurred to EDP Brasil for the services provided in 2014 totalled BRL 41,916,35.

The amount incurred in 2014 is significantly lower comparing with 2013 since most of the services in the scope of this contract have been internalized in EDPR Brasil.

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

SUPPLY SERVICES AND INFRA-STRUCTURES AGREEMENT BETWEEN EDP RENEWABLES EUROPE S.L.U, HIDROCANTÁBRICO DISTRIBUCIÓN ELÉCTRICA S.A.U AND HIDROELÉCTRICA DEL CANTÁBRICO S.A.

On January 10th, 2012 EDP Renewables Europe S.L.U, Hidrocantábrico Distribución Eléctrica S.A.U (HCDE) and Hidroeléctrica del Cantábrico S.A. signed a supply services and infra-structures agreement.

The object of this agreement is the provision to EDPR Europe S.L.U of communication services and technical assistance related to the infra-structures of energy production.

The amount incurred to HCDE for the services provided in 2014 totalled € 20,095,54.

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

91. DESCRIPTION OF THE PROCEDURES APPLICABLE TO THE SUPERVISORY BODY FOR THE ASSESSMENT OF THE BUSINESS DEALS

The most significant contracts signed between EDPR and its Qualified Shareholders are analysed by the Related-Party Transactions Committee according to its competences, as mentioned on topic 89 of the report and by the Audit and Control Committee when requested.

According to Article 9.1 c) of the Related-Party Transactions Committee Regulation, the committee analyses and supervises, according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to € 1.000.000. This information is included on the annual report of the Audit and Control Committee regarding those cases whose previous opinion was requested. The mechanisms established on both committees regulations and also the fact that one of the members of the Related-Party Transactions Committee is a member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

II. DATA ON BUSINESS DEALS

92. DETAILS OF THE PLACE WHERE THE FINANCIAL STATEMENTS INCLUDING INFORMATION ON BUSINESS DEALINGS WITH RELATED PARTIES ARE AVAILABLE, IN ACCORDANCE WITH IAS 24, OR ALTERNATIVELY A COPY OF SAID DATA.

The information on business dealings with related parties is available on Note 37 of the Financial Statements.

PART II:

CORPORATE GOVERNANCE ASSESSMENT

1. DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

According to article 2 of CMVM Regulation 4/2013, EDPR informs that the present Report has been drafted under the Recommendations of CMVM'S Corporate Governance Code published on July, 2013.

The CMVM Corporate Governance Code and its Regulations are available at CMVM website, www.cmvm.pt.

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

The following table shows the CMVM recommendations set forth in the code and indicates EDPR's compliance with it and the place in this report in which they are described in more detail.

During 2014, EDPR has continued its consolidation task as to the Company's governance principles and practices. The high level of compliance with the best governance practices by EDPR was once again recognised by an independent study developed in 2014 by the Universidade Católica Portuguesa (Portuguese Catholic University) at the request of AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado (Portuguese Listed Companies Association), within which the Company was given the maximum rating – AAA - based on the Company's 2013 Governance Report and compliance with the abovementioned CMVM Recommendations.

Also in order to comply with the Recommendation II.2.5 of the Portuguese Corporate Governance Code, and according to the results of the reflection made by the Audit and Control Committee, the governance model that was adopted has been ensuring an effective performance and articulation of EDPR Social Bodies and proved to be adequate to the Company's governance structure without any constraints to the performance of its checks and balances system adopted to justify the changes made in the Governance practices of EDPR.

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

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

#.#.	**CMVM RECOMMENDATIONS**
Statement of compliance	
I.	**VOTING AND CORPORATE CONTROL**
I.1. ***Adopted***	Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.
Chapter B – I, b), topic 12 and 13	
I.2. ***Adopted***	Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.
Chapter B – I, b), topic 14	
I.3. ***Adopted***	Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.
Chapter B – I, b) topic 14	
I.4. ***Not Applicable***	The Company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.
Chapter A – I, topic 5	

#.#.	**CMVM RECOMMENDATIONS**
I.5. ***Adopted***	Measures that require payment or assumption of fees by the Company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board Members, shall not be adopted.

Chapter A – I, Topic 2 and 4

II. SUPERVISION, MANAGEMENT AND OVERSIGHT

II.1. SUPERVISION AND MANAGEMENT

II.1.1. ***Adopted***	Within the limits established by law, and except for the small size of the Company, the board of Directors shall delegate the daily management of the Company and said delegated powers shall be identified in the Annual Report on Corporate Governance.

Chapter B – II, Topic 21, 28 and 29

II.1.2. ***Not Applicable***	The Board of Directors shall ensure that the Company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the Company, ii) define business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.

