EDP Renováveis Group

1H13 Management Report

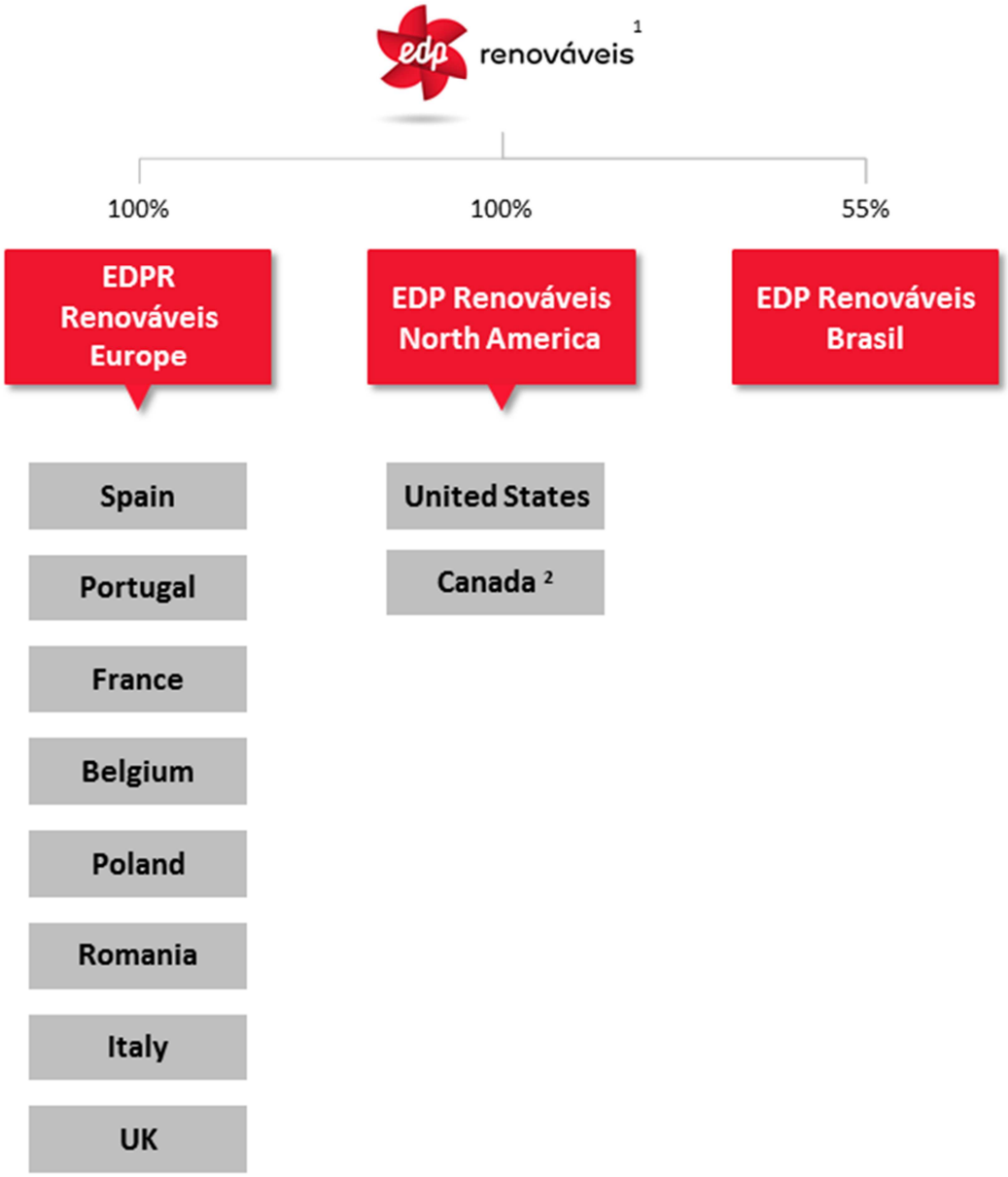
edp renováveis

Index

Attached:

EDP RENOVÁVEIS FINANCIAL STATEMENTS AS OF 30/JUN/2013

Organizational Chart



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

2 - 100% owned by EDPR, operationally integrated in EDPR NA

Main events of the period

JANUARY

Jan 2nd – Extension of key energy-related tax incentives applicable to EDPR in the US

The American Taxpayer Relief Act of 2012 was signed by the President of the US, which includes the extension of energy-related tax incentives for the wind energy sector in the country. The Act states the qualification for 10 year of Production Tax Credits ("PTC") on electricity output ($22/MWh) for wind projects that have begun construction until January 1st 2014.

Jan 16th – EDPR is granted 20-year tariff for 40 MW to be developed in Italy

EDP Renováveis secured a 20-year feed-in tariff for 40 MW of wind capacity at a renewable energy auction in Italy. EDPR has projects located in Puglia and Basilicata regions, with an expected average load factor of 29%.

FEBRUARY

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

The Spanish Government published the Royal Decree-Law 2/2013 that encompasses a set of regulatory modifications applicable to the Spanish electricity sector and affecting the wind energy assets. The main modifications of the new Royal Decree – which is effective from January 1st 2013 – that impact EDPR include:

- All the energy production facilities operating under the previous special regime are to be remunerated according with the current feed-in tariff schemes for the remaining useful life of the asset.
- Operators of facilities under the special regime currently operating under the market option can select, until February 15th 2013 and for the remaining useful life of the asset, a remuneration based on electricity wholesale market price without the renewable energy premium, the cap or the floor.
- The annual inflation excluding energy products, food prices and any impact of tax changes will serve as the index used to annually update all the regulated activities in the electricity sector.

Feb 5th – EDP Renováveis disclosed 2012 provisional data

In 2012 EDPR wind energy capacity grew by 504 MW (+6.7% YoY), of which 400 MW to its EBITDA consolidated capacity and 64 MW (attributable to EDPR) through Eólicas de Portugal consortium. By the end of 2012, EDPR managed a global portfolio of 8.0 GW in 9 different countries, which already considers 390 MW through its interest in the Eólicas de Portugal consortium.

In the year 2012, EDPR produced 18.4 TWh of clean energy, representing a growth of 10% YoY. Europe represented the main source of growth (+13%), supported by non-Iberian markets, while US followed close in absolute terms but with a relative growth of +6%.

EDPR top-sector load factor remained unchanged vs 2011 (29%), which reflects the continuity of a balanced portfolio, a selective geographical diversification (9 different countries) and the capacity to maximize wind farm output. Spain increased its load factor by 2 pp (to 27%), and Brazil was the only that registered a decrease (31% in 2012 vs 35% in 2011).

Feb 26th – Board of Directors' Meeting Results

At the Board of Directors' Meeting held on February 26th, the board members approved the following resolutions:

- Mr. António do Pranto Nogueira Leite, Mr. Acácio Jaime Liberado Mota Piloto and Mr. José A. Ferreira Machado were appointed by cooption as members of the Board until the next General Shareholders' Meeting is gathered.
- Mr. António do Pranto Nogueira Leite was appointed as member of the Nominations and Remunerations Committee.
- Mr. José A. Ferreira Machado was appointed as member and president of the Related Party Transactions Committee.

Feb 26th – EDP Renováveis announced 2012 results

Revenues reached €1,285 million (+20% YoY) and EBITDA €938 million (+17% YoY), with an EBITDA margin of 73%. Net Income increased 43% YoY to €126 million.

APRIL

Apr 16th – Management Transaction

Mr. José Ferreira Machado, member of EDP Renováveis Board of Directors, informed EDPR of the purchase of 600 EDPR shares in the Euronext Lisbon market. Mr. José Ferreira Machado owned, after the transaction, 630 shares of the company.

