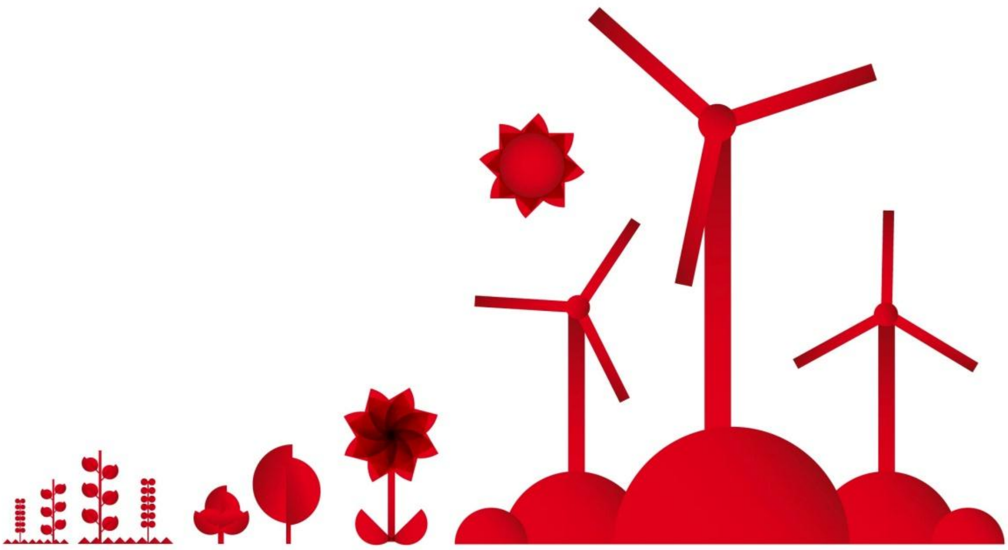

MANAGEMENT REPORT
JUNE 2012

MANAGEMENT REPORT

of

EDP Renováveis Group (EDPR)

1st Semester of 2012 (6 months ending June 30th, 2012)

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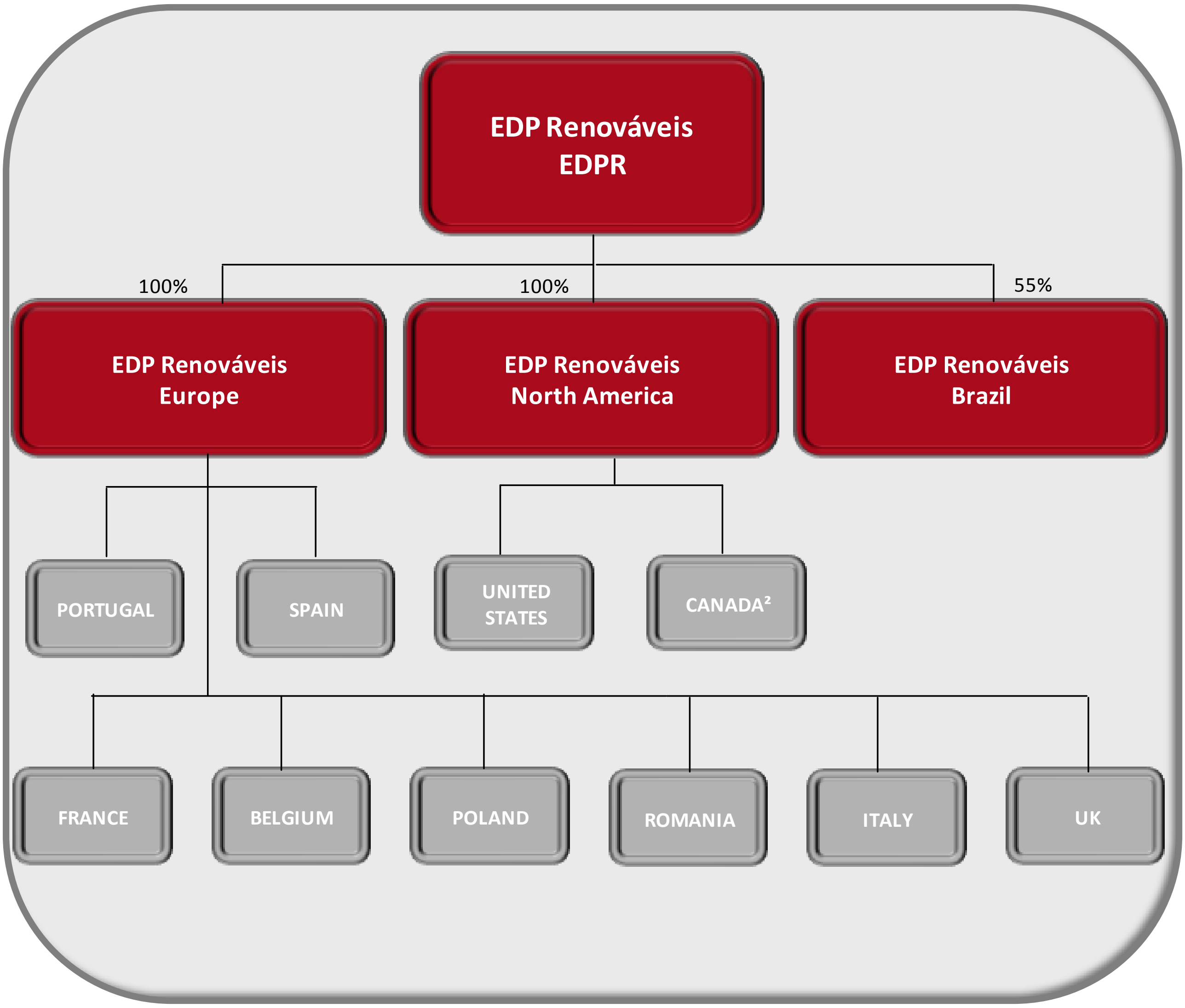
ATTACHED:

EDP RENOVÁVEIS CONSOLIDATED FINANCIAL STATEMENTS AS OF 30/JUN/2012

0. ORGANIZATIONAL CHART

EDP Renováveis Organization[1]



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

[2] 100% owned by EDPR, operationally integrated in EDPR NA

1. MAIN EVENTS OF THE PERIOD

JANUARY

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

EDP Renováveis' principal shareholder EDP held a General Shareholders' Meeting in February 20th in which, among other, João Manso Neto was proposed to replace Ana Maria Fernandes as CEO of EDP Renováveis.

FEBRUARY

2 Feb – EDP Renováveis disclosed 2011 provisional data

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

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

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

29 Feb – EDP Renováveis announced 2011 results

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

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

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

<u>MARCH</u>

5 Mar – EDP Renováveis executes project finance for 125 MW in Spain

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

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

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

<u>APRIL</u>

12 Apr – EDP Renováveis Annual Shareholder Meeting

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

- Review and approval of the individual and consolidated accounts for the fiscal year ended on December 31, 2011, namely the balance sheet, profit and loss statements, changes to the net assets, cash flow statement and notes.
- Review and approval of the application of results for the fiscal year ended on December 31, 2011: i) Base breakdown: profit for the year 2011: €59,018,372.50; ii) Distribution: €5,901,837.25 to legal reserve and €53,116,535.25 to voluntary reserve.
- Review and approval of the Individual Management Report, Consolidated Management Report with its subsidiaries, and the Corporate Governance Report, for the fiscal year ended on December 31, 2011.

- Review and approval of the management conducted by the Board of Directors during the fiscal year ended on December 31, 2011, as well as a vote of confidence to its members.
- Approval of the remuneration policy for the managers of EDP Renováveis.
- Re-election, as Auditor of EDP Renováveis S.A., of KPMG Auditores, S.L. recorded in the Official Register of Auditors under number S0702 and with Tax Identification Number B-78510153, for the year 2012.
- Delegation of powers to the Chairperson of the Board, António L. Guerra Nunes Mexia, to the Director, João Manso Neto, and to the Company Secretary, Emilio Garcia-Conde Noriega, for the formalization and implementation of all resolutions adopted at the General Shareholders' Meeting, for the purpose of celebrating the respective public deed and to permit its interpretation, correction, addition or development in order to obtain the appropriate registrations.

12 Apr – EDP Renováveis Board of Directors approved resolutions

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

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

18 Apr – EDP Renováveis disclosed 1Q2012 provisional data

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

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

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

MAY

4 May – EDP Renováveis announced 1Q2011 results

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

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

Mrs. Ana Maria Fernandes resigned as a member of EDP Renováveis' Board of Directors given her new responsibilities within EDP.