("According to the previous wording of the Spanish Companies Law, the matters referred to in this recommendation could be delegated by the Board of Directors on the Executive Committee. On December 24th, 2014, a new wording of the Spanish Companies Law, Ley 31/2014, entered into force introducing modifications regarding the delegation of powers by the Board of Directors (articles 249 bis and 529 ter). This new wording is applicable from 2015 onwards. On the next General Shareholders' Meeting foreseeing to take place on April 9th, 2015, will be submitted to the shareholders' approval a proposal for the modification of some of the Clauses of EDPR's Articles Association. One of those modifications is that the Board of Director will not be able to delegate these responsibilities")

II.1.3. ***Not Applicable***	The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the Company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the Company.

(The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.)

II.1.4. ***Adopted***	Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive Directors and its own overall performance, as well as of other committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.

Chapter B – II, C), Topic 27, 28 and 29

II.1.5. ***Adopted***	The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.

Chapter B – III, C), III – Topic 52, 53, 54 and 55

II.1.6. ***Adopted***	The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.

Chapter B – II, Topic 18 and Topic 29

#.#.	CMVM RECOMMENDATIONS
II.1.7. ***Adopted***	Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the Company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the Company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the Company or at a Company holding a controlling or group relationship within the last three years; b. Having, in the past three years, provided services or established commercial relationship with the Company or Company with which it is in a control or group relationship, either directly or as a partner, board member, manager or Director of a legal person; c. Being paid by the Company or by a Company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of Board Members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder.
Chapter B – II, Topic 18	
II.1.8. ***Adopted***	When Board Members that carry out executive duties are requested by other Board Members, said shall provide the information requested, in a timely and appropriate manner to the request.
Chapter B – II, C) - Topic 29	
II.1.9. ***Adopted***	The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairperson of the Financial Matters Board, the convening notices and minutes of the relevant meetings.
Chapter B – II, C) - Topic 29	
II.1.10. ***Not applicable***	If the chair of the board of Directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.
(The Chairperson of EDPR's Board of Directors does not have executive duties) *Chapter B – II, A) – Topic 18*	
II.2	**SUPERVISION**
II.2.1. ***Adopted***	Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.
Chapter B – II – Topic 18; Chapter B – II, C) - Topic 29; and Chapter B – III, A) – Topic 32	
II.2.2. ***Adopted***	The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company
Chapter B – C), Topic 29; and Chapter B – V, Topic 45	
II.2.3. ***Adopted***	The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.
Chapter B – II, Topic 29; Chapter B – III, C) – Topic 38; and Chapter B – III – V, Topic 45	
II.2.4. ***Adopted***	The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.
Chapter B – II, Topic 29; and Chapter B – III, C) – III, Topic 50 and 51	
II.2.5. ***Adopted***	The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the Company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.
Chapter B – II, Topic 29	

#.#.	CMVM RECOMMENDATIONS
II.3.	**REMUNERATION SETTING**
II.3.1. ***Adopted***	All members of the Remuneration Committee or equivalent should be independent from the executive Board Members and include at least one member with knowledge and experience in matters of remuneration policy.
Chapter D – II – Topic 67 and 68	
II.3.2. ***Not Applicable***	Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of Directors, the board of Directors of the Company itself or who has a current relationship with the Company or consultant of the Company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.
Chapter D – II – Topic 67	
II.3.3. ***Adopted***	A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies; b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, incurred to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of Board Members.
Chapter D – III – Topic 69	
II.3.4. ***Not Applicable***	Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to Board Members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.
Chapter V – III, Topic 73 and 85-88	
II.3.5. ***Adopted***	Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.
Chapter D – III, Topic 76	

III.	**REMUNERATION**
III.1. ***Adopted***	The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.
Chapter D – III, Topic 69, 70, 71 and 72	
III.2. ***Adopted***	The remuneration of non-executive Board Members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the Company or of its value.
Chapter D – III, Topic 69; and Chapter D – IV, Topic 77	
III.3. ***Adopted***	The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.
Chapter D – III, Topic 71 and 72	
III.4. ***Adopted***	A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the Company during that period.
Chapter D – III, Topic 72	
III.5. ***Adopted***	Members of the Board of Directors shall not enter into contracts with the Company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the Company.
Chapter D – III, Topic 72	
III.6. ***Not Applicable***	Executive Board Members shall maintain the Company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.
Chapter D – III, Topic 73	

#.#.	CMVM RECOMMENDATIONS
III.7. Not Applicable	When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.
Chapter D – III, Topic 74	
III.8. ***Adopted***	When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the Company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.
Chapter D – III, Topic 69 and 72	

IV.	AUDITING
IV.1. ***Adopted***	The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.
Chapter B – III – V, Topic 45	
IV.2. ***Adopted***	The Company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the Company.
Chapter B – III – V, Topic 46	
IV.3. ***Adopted***	Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.
Chapter B – III – V, Topic 44	