Apr 17th – EDP Renováveis disclosed 1Q2013 provisional data

In the last 12 months, EDPR added 515 MW to its EBITDA consolidated capacity and 64 MW (attributable to EDPR) through Eólicas de Portugal consortium. By the end of March 2013, EDPR managed a global portfolio spread over 9 countries, of which 7.7 fully consolidated plus 390 MW through its interest in the Eólicas de Portugal Consortium.

In the 1Q13, EDPR produced 5.8 TWh of clean energy, an increase of 10% vs. 1Q12, benefiting from the capacity additions in the last 12 months and the outstanding wind resources in Europe. Europe was the main source for growth QoQ (+36%) supported by a +38% growth QoQ in Spain. Meanwhile, US decreased its output by 7% due to lower wind resource.

In the first quarter of 2013, EDPR achieved a load factor of 36% (vs. 34% in 1Q2012), reflecting the benefits of a balanced portfolio and maintaining its leading position within the wind industry while reinforcing its wind farms' intrinsic quality. In Europe, the load factor achieved was 36%, and Iberia registered significant increase in Spain (37%, +9pp vs. 1Q12) and Portugal (38%, +14pp vs. 1Q12). In the US, EDPR experienced a lower wind resource YoY (36% vs. 41%) although in line with the 1Q11 figure (35%).

Apr 22nd – EDP Renováveis secures new PPA for operating wind farms with 250 MW in the US

EDP Renováveis signed a 20-year Power Purchase Agreement ("PPA") to sell, starting from January 1st 2016, the renewable energy produced by its wind farms located in Oklahoma, in the US. These wind farms are already in operation and have an installed capacity of 250 MW.

This contract eliminates EDPR's current long-term merchant exposure in Oklahoma and reduces the structural long-term exposure in the US to only 8% of EDPR's total installed capacity as of March 2013.

Apr 23rd – EDP Renováveis Annual Shareholder Meeting

EDP Renováveis' Annual General Shareholders' Meeting was held in the April 23rd and all resolutions were approved.

MAY

May 8th – Payment of Dividends – Fiscal Year 2012

EDP Renováveis announces the starting date for the payment of dividends (€0.04 gross per share) to be May 23rd 2013.

JUNE

Jun 10th – EDPR secures PPA for new wind farm with 200 MW in the US to be installed in 2014

EDP Renováveis signed a 20-year Power Purchase Agreement ("PPA") with Indiana Michingan Power Company, a fully owned subsidiary of American Electric Power. EDP Renováveis will sell the energy produced from its 200 MW Headwates wind farm located in the Indiana State, in the US, expected to be installed in 2014.

Jun 11th – Romanian Government publishes ordinance with modifications for renewable energy

The Romanian Government published the Emergency Government Ordinance 57/2013 which encompasses a set of modifications applicable to the renewable energy sector, effective from July 1st 2013.

Relevant modifications include:

Wind Energy: Current wind power plant maintain the right to collect two Green Certificates ("GC") per MWh generated until December 31st 2017 and one GC from January 1st 2018 until completing 15 years of operation. One of the GC collected between July 1st 2013 and March 31st 2017 can only be sold in the 2018-2020 period.

Solar Energy: Current solar PV plants maintain its right to collect six GC per MWh generated during 15 years. Two of the GC attributed between July 1st 2013 and March 31st 2017 period can only be sold from April 1st 2017 to December 31st 2020.

Green Certificates Market: The obligation to acquire GC is set quarterly, based on the annual mandatory quota of renewable electricity supplied to final consumers. Trading must only be carried through centralized market administered by the Romanian electricity market operator.

Remuneration revisions for new assets: The Romanian Energy Regulatory Agency will perform, every six months, a profitability analysis to conclude if the number of GC for new assets should be adjusted. Analysis already proposed include: i) new wind power plants should collect 1.5 GC per MWh until December 31st 2017 and one GC from January 1st 2018 until completing 15 years of operation and ii) new solar PV power plants should collect 3 GC per MWh during 15 years.

Market Growth Potential: The Romanian Energy Regulatory Agency will limit the new yearly capacity additions to benefit from the GC to be set for the year by a "Government Decision" based on an updated Romanian Renewable Action Plan.

Jun 28th – EDPR concludes the sale of minority stakes in wind farms in Portugal

EDP Renováveis completed the sale of 49% equity shareholding and 25% of the outstanding shareholders loans in EDP Renováveis Portugal, S.A. for a final consideration of €368 million. This sale is part of the strategic partnership between EDP – EDPR's principal shareholder – and CTG, established in December 2011.

Performance of 1H13

OPERATIONAL PERFORMANCE

Operating Overview

Installed Capacity (MW)	1H13	1H12	Δ 13/12
Spain	2,310	-	+100
Portugal	619	+4	+4
France	314	-	+8
Belgium	57	-	-
Poland	320	+130	+130
Romania	378	+28	+93
Italy	40	-	+40
Europe	**4,038**	**+162**	**+374**
US	**3,637**	**-**	**+215**
Brazil	**84**	**-**	**-**
EBITDA MW	**7,759**	**+162**	**+589**
ENEOP- Eólicas de Port. (equity consolidated)	391	+2	+59
EBITDA MW + Eólicas de Portugal	**8,150**	**+163**	**+648**

As of Jun-13, EDPR managed a global portfolio of 8.1 GW in 9 countries, of which 7.8 GW fully consolidated (EBITDA MW) with additional 391 MW equity consolidated through its interest in the Eólicas de Portugal consortium.

This consolidated capacity had low market risk as 91% have remuneration schemes with a long-term profile and only 9% exposed to US spot wholesale electricity markets (although partly covered by short-term hedges).

In the last 12 months, EDPR brought into operation a total of 648 MW of new capacity (589 MW fully consolidated and 59 MW attributable to EDPR through its interest in the Eólicas de Portugal consortium). Out of the total 648 MW added over the last 12 months, 433 MW were installed in Europe and 215 MW in the US. In Europe, 130 MW were added in Poland, 93 MW in Romania (of which 39 MW are solar PV), 100 MW were added in Spain, 40 MW in Italy, 8 MW in France and 63 MW in Portugal (of which 59 MW correspond to the EDPR's share in the Eólicas de Portugal consortium). In the US, EDPR added a 215 MW wind farm in the state of New York.

Load Factor	1H13	1H12	Δ 13/12
Europe	31%	27%	+3.3 pp
US	36%	38%	(2.0pp)
Brazil	27%	25%	+1.4pp
Total	**33%**	**32%**	**+0.7pp**

In the 1H13, EDPR achieved a 33% load factor (+0.7pp YoY), reflecting the benefits of a balanced portfolio, maintaining its leading position within the wind industry and reinforcing its wind farms' intrinsic quality. In Europe, EDPR experienced a very strong wind resource in the period, 10% above average, achieving a 31% load factor (+3.3pp vs. 1H12). In the US, EDPR achieved a 36% load factor (38% in the 1H12) benefiting from the strong 2Q13 wind resource (35% vs. 34% in the 2Q12). In Brazil, EDPR's load factor reached 27% (vs. 25% in 1H12).

GWh	1H13	1H12	Δ 13/12
Europe	5,000	4,217	+19%
US	5,618	5,607	+0.2%
Brazil	98	93	+5%
Total	**10,716**	**9,918**	**+8%**

Electricity output in the 1H13 increased 8% YoY to 10.7 TWh. The company's operations in Europe were the main driver for the electricity production growth (+19% YoY) generating 5.0 TWh in the 1H13 and representing 47% of the period output (43% in the 1H12), while the electricity generation in the US was stable at 5.6 TWh (+0.2% YoY) and accounted for 52% of the 1H13 output. From the total 10.7 TWh produced in the period, 89% were sold under PPAs or regulated framework schemes.