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

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

22 May – EDP Renováveis holds its 2012 Investor Day in Porto

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

2. PERFORMANCE OF 1H12

2.1 Operational and Financial Performance

2.1.1 Operating Overview

EBITDA MW	1H12	1H11	Δ 12/11
Europe	3,664	3,526	+138
US	3,422	3,278	+144
Brazil	84	84	-
Total	**7,169**	**6,887**	**+282**

EDPR added 282 MW to its EBITDA installed capacity in the last 12 months, of which 138 MW were in Europe and 144 MW in the US. As of June-12, EDPR had 90% of its portfolio under long-term contracts and regulatory frameworks, and only 10% purely exposed to US spot electricity markets.

Load Factor	1H12	1H11	Δ 12/11
Europe	27%	26%	+0.9 pp
US	38%	36%	+1.1 pp
Brazil	25%	24%	+1.2 pp
Total	**32%**	**32%**	**+0.7 pp**

In the 1H12, the company achieved a 32% load factor - a top notch figure within the industry - reflecting its wind farms' high quality while capturing the benefits of a balanced portfolio. In Europe, the load factor increased 0.9pp YoY to 27% in the 1H12, given the strong wind resource in the 2Q12 and the positive evolution in Spain and the Rest of Europe vs. 1H11. In the US, EDPR achieved a 38% load factor in the 1H12 (+1.1pp YoY) with a remarkable 1Q12 wind resource (+6pp YoY) and a normalised 2Q12. In Brazil, load factor reached 25% (vs. 24% in 1H11).

GWh	1H12	1H11	Δ 12/11
Europe	4,217	3,657	+15%
US	5,607	5,105	+10%
Brazil	93	29	+227%
Total	**9,918**	**8,790**	**+13%**

Electricity production was up 13% in the 1H12, reaching 9.9 TWh. EDPR operations in Europe drove the overall electricity production growth by increasing 15% YoY to 4.2 TWh. This performance was strongly supported by Central and Eastern European markets (Rest of Europe, +49% YoY). In Iberia, electricity output in Portugal rose 1% YoY and in Spain grew 11% YoY on a robust wind resource throughout the 2Q12 in the region. In the US, the electricity produced increased 10% YoY to 5.6 TWh on the back of higher installed capacity and an outstanding wind resource in the 1Q12. EDPR's output in Brazil increased three-fold to 93 GWh, given the contribution of the 70 MW wind farm commissioned in May 2011.

Overall, Revenues increased by 23% YoY and on a per MW basis improved 13% YoY, clearly showing the quality of the investments executed in the last 12 months and better metrics on a like for like comparison.

2.1.2 Development of Capacity and Capex

Installed Capacity (MW)	**1H12**	**Δ 1H12**	**Δ 12/11**
Spain	2,211	+10	+21
Portugal	615	+2	+16
France	306	-	+22
Belgium	57	-	-
Poland	190	-	+22
Romania	285	-	+57
Italy	-	-	-
Europe	**3,664**	**+12**	**+138**
US	**3,422**	**-**	**+144**
Brazil	**84**	**-**	**-**
EBITDA MW	**7,169**	**+12**	**+282**
ENEOP - Eólicas de Portugal (equity consolidated)	332	+6	+57
EBITDA MW + Eólicas de Portugal	**7,501**	**+19**	**+339**

As of June-2012, EDPR managed a global portfolio of 7.5 GW of onshore wind energy spread over 8 different countries, of which 7.2 GW fully consolidated and with an additional 332 MW equity consolidated through the interest in the Eólicas de Portugal consortium.

In the last 12 months, EDPR added 282 MW to its EBITDA consolidated capacity and 57 MW (attributable to EDPR) through the Eólicas de Portugal consortium. Out of the 339 MW added over the last 12 months, 195 MW were in Europe and 144 MW in the US. In Europe, 57 MW were added in Romania, 22 MW in Poland, 22 MW in France, 21 MW in Spain and 73 MW in Portugal (of which 57 MW correspond to the ongoing capacity growth of the Eólicas de Portugal consortium that is attributable to EDPR). During the 1H12, EDPR added 19 MW: 12 MW to its EBITDA consolidated capacity and 6 MW (attributable to EDPR) through the Eólicas de Portugal consortium.

Under Construction (MW)	1H12
Spain	100
Portugal	-
France	8
Belgium	-
Poland	80
Romania	26
Italy	40
Europe	**253**
US	**215**
EBITDA MW	**468**
ENEOP - Eólicas de Portugal (equity consolidated)	46
EBITDA MW + Eólicas de Portugal	**515**

As of June-2012, EDPR had 515 MW under construction providing good visibility for the 2012 expected additions (500 MW). In Europe 299 MW were under construction (100 MW in Spain, 80 MW in Poland, 46 MW in Portugal, 40 MW in Italy, 26 MW in Romania and 8 MW in France) and in US 215 MW were under construction from the Marble River wind farm in the New York State.