V.	CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS
V.1. ***Adopted***	The Company's business with holders of qualifying holdings or entities, with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.
Chapter B – C), Topic 90	
V.2. ***Adopted***	The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.
Chapter B – C), Topic 89 and 91	

VI.	INFORMATION
VI.1. ***Adopted***	Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.
Chapter B – C) – V, Topics 59-65	
VI.2. ***Adopted***	Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.
Chapter B – C) – IV, Topic 56	

ANNEX - PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

ANTONIO MEXIA
Born: 1957

Current positions in EDPR or EDP group of companies:
- Chairman of the Board of Directors of EDP Renováveis SA
- Chairman of the Executive Board of Directors of EDP Energias de Portugal SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Energias do Brasil SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the General Supervisory Board of Banco Comercial Português (BCP), 2008

Main positions in the last five years:
- Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government
- Chairman of the Portuguese Energy Association (APE)
- Executive Chairman of Galp Energia
- Chairman of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico
- Vice-Chairman of the Board of Directors of Galp Energia
- Chairman of the Board of Directors of Gás de Portugal and Transgás
- Director of Banco Espírito Santo de Investimentos
- Vice-Chairman of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade)
- Assistant to the Secretary of State for Foreign Trade

Other previous positions:
- Assistant Lecturer in the Department of Economics at Université de Genève (Switzerland)

Education:
- BSc in Economics from Université de Genève (Switzerland)
- Postgraduate lecturer in European Studies at Universidade Católica

JOAO MANSO NETO
Born: 1958

Current positions in EDPR or EDP group of companies:
- Executive Vice-Chairman of the Board of Directors and Chairman of the Executive Committee (CEO) of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Renewables Europe SL, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros S.L.
- Executive Director of EDP Energias de Portugal SA, Hidroeléctrica del Cantábrico SA, EDP Energía Gás SL, EDP Energia Ibérica SA, Naturgás Energia Grupo SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Gás.com Comércio de Gás Natural SA and ENEOP Eólicas de Portugal SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL)
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A

Main positions in the last five years:
- Member of the Executive Board of Directors of EDP Energias de Portugal SA
- Chairman of EDP Gestão da Produção de Energia SA
- CEO and Vice-Chairman of Hidroeléctrica del Cantábrico SA
- Vice-Chairman of Naturgás Energia Grupo SA
- Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL)
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal) SGPS SA

Other previous positions:
- Head of the International Credit Division, and General Manager responsible for Financial and South Retail areas at Banco Português do Atlântico,
- General Manager of Financial Management, General Manager of Large Corporate and Institutional Businesses, General Manager of the Treasury, Member of the Board of Directors of BCP Banco de Investimento and Vice-Chairman of BIG Bank Gdansk in Poland at Banco Comercial Português
- Member of the Board of Banco Português de Negócios
- General Manager and Member of the Board of EDP Produção

Education:
- Degree in Economics from Instituto Superior de Economia
- Post-graduate degree in European Economics from Universidade Católica Portuguesa
- Professional education course through the American Bankers Association (1982), the academic component of the Master's Degree program in Economics at the Faculty of Economics, Universidade Nova de Lisboa
- Advanced Management Program for Overseas Bankers at the Wharton School in Philadelphia

NUNO ALVES
Born: 1958

Current positions in EDPR or EDP group of companies:
- Executive Member of the Board of Directors and Member of the Executive Committee of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Estudos e Consultoria SA, EDP Imobiliária e Participações SA, Energia RE SA, Sãvida Medicina Apoiada SA, SCS Serviços Complementares de Saúde SA
- Executive Director of EDP Energias de Portugal SA, EDP Energias do Brasil SA and Hidroeléctrica del Cantábrico SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Manager of Balwerk Consultadoria Económica e Participações Sociedade Unipessoal Lda

Main positions in the last five years:
- Member of the Executive Board of Directors of EDP Energias de Portugal SA (CFO)

Other previous positions:
- In 1988, he joined the Planning and Strategy Department of Millennium BCP
- Associate Director of the Millennium BCP bank's Financial Investments Division
- Investor Relations Officer for the Millennium BCP Group
- Coordinating Manager of Millennium BCP Retail network
- Head of the Capital Markets Division of Millennium BCP Investimento
- Co-Head of Millennium BCP Investment Banking Division
- Chairman and CEO of CISF Dealer, the brokerage arm of Millennium BCP Investimento
- General Manager of Millennium BCP
- Executive Board Member of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets

Education:
- Degree in Naval Architecture and Marine Engineering
- Master in Business Administration by the University of Michigan