Selling prices (MWh)	1H13	1H12	Δ 13/12
Europe	€94.4	€94.8	(0.4%)
US	$48.1	$45.9	+5%
Brazil	R$308.8	R$279.3	+11%
Avg. Selling Price	**€64.3**	**€61.4**	**+5%**

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The average selling price increased 5% YoY to €64.3/MWh (€61.4/MWh in the 1H12) as a result of the higher contribution from the output in Europe for the total production of the period (47% in the 1H13 vs. 43% in 1H12) and higher prices in the US (+5% YoY) and in Brazil (+11% YoY). The company's average price in Europe was stable YoY (€94.4 in 1H13 vs. €94.8 in 1H12) with the improvement in the Rest of Europe price (+4% YoY) offsetting the lower average prices in Spain (-3% YoY) due to the termination of the Transitory regime (announced in 2007) and the regulatory changes published in Feb-13.

The higher electricity output (+8% YoY), coupled with a better average selling price (+5% YoY) drove electricity sales up by 14% YoY to €685m. Income from Institutional Partnerships was stable YoY at €71m, in line with the output evolution.

All in all, EDPR revenues in the 1H13 increased 12% YoY to €756m and on a per MW basis improved 6% YoY, reflecting the better operating metrics of the portfolio.

During the 1H13, EDPR added 130 MW in Poland, 28 MW in Romania and 6 MW in Portugal (2 MW attributable to EDPR through the Eólicas de Portugal consortium), and as of Jun-13 EDPR had 270 MW under construction: 144 MW in Romania (of which 12 MW are solar PV), 60 MW in Poland, 30 MW in Italy, 8 MW in France and 29 MW in Portugal (attributable to EDPR through the Eólicas de Portugal consortium). As usual, the commercial operating date (COD) of the projects to be added in 2013 will be substantially back-end loaded, therefore the new projects should start to show benefits mostly from 2014 onwards.

Capex in the period totalled €104m (-8% YoY), reflecting the capacity additions in the 1H13 and the works done in the period for the capacity under construction. Out of the €104m capex in the 1H13, €84m were in Europe (almost entirely dedicated to projects in Poland and Romania), while €18m were in North America.

Development of Capacity and Capex

Under construction (MW)	1H13
Spain	-
Portugal	-
France	8
Belgium	-
Poland	60
Romania	144
Italy	30
Europe	**242**
US	**-**
Brazil	**-**
EBITDA MW	**242**
ENEOP- Eólicas de Portugal (equity consolidated)	29
EBITDA MW + Eólicas de Portugal	**270**

Capex (€m)	1H13	1H12	Δ %	Δ €
Europe	84	70	+19%	+13
US	18	41	(55%)	(23)
Brazil & Others	2	2	-	-
Total	**104**	**113**	**(8%)**	**(9)**

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Statement of Financial Position

Assets (€m)	1H13	FY12	Δ 13/12
Property, plant and equipment, net	10,371	10,537	(2%)
Intangible assets and goodwill, net	1,313	1,327	(1%)
Financial investments, net	67	57	+18%
Deferred tax assets	107	89	+20%
Inventories	17	16	6%
Accounts receivable - trade, net	164	180	(9%)
Accounts receivable - other, net	1,016	800	+27%
Financial assets at fair value through profit and loss	0.7	0.4	+75%
Collateral deposits	110	49	+124%
Cash and cash equivalents	337	246	+37%
Total Assets	**13,503**	**13,302**	**+2%**
Equity (€m)			
Share capital + share premium	4,914	4,914	-
Reserves and retained earnings	624	384	+63%
Net Profit (Equity holders of EDPR)	129	126	+2%
Non-controlling interests	399	325	+23%
Total Equity	**6,065**	**5,749**	**+5%**
Liabilities (€m)			
Financial debt	3,925	3,874	+1%
Institutional partnerships	906	942	(4%)
Provisions	67	64	+5%
Deferred tax liabilities	403	381	+6%
Deferred revenues from institutional partnerships	727	738	(1%)
Accounts payable - net	1,409	1,555	(9%)
Total Liabilities	**7,438**	**7,553**	**(2%)**
Total Equity and Liabilities	**13,503**	**13,302**	**+2%**

Overall, in the 1H13 EDPR has strengthened its balance sheet, by increasing total equity by +5% and reducing its total liabilities by -2%.

Total assets by June 2013 amounted to €13.5bn, of which c. 77% (€10.4bn) are related to net Property, plant and equipment (PP&E) reflecting the cumulative net invested capital in renewable energy generation.

Total net PP&E decreased -€166m, mainly following the new additions in the period (+€104m) reduced by the depreciation charges and impairment losses in the period (-€243m), disposals and write-offs (-€32m) and the effect from Fx translation mostly due to the USD devaluation (-€5m). Total cumulative net invested capital related to renewable energy assets in operation at the end of June 2013 (excluding work in progress related to assets under construction and pipeline development and excluding investment grants received) amounted to €9.0bn.

Net intangible assets and goodwill of €1.3bn mostly include the goodwill assigned to acquisitions in the US (€593m) and Spain (€549m) while total net accounts receivable of €1.2bn comprise loans to related parties (€724m), trade receivables (€107m) and tax receivables (€86m).

Total equity at year-end of €6.1bn increased by +€316m during the year essentially from the sale of non-controlling interests of +€257m, the net profit of the period of +€150m (including +€21m attributable to non-controlling interests) and reduced by dividends paid of -€35m.

Total liabilities of €7.4bn at June 2013, -€115m lower versus prior year-end, include c. 53% from financial debt (€3.9bn) and c. 12% from liabilities related to institutional partnerships (€0.9bn).

Liabilities related to institutional partnerships decreased by -€36m to €906m, mainly as a result of tax benefits monetized (-€52m), payments to institutional investors (-€23m), interests accrued (+€31m) and Fx translation (-€8m). Deferred revenues from institutional partnerships of €727m consist mostly by the deferred income related to tax benefits monetized by the institutional partners yet to be recognized in the income statement throughout the remaining lifetime of the respective assets.

Deferred Tax liabilities in the amount of €403m reflect the tax effects from temporary differences between assets and liabilities on an accounting basis and on tax basis, while accounts payable of €1.4bn include deferred income related to Investment grants received (€409m), payables to PP&E suppliers (€210m), liabilities from fair value of derivative financial instruments (€235m), financial payables to related parties (€186m) and tax payables (€178m).

Statement of Income

Consolidated Income Statement (€m)	1H13	1H12	Δ 13/12
Electricity sales and other	685.2	602.4	+14%
Income from Institutional Partnerships	70.9	71.1	(0%)
Revenues	**756.1**	**673.5**	**+12%**
Other operating income	25.4	14.2	+79%
Supplies and services	(125.8)	(119.6)	+5%
Personnel costs	(35.2)	(29.3)	+20%
Other operating costs	(60.0)	(35.2)	+70%
Operating Costs (net)	**(195.7)**	**(169.9)**	**+15%**
EBITDA	**560.4**	**503.5**	**+11%**
EBITDA/Revenues	*74.1%*	*74.8%*	*(0.6 pp)*
Provisions	(0.2)	-	-
Depreciation and amort.	(242.9)	(229.2)	+6%
Amortisation of deferred income (gov. grants)	9.4	7.6	+24%
EBIT	**326.7**	**281.9**	**+16%**
Capital gains/(losses)	-	2.9	(100%)
Fin. income/(expense)	(130.2)	(135.2)	(4%)
Income/(losses) f/ group and associated comp.	9.6	3.6	+165%
Pre-Tax Profit	**206.1**	**153.1**	**+35%**
Income taxes	(56.4)	(47.7)	+18%
Profit of the period	149.8	105.4	+42%
Net Profit (Equity holders of EDPR)	**129.0**	**100.0**	**+29%**
Non-controlling interests	20.8	5.4	+282%

In the 1H13, EDPR revenues increased 12% YoY to €756m, on the back of the higher output and better average selling price. Opex – defined as Operating costs (net) less Other operating income – was up 20% YoY mostly explained by the 7% tax over sales introduced in Spain (€19m). Recurrent opex, excluding Spain 7% tax and write-offs (€5m) increased only 7% YoY. On a per MW basis, Opex/MW and Opex/MWh increased 13% and 11% YoY, or only 1% and -1% YoY respectively based on recurrent opex. Opex metrics continue to show a strict control over costs and strong efficiency levels. The Other operating income totalled €25m in the 1H13 (€14m in 1H12, or +79% YoY) reflecting the agreement, in the 1Q13, with a customer in the US to redesign the off-taking volume of a long-term PPA.