For 2012, EDPR will continue to focus on projects with top-line visibility, above-average prices and high a wind resource in order to improve the portfolio metrics. The Commercial Operating Date (COD) of the new projects should be substantially back-end loaded, with most of the projects coming online by the end of the year, and therefore its benefits would mostly have an impact in 2013.

Capex (€m)	1H12	1H11	Δ %	Δ €
Europe	70	154	(54%)	(84)
US	41	129	(68%)	(88)
Brazil & Others	2	62	(98%)	(61)
Total Capex	**113**	**345**	**(67%)**	**(232)**

Capex in the 1H12 was €113m reflecting the works done in the period for the 515 MW under construction (given the heavily skewed CODs towards the end of the year) and the 19 MW installed YTD. The 1H12 capex decreased by 67% YoY and should remain lower than last year's as a result of the lower expected capacity additions for 2012. Out of the €113m capex in the 1H12, €70m were in Europe (€20m in Spain, €9m in Portugal and €41m in the Rest of Europe), while €41m were in the US

2.2 Condensed Consolidated Financial Statements

2.2.1 Statement of Financial Position

Assets (€m)	1H12	FY11	Δ 12/11
Property, plant and equipment, net	10,479	10,455	+0%
Intangible assets and goodwill, net	1,355	1,334	+2%
Financial investments, net	59	61	(4%)
Deferred tax assets	62	56	+11%
Inventories	25	24	+4%
Accounts receivable - trade, net	150	146	+3%
Accounts receivable - other, net	921	750	+23%
Financial assets at fair value through profit and loss	-	-	-
Cash and cash equivalents	261	220	+19%
Assets held for sale	-	-	-
Total Assets	**13,312**	**13,045**	**+2%**
Equity (€m)			
Share capital + share premium	4,914	4,914	-
Reserves and retained earnings	402	325	+24%
Consolidated net profit attrib. to equity holders of the parent	100	89	+13%
Non-controlling interests	129	127	+2%
Total Equity	**5,544**	**5,454**	**+2%**
Liabilities (€m)			
Financial debt	4,128	3,826	+8%
Institutional partnerships	1,009	1,011	(0%)
Provisions	61	58	+5%
Deferred tax liabilities	396	381	+4%
Deferred revenues from institutional partnerships	783	773	+1%
Accounts payable - net	1,390	1,542	(10%)
Total Liabilities	**7,767**	**7,591**	**+2%**
Total Equity and Liabilities	**13,312**	**13,045**	**+2%**

Total assets in 1H12 increased to €13.3bn vs. €13.0bn in YE11 (+2%).

Total net PP&E increase of €25m was mainly due to additional capex of €113m and the forex translation impact of €138m, namely due to the appreciation of the US Dollar. This was mainly offset by the depreciation and amortization charges in the period of €229m.

The increase of €171m in accounts receivable – other was mainly due to an increase in debtors and other assets from commercial activities (€44m) in part related to advance payments to equipment suppliers, accounts receivables with related and associated companies (€93m), fair value of derivative instruments (€5m) and taxes receivable (€19m).

Total equity increase of €90m to €5.5bn, roughly corresponded to the net profit in 1H12 of €100m, while net profit of the previous year was fully appropriated in reserves and retained earnings.

Total liabilities increased to €7.8bn in 1H12, an increase of €176m since YE11 (+2%), mainly explained by €302m increase in financial debt compensated by €152m reduction in accounts payable. The decrease in accounts payable was mostly due to the reduction in liabilities with equipment suppliers (€247m) offset by mainly by the increase in the fair value of derivative instruments (€75m) and tax payables (€11m).