RUI TEIXEIRA
Born: 1972

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors, Member of the Executive Committee and Chief Financial Officer of EDP Renováveis SA
- Director of EDP Renewables Canada Ltd, EDP Renewables Europe SL, EDP Renewables Polska SP zoo, EDP Renewables SGPS SA, EDP Renewables UK Ltd, EDP Renováveis Brasil SA, EDP Renováveis Portugal SA, EDP Renováveis Servicios Financieros SL, EDPR PT Promoção e Operação SA and South Africa Wind & Solar Power SLU

Current positions in companies outside EDPR and EDP group of companies:
(none)
Main positions in the last five years:
- Chief Financial Officer of EDP Renováveis SA
- Member of the Executive Committee of EDP Renováveis SA
- Member of the Board of Directors of EDP Renováveis SA

Other previous positions:
- Assistant Director of the commercial naval department of Gellweiler - Sociedade Equipamentos Marítimos e Industriais, Lda
- Project Manager and ship surveyor for Det Norske Veritas, with responsibilities for offshore structures, shipbuilding, and ship repair
- Consultant at McKinsey & Company, focussing on energy, shipping, and retail banking
- Head of the Corporate Planning and Control within the EDP Group
- Chief Financial Officer of EDP Renewables Europe SL (former NEO)

Education:
- Master of Science degree in Naval Architecture and Marine Engineering from the Institute Superior Técnico de Lisboa
- Master in Business and Administration from the Universidade Nova de Lisboa
- Advance Management Program from Harvard Business School

GABRIEL ALONSO
Born: 1973

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for North America of EDP Renováveis SA
- Director of EDP Renewables North America LLC and EDP Renewables Canada Ltd

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of Directors and of the Executive Committee of the American Wind Energy Association (AWEA)

Main positions in the last five years:
- Chief Operating Officer for North America of EDP Renováveis SA
- Member of the Executive Committee of EDP Renováveis SA
- Member of the Board of Directors of EDP Renováveis SA

Other previous positions:
- He joined EDP in early 2007 as Managing Director for North America
- Chief Development Officer (CDO) and Chief Operating Officer (COO) of EDPR NA

Education:
- Law Degree and a Master of Science Degree in Economics, each from the University of Deusto in Spain
- Advanced Management Program at The University of Chicago Booth School of Business

JOAO PAULO COSTEIRA
Born: 1965

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for Europe & Brazil of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Renewables Italia SRL, EDP Renewables France Holding SA, EDP Renewables SGPS SA, EDP Renewables South Africa Ltd, EDP Renováveis Portugal SA, EDPR PT Promoção e Operação SA, ENEOP 2 SA, Greenwind SA and South Africa Wind & Solar Power SLU
- Director of EDP Renewables Europe SL, EDP Renewables Polska SP zoo, EDP Renewables Romania SRL, EDP Renewables UK Ltd, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros SL

Current positions in companies outside EDPR and EDP group of companies:
(none)
Main positions in the last five years:
- Chief Operating Officer for Europe, Brazil and South Africa of EDP Renováveis SA
- Member of the Executive Committee of EDP Renováveis SA
- Member of the Board of Directors of EDP Renováveis SA

Other previous positions:
- Commercial Director of Portgás
- General Manager of Lisboagás (Lisbon's Natural Gás LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), and Managing Director of Lusitaniagás (Natural gas LDC) at Galpenergia Group (Portugal's National Oil & Gas Company
- Member of the Management Team of GalpEmpresas and Galpgás
- Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain)

Education:
- Degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto
- Master in Business Administration by IEP/ESADE (Oporto and Barcelona)
- Executive Development Program at École des HEC (Université de Lausanne)
- Strategic Leadership Development Program at INSEAD (Fontainebleau)
- Advanced Management Program of IESE (Barcelona)

JOAO LOPES RAIMUNDO
Born: 1960

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors and of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- CEO and Board Member of Millennium BCP Capital SA
- Chairman of the Board of BCP Holdings (USA), Inc., General Manager of Banco Comercial Portugês
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS SA
- Member of the Investment Committees of the Fundo Revitalizar Norte, FCR (managed by Explorer Investments, SCR SA), Fundo Revitalizar Centro, FCR (Managed by Oxy Capital, SCR, SA) and Fundo Revitalizar Sul, FCR (Managed by Capital Criativo, SCR SA)

Main positions in the last five years:
- Member of the Board of Directors of CIMPOR - Cimentos de Portugal, SGPS SA
- Managing Director of Millennium BCP's Investment Banking Division