Supplies and Services (including O&M) along with Personnel Costs increased by 8% YoY, reflecting the higher average capacity in operation and lower capitalisation of expenses as a result of lower FTEs allocated to construction and development activities. Other operating costs (which mainly includes taxes and rents to public authorities) increased by 70% YoY (or €25m), of which €19m are explained by the 7% tax over sales introduced in Spain.

EDPR continues to leverage on its core competences to deliver a portfolio with solid operating metrics, namely on EBITDA per MW. This metric, used to measure assets' profitability, improved by 5% YoY to €75k, reflecting the 11% EBITDA growth and 74% EBITDA margin.

Operating income (EBIT) increased 16% YoY to €327m, outpacing the EBITDA growth, given the only 5% higher depreciation and amortization costs (including impairments related to projects under development and net of the amortization of government grants).

At the financing level, Net Financial Expenses decreased 4% YoY to €130m. Net interest costs were also 4% lower YoY benefiting from lower debt cost (5.2% in Jun-13) and lower net debt. Institutional partnership costs were 5% below 1H12, while capitalised interests costs decreased 12% YoY given the lower amount of investment in the period. Forex differences and derivatives were negative (-€3m) mainly as a result of the Zloty and Leu devaluation.

Pre-Tax Profit increased 35% YoY to €206m in the 1H13. In the period, income taxes totalled €56m, reflecting an effective tax rate of 27%, lower than the 31% in 1H12 mainly due to the fixed assets tax base revaluation realized in Spain. Non-controlling interests increased €15m YoY, driven by the very strong wind resource in Iberia and by the non-controlling interests sold to Borealis in the 4Q12 (49% equity of 599 MW in operation in the US).

All in all, Net Profit increased 29% YoY to €129m in the 1H13 while Adjusted Net Profit increased 17% YoY to €121m when adjusting 1H13 and 1H12 by the non-recurrent events with impact on the operating income, Forex differences, capital gains and tax base revaluation.

Cash-flow and change in Net Debt

In the 1H13, EDPR generated an Operating Cash-Flow of €472m, a growth of 31% vs.1H12, reinforcing the increased cash-flow generation capabilities of its assets in operation.

The key cash-flow items that explain the 1H13 cash evolution are the following:

- Funds from operations, resulting from EBITDA after net interest expenses, income from associates and current taxes increased 10% YoY to €404m;
- Operating Cash-Flow, before net interest costs, adjusted by non-cash items (namely income from US institutional partnerships and write-offs) and net of changes in working capital, amounted to €472m (+31% YoY). The changes in working capital are mostly driven by the higher revenues invoiced in the 1Q13 period vs. 4Q12, following the higher production in Iberia, that were normalised throughout the 2Q13 (revenues in 2Q13 were similiar to 4Q12);
- Capital expenditures with the ongoing construction and development works totalled €104m. Other net investing activities amounted to €281m, mostly reflecting the invoice payments to equipment suppliers related to investments made in previous period and the cash grant from the US Treasury ($120m) related with the 215 MW wind farm added in the 4Q12.
- In the period, EDPR concluded the sale of a non-controlling interest and shareholder's loans in wind farms in Portugal (€368m), reinforcing the visibility of its asset rotation strategy of selling non-controlling interests in operationally optimized assets.
- Dividends paid totalled €35m reflecting the payment of dividends to EDPR shareholders. Forex & Other increased the Net Debt by €42m.
- All in all, Net Debt decreased by €263m vs. Dec-12 (or €464m QoQ) to €3,042m reflecting the assets' continuous cash generation capabilities, a low risk strategy and EDPR's commitment to have a self-financing strategy.

Cash-Flow (€m)	1H13	1H12	Δ 13/12
EBITDA	**560**	**504**	**+11%**
Current income tax	(65)	(35)	+85%
Net interest costs	(101)	(105)	(4%)
Income from group and associated companies	**10**	4	+165%
FFO (Funds From Operations)	**404**	**367**	**+10%**
Net interest costs	101	105	(4%)
Income from group and associated companies	(10)	(4)	+165%
Non-cash items adjustments	(26)	(61)	(58%)
Changes in working capital	3	(46)	-
Operating Cash-Flow	**472**	**361**	**+31%**
Capex	(104)	(113)	(8%)
Financial (investments)/divestments	(36)	(0)	-
Changes in working capital related to PP&E suppliers	(337)	(276)	(22%)
Cash grant	92	3	-
Net Operating Cash-Flow	**87**	**(26)**	-
Sale of non-controlling interests and shareholder's loans	368	-	-
Proceeds (payments) related to institutional partnerships	(23)	(7)	(239)%
Net interest costs (post capitalization)	(93)	(91)	(2%)
Dividends paid/received	(35)	(1)	-
Forex & other	(42)	(21)	(96%)
Decrease / (Increase) in Net Debt	**263**	**(145)**	**-**

By Jun-13, EDPR total Financial Debt decreased €10m vs. Dec-12 to €3.8bn. Net Debt decreased €263m vs. Dec-12 (or €464m QoQ) mainly reflecting the instalment of the asset rotation strategy executed in Portugal (€368m) and the assets' cash generation capabilities.

77% of EDPR's financial debt was funded through long-term loans with EDP Group – EDPR's principal shareholder – while loans with financial institutions represented 23%. Loans with EDP Group companies increased €71m vs. Dec-12, while loans with financial institutions decreased €21m. In the period, the average net debt was 3% below 1H12 as the settlement of the second asset rotation transaction only occurred in the last days of Jun-13.

Liabilities referred to as Institutional Partnerships decreased to €906m (vs. €942m in Dec-12) due to the tax benefits captured by the tax equity partners but hampered by the YTD US Dollar appreciation (decreased $73m YTD in US Dollar).

As of Jun-13, 60% of EDPR's financial debt was Euro denominated, 36% was funded in US Dollar due to the company's investment in the US and the remaining 4% is related with debt in Polish Zloty and Brazilian Real.

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, 81% of the company's financial debt has a post 2018 maturity and 87% is at fixed rate.

As of Jun-13, the average interest rate was 5.2%, 10bps lower than in Jun-12 and stable since Dec-12, reflecting loans with long-term maturities, the attractive rates in the latest funding agreements and the repayment of most expensive debt.