2.2.2 Statement of Income

Consolidated Income Statement (€m)	1H12	1H11	Δ 12/11
Electricity sales and other	602.4	485.6	+24%
Income from Institutional Partnerships	71.1	61.0	+17%
Revenues	**673.5**	**546.6**	**+23%**
Other operating income	14.2	21.9	(36%)
Supplies and services	(119.6)	(107.4)	+11%
Personnel costs	(29.3)	(25.4)	+15%
Other operating costs	(35.2)	(26.5)	+33%
Operating Costs (net)	**(169.9)**	**(137.3)**	**+24%**
EBITDA	**503.5**	**409.2**	**+23%**
EBITDA/Revenues	74.8%	74.9%	(0.1 pp)
Provisions	0.0	0.3	-
Depreciation and amortization	(229.2)	(219.2)	+5%
Amortization of deferred income (government grants)	7.6	7.9	(5%)
EBIT	**281.9**	**198.3**	**+42%**
Capital gains/(losses)	2.9	10.1	(72%)
Financial income/(expense)	(135.2)	(98.0)	+38%
Income/(losses) from group and associated companies	3.6	3.4	+7%
Pre-Tax Profit	**153.1**	**113.8**	**+35%**
Income taxes	(47.7)	(23.5)	+103%
Profit of the period	105.4	90.3	+17%
Net Profit (Equity holders of EDPR)	**100.0**	**89.5**	**+12%**
Non-controlling interests	5.4	0.8	+566%

In the 1H12, Revenues increased 23% YoY to €673m, on the back of higher output and stronger prices. Net Operating Costs increased 24% YoY in the 1H12, however when excluding Other operating income the Opex increase was 16% in the period (from €159m in the 1H11 to €184m in the 1H12). On an unitary basis Opex increased 6% YoY per MW and 2% YoY per MWh, mostly impacted by a stronger US Dollar in the 1H12 vs. 1H11 (+8%). Supplies and services (which includes O&M costs) plus personnel costs increased by 12% in the 1H12, reflecting the stronger US Dollar, the higher average capacity in operation and a lower capitalisation as a result of fewer FTEs allocated to construction and development activities. Other operating costs (which mainly include taxes and leases/rents mostly linked to the operating performance) went up by 33% following the top-line growth, VAT tax adjustments and the stronger US Dollar. Other operating income dropped €8m vs. the 1H11 (mostly related to provision adjustments in the 1H11).

EBITDA per average MW in operation, which measures the asset's profitability, increased 13% YoY clearly showing an ongoing improvement of EDPR's portfolio metrics. As a result, EDPR's EBITDA in the 1H12 increased by 23% YoY to €504m, outpacing the capacity and the electricity output growth.

The 5% increase in the depreciation and amortization is explained by the company's asset base growth in the last 12 months (+282 MW), which was partly offset by the extension of the useful life of EDPR's assets to 25 years (introduced in 2Q11). Consequently, the 23% growth at the EBITDA level was transformed into a 42% YoY growth at the EBIT level.

At the financing level, net interest costs before capitalisation increased 11% YoY to €100m in the 1H12, below the 14% average Financial Debt evolution. Capitalised costs decreased to €9m (vs. €23m in the 1H11) as a result of the lower pace of construction of new assets. Forex differences had a negative impact of €8m in the 1H12 as a result of i) the stronger US Dollar (+3% vs. Dec-11), ii) the depreciation of the Romanian Leu (-3% vs. Dec-11), iii) partially offset by the appreciation of the Polish Zloty (+5% vs. Dec-11). All in all, the Net Financial Expenses increased by 38% YoY to €135m.

Income taxes amounted to €48m in the 1H12, following the higher pre-tax profit (+35% YoY) and the increase of the effective tax rate to 31% (vs. 21% in the 1H11). In the 4Q11, EDPR introduced the deferred tax accounting in the US by starting to recognize deferred tax liabilities against profits before taxes generated in the US. Such change resulted in the recognition of €21m (non-cash) US deferred taxes in the 1H12 (vs. zero in the 1H11).

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

2.2.3 Cash-flow and change in Net Debt

Cash-Flow (€m)	1H12	1H11	Δ 12/11
EBITDA	**504**	**409**	**+23%**
Current income tax	(35)	(33)	+8%
Net interest costs	(100)	(90)	+11%
Income from group and associated companies	4	3	+7%
FFO (Funds From Operations)	**371**	**290**	**+28%**
Net interest costs	100	90	+11%
Income from group and associated companies	(4)	(3)	+7%
Non-cash items adjustments	(61)	(60)	+2%
Changes in working capital	(46)	36	-
Operating Cash-Flow	**361**	**353**	**+2%**
Capex	(113)	(345)	(67%)
Financial (investments) divestments	(0)	(154)	+100%
Changes in working capital related to PP&E suppliers	(276)	(242)	+14%
Cash grant	3	2	+104%
Net Operating Cash-Flow	**(26)**	**(388)**	**(93%)**
Proceeds (payments) related to institutional partnerships	(7)	(7)	(9%)
Net interest costs (post capitalization)	(91)	(90)	+1%
Forex & other	(22)	48	-
Decrease / (Increase) in Net Debt	**(145)**	**(437)**	**(67%)**

In the 1H12, EDPR generated an Operating Cash-Flow of €361m, only 2% above the 1H11 levels and compares unfavourably with the 28% YoY performance of the FFO mainly because of the YoY swing in the operating working capital explained by timing of VAT payments/receivables and revenue collection, which should normalise throughout the year.