Other previous positions:
- Senior auditor of BDO—Binder Dijker Otte Co.
- Director of Banco Manufactures Hanover (Portugal) SA
- Member of the Boards of TOTTAFactor SA (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS SA In 1993, held positions with Nacional Factoring, da CISF - Imóveis and CISF Equipamentos
- Director of CISF - Banco de Investimento
- Member of the Board of Directors of Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing and Nacional Factoring
- Member of the Board of Directors of BCP Leasing, BCP Factoring and Leasefactor SGPS
- Chairman of the Board of Directors of Banque BCP (Luxemburg)
- Chairman of the Executive Committee of Banque BCP (France)
- Member of the Board of Banque Privée BCP (Switzerland)
- General Manager of BCP's Private Banking Division
- Member of the Board of Directors of Banco Millennium BCP de Investimento SA
- General Manager of Banco Comercial Português SA
- Vice-Chairman of the General Assembly Board of Millennium Angola
- Vice-Chairman and CEO of Millennium BCP Bank NA (USA)

Education:
- BSc in Business Administration from Universidade Católica Portuguesa
- Master in Business Administration from INSEAD

JOAO MANUEL DE MELLO FRANCO
Born: 1946

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors, Chairman of the Nominations and Remunerations Committee, Member of the Audit and Control Committee and Member of the Related-Party Transactions Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Chairman of the Board of Directors of Portugal Telecom SGPS, SA.
- Member of the Evaluation Committee of Portugal Telecom SGPS SA
- Member of the Board of Villas Boas ACP – Corretores de Seguros, Lda

Main positions in the last five years:
- Chairman of the Audit Committee of Sporting Clube de Portugal SAD

Other previous positions:
- Member of the Board of Directors of Tecnologia das Comunicações, Lda
- Chairman of the Board of Directors of Telefones de Lisboa e Porto SA
- Chairman of Associação Portuguesa para o Desenvolvimento das Comunicações
- Chairman of the Board of Directors of Companhia Portuguesa Rádio Marconi
- Chairman of the Board of Directors of Companhia Santomense de Telecomunicações e da Guiné Telecom
- Vice-Chairman of the Board of Directors and CEO of Lisnave (Estaleiros Navais) SA
- CEO and Chairman of the Board of Directors of Soponata
- Director and Member of the Audit Committee of International Shipowners Reinsurance Co SA
- Vice-Chairman of José de Mello Imobiliária SGPS SA
- Chairman of the Audit Committee, Member of the Corporate Governance Committee, Member of the Evaluation Committee and Member of the Remuneration Committee of Portugal Telecom SGPS SA

Education:
- BSc in Mechanical Engineering from Instituto Superior Técnico de Lisboa
- Certificate in strategic management and company boards
- Holder of a grant of Junta de Energia Nuclear

JORGE SANTOS
Born: 1951

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors and Chairman of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- President of the General Assembly of IDEFE
- Director at "Fundação Económicas"
- Coordinator of the Master Program in Economics of ISEG

Main positions in the last five years:
- President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade de Lisboa (ISEG)

Other previous positions:
- Coordinator of the committee for evaluation of the EC Support Framework II
- Member of the committee for the elaboration of the ex-ante evaluation of the EC Support Framework III. From 1998 to 2000
- Chairman of the research unit "Unidade de Estudos sobre a Complexidade na Economia (UECE)"
- Chairman of the scientific council of Instituto Superior de Economia e Gestão (ISEG) of the Universidade de Lisboa
- Coordinator of the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal

Education:
- Degree in Economics from Instituto Superior de Economia e Gestão
- Master degree(MSc) in Economics from the University of Bristol
- Ph.D. in economics from the University of Kent
- Doctorate Degree in Economics from the Instituto Superior de Economia e Gestão of Universidade de Lisboa

JOSE ARAUJO E SILVA
Born: 1951

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Consultant
- Professor at Católica Oporto Business School

Main positions in the last five years:
- Member of the Executive Committee of Rádio e Televisão de Portugal (RTP)
- Member of the Executive Board of Caixa Geral Depósitos SA
- Chairman of Caixa Seguros e Saúde
- Non-Executive Board Member of Banco Caixa Totta de Angola
- Non-Executive Board Member of AdP – Águas de Portugal SGPS
- Non-Executive Board Member of Artlant, SA

Other previous positions:
- Executive Board Member of Corticeira Amorim SGPS
- CFO and Controler, Sonae Industria
- CFO Sonae Investimentos SGPS
- Executive Board Member, Tafisa, Sonae Industria - Spain
- Executive Committee, Sonae Participações Financeiras; CEO MDS – In Company Risk management & Insurance Broker services
- Vice-Chairman Sonae Industria
- International Department Banco Espírito Santo
- Professor at FEUP and Católica University

Education:
- Faculdade Economia, University Porto (FEP)
- Post-Graduation University Paris IX, Dauphine and International Banker's Course, Midland Bank, London

MANUEL MENENDEZ MENENDEZ
Born: 1960

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Chairman of the Board of Directors Hidroeléctrica del Cantábrico SA
- Chairman of the Board of Directors of Naturgás Energía Grupo SA