Net Debt (€m)	1H13	FY12	Δ €
Nominal Financial Debt+ Accrued interests on Debt	3,925	3,874	+50
Collateral deposits associated with Debt	(110)	(49)	(61)
Total Financial Debt	**3,815**	**3,825**	**(10)**
Cash &Equivalents	337	246	+91
Loans to EDP Group related companies and cash pooling	434	274	+161
Financial assets held for trading	0.7	0.4	+0.3
Cash & Equivalents	**772**	**520**	**+253**
Net Debt	**3,042**	**3,305**	**(263)**

COMPETITIVE LANDSCAPE AND BUSINESS PLAN

EDPR is a global leading energy company. Our growth has been the result of an extraordinary ability to execute projects and to smoothly integrate new companies, people and cultures. Our markets provide attractive growth potential, mainly due to their growth prospects and the fact that they possess stable regulatory structures that allow for profitable returns.

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

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

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

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

Risk Management

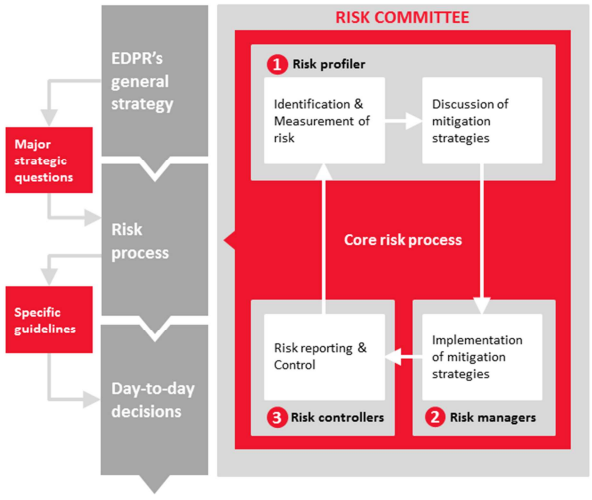
EDPR's risk framework was designed to not be a stand-alone activity separated from the main activities and processes of the company, but to be part of the responsibilities of management as an integrating element of all organizational processes, including strategic planning.

RISK FRAMEWORK AND PROCESS

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

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

Risk process



RISK FUNCTIONS AND RISK COMMITTEE

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

Risk functions

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

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

The key responsibilities of this committee are:

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

Risk committee is held monthly to discuss revenues, and pipeline related risks, while overall risk position is discussed every quarter.

Transactions such as new power purchase agreements, energy hedging and pipeline status are reviewed every month. Urgent risk related issues are also covered in monthly meetings.

Additionally, every quarter the Risk Committee reviews overall EDPR´s risk position in all Areas and discusses in-depth an specific subject of the Risk Policy.

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

- **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; EDPR may not be able to fulfil its financial obligations;
- **Wind turbine contracts** - Changes in turbine prices may impact projects' profitability; Contracts should take into account the pipeline development risk;
- **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;
- **Counterparty** – Potential credit default of our counterparty (energy off-takers, suppliers and financing institutions).

RISK AREAS AND RISK RELATED STRATEGIC QUESTIONS

Countries and regulations

Regulatory risks

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

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

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

Management of regulatory risks

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

Country risk

Country risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political, social, or natural disasters:

- Macroeconomics: Risks from the country´s economic evolution, affecting revenue or cost time of the investments.
- Political and social: Includes 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 disasters: Natural phenomena (seismicity, weather) that may impact negatively in the business conditions.

As an international player, EDPR is exposed to a different level of country risk depending on the geography.

EDPR is currently analysing business opportunities in new countries where country risk is analysed and measured.

Management of country risk

EDPR defined a new country risk policy during 1H2013. Macroeconomics risks are addressed through detailed assessment of main economic and financial risks in the country, as well as through sensitivity analyses, joint ventures and financial hedging (interest rates). Political and social risks are analysed and may be insured in specific cases. Finally, natural disasters are covered with standard catastrophe policies in countries where there is a need for so.

Revenues

Exposure to market electricity prices

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

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

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

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

Management of risks related to exposure to market electricity prices

Under EDPR's global approach to optimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the defined limits (measured through EBITDA at risk), assessing in which markets financial hedges may be more effective to correct it. In the first semester of 2013, in order to manage such exposure, EDPR closed in the US a significant portion of its exposure through several power purchase agreements, long term hedges and financial swaps. Additionally, EDPR hedged part of the merchant generation in Poland and Romania.

During the first semester of 2013, EDPR approved a new Energy Hedging Policy. This new policy establishes the formal process for executing energy hedges up to 3 years ahead the generation date.

Risk related to volatility of energy production

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

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

Management of risks related to volatility of energy production

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

Financing

Risks related to financial market exposure

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

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

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

Management of financial risks

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

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

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

Interest rate risk

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

EDPR has a portfolio of interest-rate derivatives with maturities ranging from 2 to 14 years.

Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are performed.

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

Exchange rate risk

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

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

Counterparty credit risk

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

Management of counterparty credit risk

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

Liquidity risk

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

Management of liquidity risk

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

EDPR has a diversified financial structure composed of corporate debt and project finance, which considers among other factors, financing cost, project ownership and project currency liquidity.

Finally, EDPR uses a financial model to forecast liquidity risk in the medium and long term to meet strategic targets previously set (EBITDA, debt ratio and others).

Wind turbine contracts

Wind turbine supply risk

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

Management of wind turbine supply risk

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

Pipeline development

Permitting risks

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

While level of exigency might be different depending on the geographies, we acknowledge a trend for legislations to align towards the most restrictive rules and development risks

concentrating on the consenting (namely environmental and urbanistic aspects) and connection side.

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

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

Management of permitting risk

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

Operations

Wind turbine performance risk

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

Management of wind turbine performance risk

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

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

Counterparty

Counterparty credit risk

The risk that the counterparty in a PPA, supply contract or financial contract could default before the final settlement of the transaction's cash flows, implying an economic loss for EDPR if the transaction with the counterparty had a positive economic value at the time of default.

Management of counterparty risk

EDPR manages counterparty credit risk by limiting exposure to a single counterparty. Financial situation of the counterparty is considered to establish maximum allowed exposure. Additionally, counterparty credit exposure is also limited at a portfolio level.

Mitigation instruments are used in order to comply with the established limits.

Financial Derivatives instruments

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

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

Treasury stocks (own shares)

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

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

Research & Development (R&D)

Beyond the commercial activities, EDP Renováveis supports EDP Inovação (EDPI) in developing different projects with the objective of improving the competitiveness of the whole group. These projects are mainly focused on solar, offshore wind and other technologies.

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

Environmental Management

EDPR is a leading company in renewable energy. We produce clean and green energy, energy without emissions. Our strategy towards the environment is based in four pillars: the generation of CO2-free energy, a strategy to minimize impacts during the life-cycle of our wind farms, a culture of respect for the biodiversity and a culture of responsibility and recycling in our offices.