Current positions in companies outside EDPR and EDP group of companies:
- CEO of Liberbank SA

Main positions in the last five years:
- Chairman and CEO of Liberbank SA
- Chairman of Banco de Castilla-La Mancha
- Chairman of Cajastur
- Chairman of Hidroeléctrica del Cantábrico SA
- Chairman of Naturgás Energía Grupo SA
- Member of the Board of Directors of EDP Renewables Europe SL
- Representative of Peña Rueda, SL in the Board of Directors of Enagas SA
- Member of the Board of Confederación Española de Cajas de Ahorro (CECA)
- Member of the Board of UNESA

Other previous positions:
- University Professor in the Department of Business Administration and Accounting at the University of Oviedo

Education:
- BSc in Economics and Business Administration from the University of Oviedo
- PhD in Economic Sciences from the University of Oviedo

RAFAEL CALDEIRA VALVERDE
Born: 1953

Current positions in EDPR or EDP group of companies:
- Member of the Board and Member of the Nominations and Remuneration Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Executive Vice-Chairman of the Board of Directors of Banco Espírito Santo de Investimento

Main positions in the last five years:
- Executive Vice-Chairman of the Board of Directors of Banco Espírito Santo de Investimento
- Vice-Chairman and Member of the Executive Committee of Banco Espírito Santo de Investimento, SA
- Member of the Board of Directors of BES Investimento do Brasil SA - Banco de Investimento
- Member of the Board of Directors of ESSI S.G.P.S. SA
- Member of the Board of Directors of ESSI Comunicações SGPS SA
- Member of the Board of Directors of ESSI Investimentos SGPS SA
- Member of the Board of Directors of Espírito Santo Investment Holdings Limited
- Member of the Board of Directors of EDP Renováveis SA
- Member of the Supervisory Board of Academia de Música de Sta. Cecília
- Vice-Chairman of Federação Portuguesa de Rugby
- Member of the Supervisory Board TRANS-POR

Other previous positions:
- Lecturer of Economics at the Universidade de Economia de Coimbra (1976-78)
- Manager at Instituto do Investimento Estrangeiro

Education:
- BSc in Economics from the Instituto de Economia da Faculdade Técnica de Lisboa

GILLES AUGUST
Born: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Lawyer and founder of August & Debouzy Law Firm
- Lecturer at École Supérieure des Sciences Economiques et Commerciales, at Collège de Polytechnique and at CNAM (Conservatoire National des Arts et Métiers)

Main positions in the last five years:
- Lawyer and founder of August & Debouzy Law Firm

Other previous positions:
- Lawyer at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC
- Associate and later became Partner at Baudel, Salés, Vincent & Georges Law Firm in Paris
- Partner at Salés Vincent Georges

Knight of thé Légion d'Honneur and Officer in thé Ordre National du Mérite

Education:
- Master in Laws from Georgetown University Law Center in Washington DC (1986)
- Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984)
- Master in Private Law from the same University (1981)
- Graduated from the École Supérieure des Sciences Economiques et Commerciales (ESSEC)

JOAO MARQUES DA CRUZ
Born: 1958

Current positions in EDPR or EDP group companies:
- Member of the Board of Directors of EDP Renováveis SA
- Executive Director of EDP Energias de Portugal SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of Companhia de Eletricidade de Macau CEM SA, EDP Ásia Investimentos e Consultoria Lda, EDP Ásia Soluções Energéticas Lda, EDP Internacional S.A.

Current positions in companies outside EDPR and EDP group of companies:
- Chairman of the Board of Directors of CEM – Macao Electrical Company

Main positions in the last five years:
- Member of the Board of EDP Internacional SA
- Chairman of the Board of Directors of CEM – Macao Electrical Company
- Member of the Executive Board of Directors of EDP Energias de Portugal SA

Other previous positions:
- General Director at TAP Group (Transportes Aéreos de Portugal)
- Member of the Board of TAPGER
- Member of the Board of several companies within the CP – Portuguese Railways, namely EMEF.
- CEO of AirLuxor between 2002 and 2005.
- Chairman and CEO of ICEP (later AICEP), Portuguese State Owned Agency for International Trade and Promotion

Education:
- Degree in Management at the Lisbon's ISE (Technical University of Lisbon) - Instituto Superior de Economia da Universidade Técnica de Lisboa.
- MBA in Management at the Technical University of Lisbon - Universidade Técnica de Lisboa
- Post-Graduation in Marketing and Management of Airlines at Bath University / International Air Travel Association – United Kingdom

ACACIO PILOTO
Born: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
(none)

Main positions in the last five years:
- Member of the Board of Directors and Member of the Audit Committee of INAPA IPG SA
- Millennium BCP General Manager responsible for the Asset Management business
- CEO of Millennium Gestão de Activos SGFIM
- Chairman of Millennium SICAV
- Chairman of BII International

Other previous positions:
- International Division of Banco Pinto e Sotto Mayor
- International and Treasury Division of Banco Comercial Português
- Head of International Corporate Banking
- Head of Treasury and Capital Markets Division at CISF- Banco de Investimento (BCP investment bank)
- Seconded to the Groups Subsidiary in charge of Asset Management, AF Investimentos, joining its Executive Committee and acting as Chairman of the following group companies: AF Investimentos, Fundos Mobiliários; AF Investimentos, Fundos Imobiliários; BPA Gestão de Patrimónios; BCP Investimentos International; AF Investimentos International and Prime International and member of the Executive Committee
- Executive Board Member of BCP - Banco de Investimento, in charge of Investment Banking
- Head of Treasury and Capital Markets of BCP – Banco de Investimento

Education:
- Law degree by the Law School of Lisbon University
- During 1984 and 1985 he was a scholar from the Hanns Seidel Foundation, Munich were he obtained a Post- Graduation in Economic Law by Ludwig Maximilian University
- Post- Graduation in European Community Competition Law by Max Planck Institut
- Trainee at the International Division of Bayerische Hypoteken und Wechsel Bank
- Professional education courses, mostly in banking and financial management, namely the International Banking School (Dublin, 1989), the Asset and Liability Management Seminar (Merrill Lynch International) and the INSEAD Executive Program (Fontainebleau)

ANTONIO NOGUEIRA LEITE
Born: 1962

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors and Member of the Nominations and Remunerations Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board at HipogesIberia--Advisory, SA
- Director of MP - Microprocessador, SA
- Member of the Advisory Committee at Incus Capital Advisors
- Vice-President of "Fórum para a Competitividade"

Main positions in the last five years:
Group Caixa Geral de Depósitos (Portugal's largest banking group):
- Vice-Chairman of the Executive Committee of Caixa Geral de Depósitos SA
- Chairman of the Board Caixa Banco de Investimento SA, Caixa Capital SCR SGPS SA, Caixa Leasing e Factoring SA, Partang SGPS SA

Group José de Mello (one of Portugal's leading private groups):
- Director of José de Mello Investimentos and General Manager of José de Mello SGPS SA
- Director of Companhia União Fabril CUF SGPS SA, Quimigal SA (2002-2006), CUF - Químicos Industriais SA, ADP SA – CUF – Adubos, SEC SA, Brisa SA, Efacec Capital SGPS SA, Comitur SGPS SA, Comitur Imobiliária SA, José de Mello Saúde SGPS SA
- Chairman of the Board of OPEX SA (2003 -2011)
- Member of the Advisory Council of IGCP, Portugal's National Debt Agency, (2002-2011)

Other previous positions:
- Director of Soporcel SA (1997-1999)
- Director of Papercel SGPS SA (1998-1999)
- Director of MC Corretagem SA (1998-1999)
- Chairman of the Board, Lisbon Stock Exchange (1998-9)
- Secretary of State for Treasury and Finance and Alternate Governor (IMF, EBRD, EIB, WB)
- Member of the Economic and Financial Committee of the European Union

Education:
- Degree, Universidade Católica Portuguesa, 1983
- Masters of Science in Economics, University of Illinois at Urbana-Champaign
- Ph.D. in Economics, University of Illinois at Urbana-Champaign

JOSE FERREIRA MACHADO
Born: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board and Chairman of the Related-Party Transactions Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Dean of Nova School of Business and Economics (Nova SBE), Universidade Nova de Lisboa

Main positions in the last five years:
- Professor of Economics, Associate Professor, Assistant Professor and Teaching Assistant at Nova SBE
- Visiting Assisting Professor at University of Illinois at Urbana Champaign
- Consultant at GANEC
- Op-ed columnist at O Sol

Other previous positions:
- Associate Dean at Nova SBE
- Consultant for the Research Department at Banco de Portugal
- Member of the Advisory Board of Instituto de Gestão de Crédito Público

Education:
- Degree in Economics by Universidade Técnica de Lisboa
- Agregacão (Habilitation) in Statistics and Econometrics by Universidade Nova de Lisboa
- PhD in Economics by the University of Illinois at Urbana-Champaign

SECRETARY OF THE BOARD OF DIRECTORS

EMILIO GARCIA-CONDE NORIEGA
Born: 1955

Current positions in EDPR or EDP group of companies:
- General Secretary and General Counsel of EDP Renováveis SA
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe

Current positions in companies outside EDPR and EDP group of companies:
(none)

Main positions in the last five years:
- General Secretary and General Counsel of EDP Renováveis SA
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe

Other previous positions:
- Legal Counsel of Soto de Ribera Power Plant (consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico)
- General Counsel of Soto de Ribera Power Plant
- Chief of administration and human resources of the consortium
- Legal Counsel of Hidrocantábrico
- General Counsel of Hidrocantábrico and member of the management committee

Education:
- Law Degree from the University of Oviedo

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

Audit report on the system of internal control over financial reporting

To the Board of Directors
EDP Renováveis, S.A.