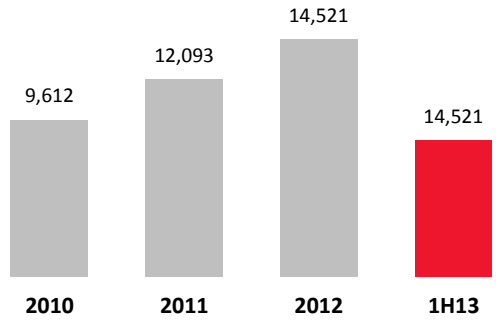
CLIMATE CHANGE STRATEGY

Climate Change Strategy

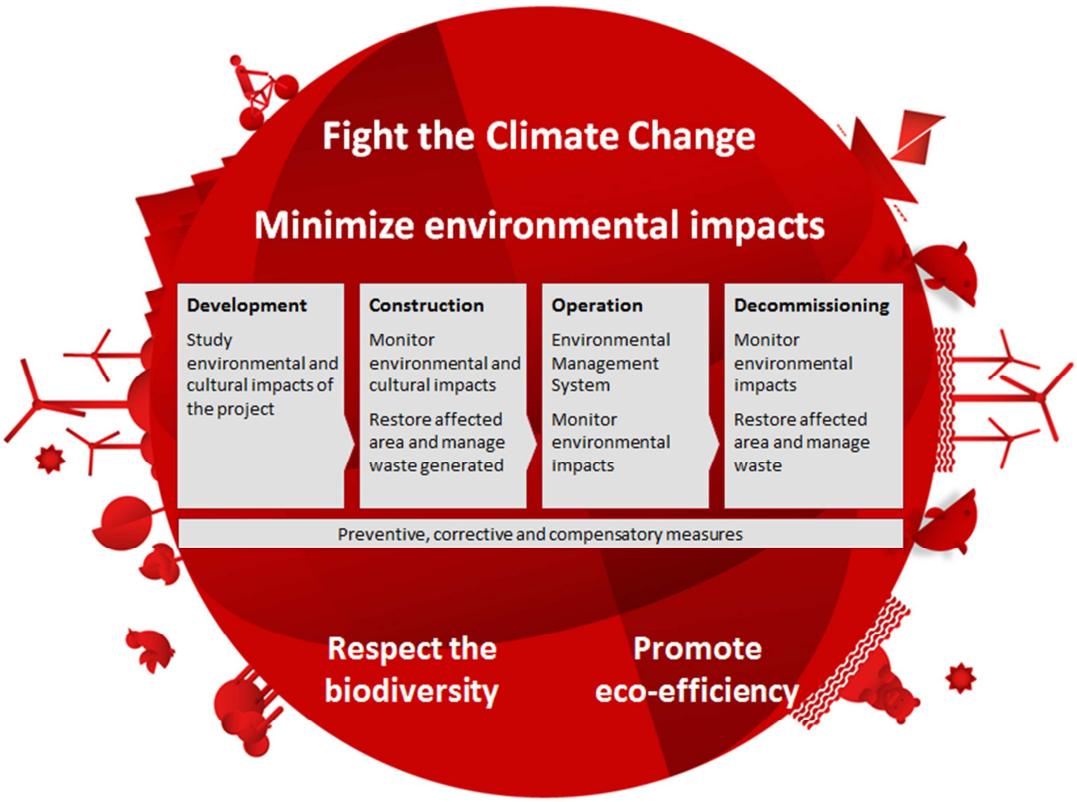
Our portfolio of 8.1 GW of installed capacity contributes every year to the worldwide fight against climate change. We significantly improve local and global air quality by mitigating emissions that would otherwise be released into the atmosphere due to the operation of other kinds of energy generation based on fossil fuels.

During the first half of 2013, EDPR has produced 10.7 TWh that is estimated to avoid the emission of 8,362 thousand tons of CO2.

CO_2 avoided (thousand tons)[1]



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



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

Environmental Strategy

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

The integration of our projects with the environment is considered from the very early stages of project development – when it is critical to perform environmental and cultural feasibility studies – to the decommissioning of our wind farms. All this process is supported by an extensive local knowledge that allows us to ensure environmental compliance during the project life cycle.

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

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

The primary use of this land is for access roads to the wind turbine locations, a small area for the wind turbine and electrical transformer, and a gravelled pad area for a crane to be used in construction and maintenance activities.

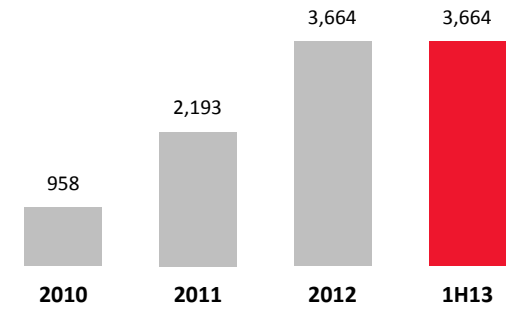
Environmental Management System and ISO 14001 certification

To guarantee the proper management of the environmental aspects and compliance with applicable environmental legislation, EDPR initiated in 2008 the implementation of an Environmental Management System (EMS).

The EMS covers, among others, the procedures applicable to all wind farms in operation to establish operational controls, monitoring and measurements of the relevant environmental aspects. Environment surveillance is carried out periodically to assess the significance of the environmental aspects.

In Europe, the EMS has been ISO 14001:2004 certified. By the end of the first half of 2013, all EDPR European wind farms that have been in service before June 2012 and operated by EDPR have been certified, accounting for 3.664 MW, about 50% of EDPR installed capacity.

MW Certified ISO 14001:2004



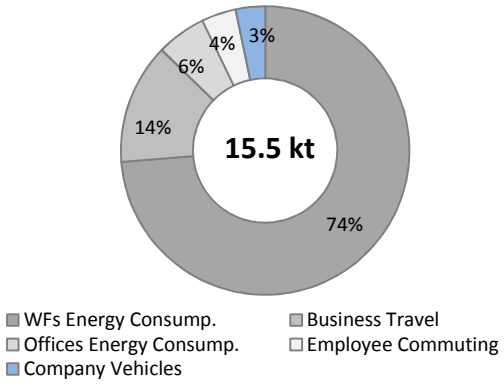
Monitoring impacts

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

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

At EDPR, we believe that it is important to promote a culture of rational use of resources. As a result we launched an eco-efficiency campaign called "because we care" that focuses on fostering environmental best practices in our offices.

CO2 eq emitted (kt)

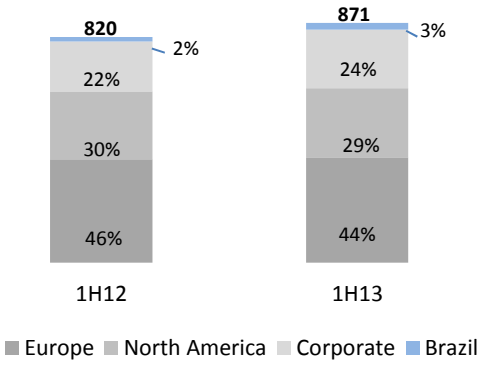


HUMAN CAPITAL

Year after year, EDPR delivers exceptional operational results thanks to its human capital. A young world class team with excellent qualifications and extensive local knowledge. EDPR's capacity to attract and retain this qualified and diverse workforce has been of vital importance to develop a strong know-how essential to deliver on its strategy.

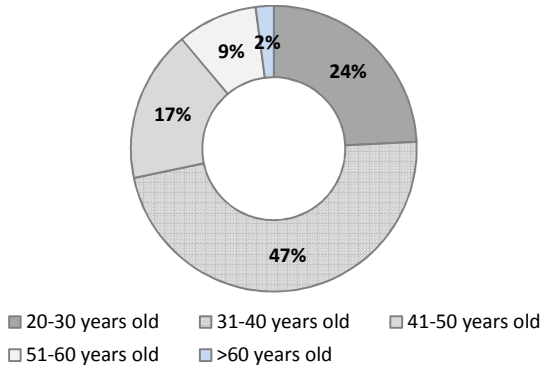
In 1H2013, EDPR employed 871 people, 83% of which hold university degrees and 71% are less than 40 years old. Throughout the semester, 44 new employees joined EDPR, while 33 are no longer with the company, resulting in a turnover rate of 4%.

Headcount at 1H13



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

Breakdown of workforce by age



Employee satisfaction

Employee satisfaction is one of the key drivers to retain our highly qualified workforce. Providing one of the best workplaces in the regions where we are present increases our employees' pride and ownership feeling for the company.

In Poland, we have been considered as # 1 in the 2013 Great Place to Work® (GPTW) ranking for less than 50 employees (new category created this year).

In the UK, we have been included in Scotland's 2013 Best Workplaces list.