Further to your request and to our engagement letter dated 24 July 2014, we have audited the system of internal control over financial reporting of EDP Renováveis, S.A. (the Company) and subsidiaries (the Group) at 31 December 2014, based on the criteria established in the Internal Control–Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures, and with the COBIT Framework for IT Governance and Control. The Board of Directors of the Company and senior Group management are responsible for adopting the measures required to reasonably guarantee the implementation, maintenance and supervision of an adequate system of internal control over financial reporting, assess its efficiency and make improvements to the system, as set forth in the report drawn up by Group management on the internal control over financial reporting system enclosed. Our responsibility is to express an opinion on the effectiveness of the Group's internal control over financial reporting system based on our audit.

An organisation's system of internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that are aimed at: (i) verifying the existence and maintenance of records that present fairly and in reasonable detail the Group's transactions and assets; (ii) providing reasonable assurance that transactions are adequately recorded so as to allow the Group to draw up consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) providing reasonable assurance regarding the timely prevention or detection of asset additions or disposals or unauthorised use of Group assets that might have a material effect on the consolidated annual accounts. Due to the limitations inherent in any form of internal control system, irrespective of the quality of the design and operation of the internal control system adopted for annual financial reporting, this system can only provide reasonable but not absolute assurance as to the objectives sought.

We have performed our audit in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000). This standard requires that we plan and perform our audit to obtain reasonable assurance about whether the Group system of internal control over financial reporting is effective in all material aspects. Our audit included our gaining an understanding of the Group's internal control over the financial reporting system, verifying and evaluating, on a selective test basis, the design and operating efficiency of the system, and performing other procedures that we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Due to the limitations inherent in any form of internal control system, there is always the possibility that internal control over financial reporting may not prevent or detect the errors or irregularities that might arise, whether due to errors in judgement, human error, fraud or malpractice. Extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the levels of compliance with policies and procedures.

In our opinion, the Group's system of internal control for financial reporting at 31 December 2014 is effective in all material aspects, according to the criteria established in the Internal Control–Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures and the COBIT Framework for IT Governance and Control.

On 25 February 2015, in accordance with prevailing accounting legislation in Spain, we issued our audit report on the consolidated annual accounts of the Group for 2014, expressing an unqualified opinion thereon.

This report has been issued in accordance with your request. We accept no liability to any third parties other than the intended recipients of this report.

KPMG Auditores, S.L.

E. Bilbao

Estíbaliz Bilbao Belda

25 February 2015

Report from Management concerning responsibility for

the System of Internal Control over Financial Reporting

The board of directors and management are responsible for establishing and maintaining an adequate System of Internal Control over Financial Reporting (SCIRF).

The SCIRF of EDP Renováveis Group is a set of processes designed to provide reasonable assurance as to the reliability of the financial information and the preparation of the consolidated annual accounts for external purposes, in accordance with the applicable financial information reporting framework.

Due to the limitations inherent to all internal control systems, it is possible that the system of internal control over financial reporting does not prevent or detect all errors that could occur and may only provide reasonable assurance with respect to the presentation and preparation of the consolidated annual accounts. Furthermore, extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the level of compliance with policies and procedures.

Management has assessed the effectiveness of the SCIRF at 31 December 2014 based on the criteria established in the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a result of this assessment, and based on the aforementioned criteria, management concludes that at 31 December 2014 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2014 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.

Chief Executive Officer

Chief Financial Officer

24 February 2015

Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31 and other documents relating to the submission of accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the companies included in its scope of consolidation and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A. and the companies included in its scope of consolidation, containing a description of the principal risks and uncertainties that they face.

Lisbon, February 24, 2015.

António Luís Guerra Nunes Mexia

João Manuel Manso Neto

Nuno Maria Pestana de Almeida Alves

João Manuel Veríssimo Marques da Cruz

Rui Manuel Rodrigues Lopes Teixeira

João Paulo Nogueira da Sousa Costeira

Gabriel Alonso Imaz

Acácio Jaime Liberado Mota Piloto

António do Pranto Nogueira Leite

João Manuel de Mello Franco

João José Belard da Fonseca Lopes Raimundo

Jorge Manuel Azevedo Henriques dos Santos

José Fernando Maia de Araújo e Silva

José António Ferreira Machado

Gilles August

Manuel Menéndez Menéndez

Rafael Caldeira Castel-Branco Valverde