For a second consecutive year we continue among the 50 best companies to work for in Spain. We have generally improved in all key indicators compared to last year.

Work life balance

EDPR continues to promote a work-life balance of our employees. This increases our employee's satisfaction, while boosting their productivity, commitment and accountability.

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

In 2012, EDPR was recognized with the Family-Responsible Employer Certification (*Empresa Familiarmente Responsable*), for its work-life balance practices in Spain.

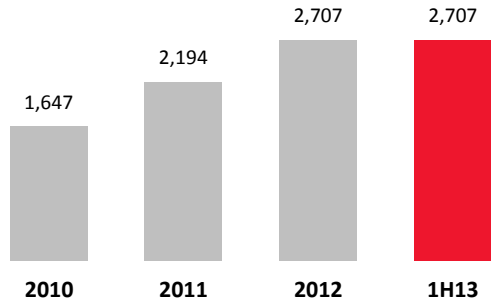
During 2013, our practices were audited, confirming the excellence of the current management model and the company efforts of continuous improvement.

Guaranteeing health and safety

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

To support our strategy on health and safety, we have implemented proper management systems, with specific standards and procedures based on country regulation and industry best practices. In Europe, the Management System is certified OHSAS 18001:2007. By the end of the first half of 2013, **2,707 MW** were OHSAS 18001:2007 certified, representing a 35% of EDPR installed capacity.

OHSAS 18001 certified MW



We conduct several training courses and risk assessment activities according to the potential risks identified for each job within the company. Each one of our offices and wind farms in Europe and the US has its own emergency plan with contact details and instructions to follow in case of an emergency.

Health and Safety Performance

Indicator H&S	1H13	1H12	(%)
Company + Contractors personnel			
Number of industrial accidents	6	9	-33%
Working days lost by accidents caused	118	163	-28%
Injury Rate (IR)[1]	3.0	4.5	-34%
Lost work day rate (LDR)[2]	59.2	82.0	-28%

[1] Injury Rate calculated as *[# of accidents/Hours worked * 1,000,000]*

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

Volunteering

EDPR encourages its employees to be aware of emerging needs in their communities through volunteering initiatives.

During 2013, we participated in many activities geared toward people at risk of social exclusion due to economic and social difficulties. Our volunteers participated in, among others:

1. Action related to the environment including: reforesting devastated areas, cleaning up water resources and participating in events to raise awareness to the general public about the importance of the environment.
2. Food bank: collected, sort, pack and re-distribute meals to the less fortune people in the community.
3. Social activities focus on the education of young children in risk of exclusion such as organization of policy debated in public schools, participation in local museums activities. These activities prepare students to be effective advocates for themselves, their families, and their community.
4. Participation in fundraising events: In the US EDPR employees engaged in the BP MS150 bike ride organization, supporting event logistics and taking part in the ride.

EDPR volunteering activities

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

A TEAM THAT PROSPERS IN A CHALLENGING ENVIRONMENT

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

Mobility

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

During 2013, we initiated a process to facilitate employees' access to those opportunities that better match their career plans. Employees were encouraged to update their professional experience information and their preferences regarding mobility.

Training

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

In 1H2013, we registered 1,262 attendances to training courses, representing 1.5 attendances per employee. Training courses offered this semester were more focused in skills development, with higher hours per course rate, in order to fulfil our employees demand reflected in their career development plans. As a result, the total number of training hours increased to 12,997.

Renewable Energy School - EDP University

In 2013 the Renewable Energy School (part of the corporate EDP University) has entered a "steady state" following the completion of the pilot phase which lasted between September 2011 and December 2012. The School has now established itself as a platform for knowledge sharing and exchange of best practices across the company and has been tasked with delivering the core programme within the defined EDPR employees' Training Roadmap. The objective of the EDP University training is to familiarize employees with the core business of the company and to broaden their horizons by providing them with an overview of the strategic challenges that the company faces.

In the first half of 2013 the Renewable Energy School has delivered 20 training sessions across Europe and the US (4 out of these 20 sessions were presented in collaboration with another school within EDP University - the transversal EDP School), representing 4.732 hours of training, reaching the total 360 employees (41% of the EDPR global headcount). During this period, the School has engaged 53 internal experts as trainers for these courses and has successfully implemented the strategy of reaching out to EDPR local offices by organizing courses in 7 different locations (Madrid, Porto, Houston, Milan, Bucharest, Warsaw, Edinburgh)

High Potential Program

Our training strategy is also focused on boost career development of our high potential employees, as we want them to become the future leaders to carry EDPR to the next level. With this objective, during 2013, we continued offering those employees a specific training program named High-Potential Program (HIPO).

Recruiting

In order to fuel future growth, increase efficiency and drive innovation, EDPR is constantly scanning globally to recruit top talent. To this extent a recruiting strategy has been developed to achieve this critical goal, while ensuring that new hires are aligned with the company's values. In 2013, we hired 44 employees 23% of them women.

In the process to attract the brightest people to the company, we hire interns from top universities and business schools. During 1H2013, 66 interns worked at EDPR and 9 of them were offered a full-time contract.

Integration of new hires

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

Our Welcome Day, a three day event for new hires, allow for new employees to get some basic knowledge of the company, our business and visit one of our wind farms. In addition, the Promotion events are aimed at team building, networking between new hires, and facilitating integration.

Corporate Governance

MODEL OF MANAGEMENT AND SUPERVISION

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

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

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

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

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

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

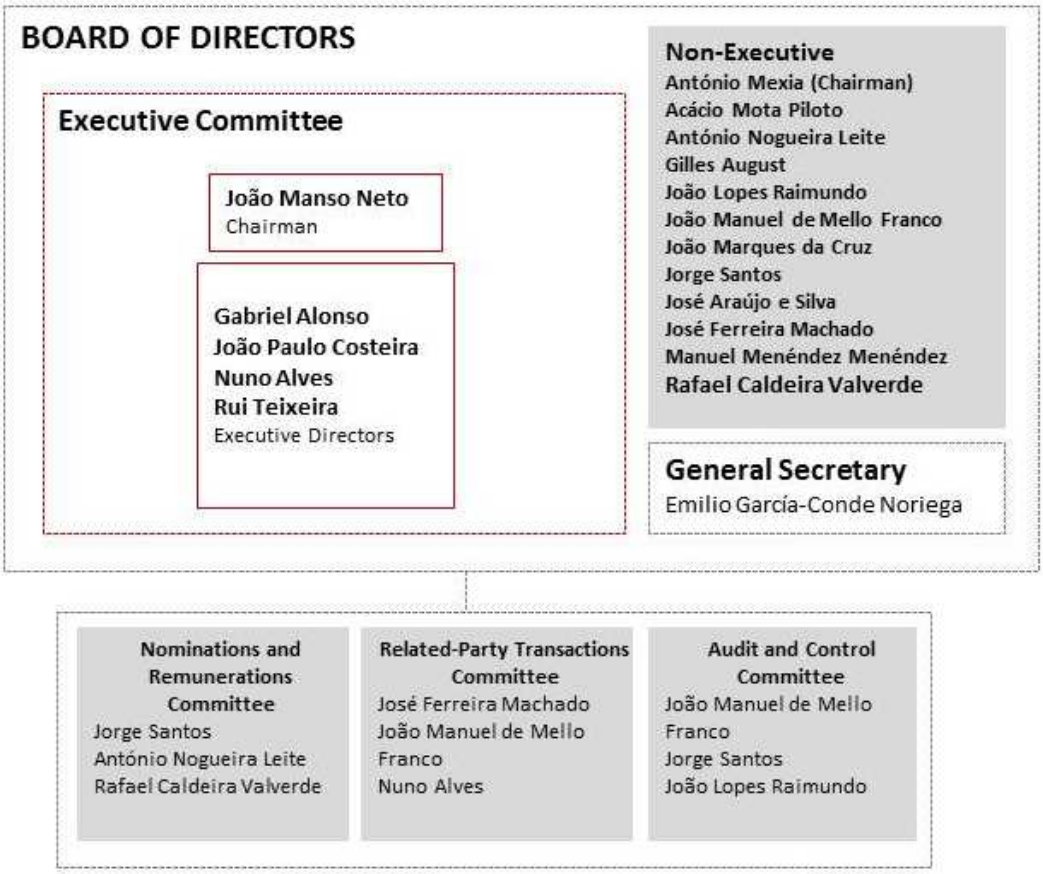
The institutional and functional relationship between the Executive Committee, the Audit and Control Committee and the other non-executive members of the Board of Directors has been harmony conducive to the development of the company's business.

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

Name	Position	Date of Nomination	Date of Re-election	End of Term
António Mexia	Chairman and Director	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Vice-Chairman and Director	18/03/2008	21/06/2011	21/06/2014
Nuno Alves	Director	18/03/2008	21/06/2011	21/06/2014
João Marques da Cruz	Director	16/05/2012	-	21/06/2014
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
Gabriel Alonso Imaz	Director	21/06/2011	-	21/06/2014
João Paulo Costeira	Director	21/06/2011	-	21/06/2014
Acácio Mota Piloto	Director (Indep.)	23/04/2013		21/06/2014
António Nogueira Leite	Director (Indep.)	23/04/2013		21/06/2014
Gilles August	Director (Indep.)	14/04/2009	21/06/2011	21/06/2014
João Lopes Raimundo	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Jorge Santos	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
José Ferreira Machado	Director (Indep.)	23/04/2013		21/06/2014
Manuel Menéndez Menéndez	Director	04/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014

GOVERNING BODIES

Summarized Organization Chart



General Meeting of Shareholders

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

Board of Directors

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

With the mechanisms set forth in the regulations of the Board of Directors and its Committees, the, non-executive Directors have encountered no difficulties in performing their duties. During the first semester of 2013, the non-executive Directors were involved in the governance of EDPR not only by participating in meetings of the Board of Directors, where they gave their opinions on different company matters, made any suggestions they saw fit and took decisions on matters submitted to them, but also by working on the Nominations and Remunerations Committee, on the Related-Party Transactions Committee and the Audit and Control Committee, where all the members are non-executive, with the exception of the Related-Party Transactions Committee, which has one executive Director, Mr. Nuno Maria Pestana de Almeida Alves.

Capital structure

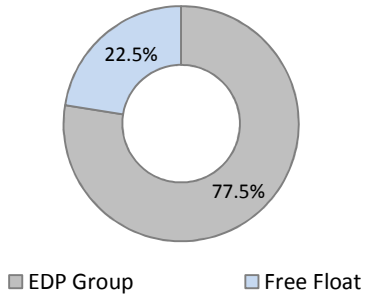
The EDP Renováveis share capital of €4,361,540,810 is fully subscribed by 872,308,162 shares with a face value of €5 each. All shares integrate a single class and series and are fully issued and paid. There are no holders of special rights.

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

As far as the Board of Directors of EDPR is aware, there are currently no shareholders' agreement regarding the Company.

SHAREHOLDER STRUCTURE

Shareholder Structure – June 30th 2013



QUALIFYING SHAREHOLDING

Qualifying shareholdings in EDP Renováveis are subject to Spanish law, which regulates the criteria and thresholds of shareholders' holdings. As of June 30th 2013 no qualifying shareholdings in EDP Renováveis with the exception of EDP and Hidrocantábrico were identified.

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

Capital Markets

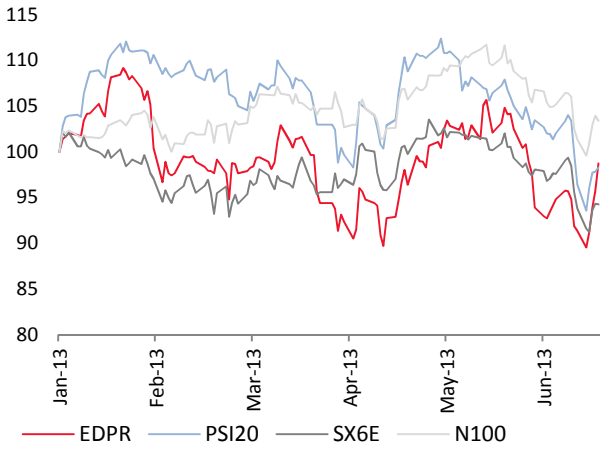
The shares representing 100% of the EDPR share capital were initially admitted to trading in the official stock exchange NYSE Euronext Lisbon on the June 4th 2008. Since then, the free float level is unchanged at 22.5%.

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

EDP Renováveis share price

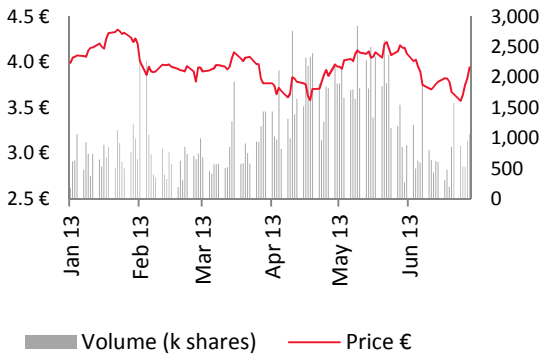
During 1H2013, EDP Renováveis' share price decreased by 1,3%, closing the semester at €3,94 each. In the same period, the Dow Jones Eurostoxx Utilities and the PSI20 were down by 5,8% and 1,7%, respectively, while the Euronext 100 increased by 3%.

EDPR share price performance vs. PSI20 & SX6E



During the 1H2013, 143,713,817 EDP Renováveis shares were traded, corresponding to a turnover of approximately €568 million. On average, at Euronext Lisbon, EDP Renováveis daily trade volume was around 1.1 million shares per day. EDP Renováveis market capitalization at June 30th was €3.4 billion.

1H13 EDP Renováveis share price and transactions



Subsequent events

JULY

Jul 10th – EDP Renováveis disclosed 1H13 provisional operating data

In the first half of 2013, EDPR produced 10.7 TWh of clean energy, representing an 8% increase compared with the same period in 2012. EDPR continues to hold a well balanced portfolio, delivering growth in every region.

In the first semester, EDPR delivered a high 33% load factor (+1pp YoY), maintaining its leading position within the wind industry and reflecting its wind farms intrinsic quality. By Jul-13, EDPR managed a global portfolio of 8.1 GW in 9 countries, of which 7.8 GW fully consolidated plus 391 MW through its interest in the Eólicas de Portugal consortium.

Jul 13th – Spanish Government publishes RD-L 9/2013

The Spanish Government published in the Official State Gazette the RD-L 9/2013 empowering the Government to approve a new regulatory framework and remuneration scheme for the electricity generated from renewable energy sources in Spain. The Government send to the Spanish Energy Regulator ("CNE") a draft of the Royal-Decree describing the new remuneration scheme for renewables.

Jul 19th – EDPR secures PPA for new 100 MW wind farm in the US to be installed in 2015

EDPR signed a 20-year Power Purchase Agreement (PPA) with Lincoln Electric System to sell the renewable energy produced from its 100 MW Arbuckle Mountain wind farm, located in the state of Oklahoma (expected to be installed in 2015), in the US.

With this agreement, EDPR currently has 300 MW under PPAs for projects to be installed in 2014-15.


edp
renováveis