The key cash-flow items that explain the 1H12 cash evolution are the following:

- Funds from Operations (FFO), resulting from EBITDA after net interest expenses, income from associates and current taxes increased 28% YoY. Current income taxes increased 8% vs. the 90% increase of the P&L income taxes line, as the deferred taxes incurred in the period, namely the US deferred tax accounting, are non-cash;
- Operating Cash-Flow, adjusted by net interest costs, non-cash items (namely revenues from institutional partnerships) and net of changes in working capital, amounted to €361m (+2% YoY). Changes in working capital were negative in €46m following the timing of VAT payments/receivables in the period and the settlement of the green certificates in Romania (a Law that defines quarterly green certificate quotas for the suppliers instead of the

current annual quotas was signed by the President in July and should be fully implemented throughout 2H12).

- Capital Expenditures with the ongoing construction and development works totalled €113m. Other Investing activities amounted to €276m, reflecting the invoice payments to equipment suppliers related to investments made in the previous periods;
- In the 1H12 the Operating Cash-Flow funded more than 90% of the investment activities (capex of the period + changes in working capital related to PP&E suppliers);
- Forex & other include €43m of negative forex translation impact mostly related to EDPR's debt in US Dollars.
- All in all, Net Debt increased €145m YTD, or €102m if excluded the forex translation impact (€198m of negative free-cash-flow in the 1Q12 and €96m of positive free-cash-flow in the 2Q12).

Net Debt (€m)	**1H12**	**FY11**	**Δ €**
Bank loans and other	964	837	+126
Loans with EDP Group related companies	3,164	2,989	+175
Financial Debt	**4,128**	**3,826**	**+302**
Cash and cash equivalents	261	220	+41
Loans to EDP Group related companies and cash pooling	334	219	+115
Financial assets held for trading	0.2	0.2	-
Cash & Equivalents	**595**	**439**	**+156**
Net Debt	**3,533**	**3,387**	**+145**

Net Debt only increased €0.1bn vs. Dec-11 to (€3.5bn) given that the operating cash flow covered 80% of the investment activities and debt service in the period. Average Financial Debt increased 14% in the last 12 months (€4.0bn in the 1H12 vs. €3.5bn in the 1H11), while the average Net Debt increased 12% YoY.

Loans with EDP Group represented 77% while loans with financial institutions representing 23% of the total financial debt. EDPR continues to diversify its funding sources and execute top quality projects to enable the company to have access to local project financing at competitive costs. In the 1H12, EDPR closed €177m through a project finance for 125 MW in Spain.

Liabilities referred to as institutional partnerships in the US remained unchanged at €1.0bn vs. Dec-2011, having the lower liability in Dollars (given that wind farms are generating tax benefits to the tax equity partners) being offset by the forex translation as a result of the YTD US Dollar appreciation.

As of June-12, 54% of EDPR's financial debt was Euro denominated, while 40% was funded in US Dollar given the investments in the US. The remaining 6% is mainly related to debt in Polish Zloty and debt in Brazilian Real.

87% of EDPR's financial debt is at a fixed rate and most of it has a post-2018 maturity. EDPR continues to follow a long-term fixed rate funding strategy to match the Operating Cash-Flow profile with its financing costs, therefore mitigating its interest rate risk.

As of June-12, the average interest rate was 5.3%, a 10bps decrease vs. Dec-11 and 30bps vs. Jun-11, reflecting the attractive rates closed in the latest funding deals.

2.3 Competitive Landscape and Business Plan

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

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

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

EDPR has a solid history executing projects and delivering targets. We consistently increased installed capacity through the successful development of pipeline. The company’s successful results stem from a unique combination of factors: strong track record in execution, first class assets with above average wind resources quality, a well balanced portfolio in terms of geography, stage of development and revenue sources, and a competitive turbine supply strategy.
The combination of diversified operations with a stable revenue base spread across countries with favorable regulatory regimes limits the exposure to market prices of electricity and provides significant visibility and stability.

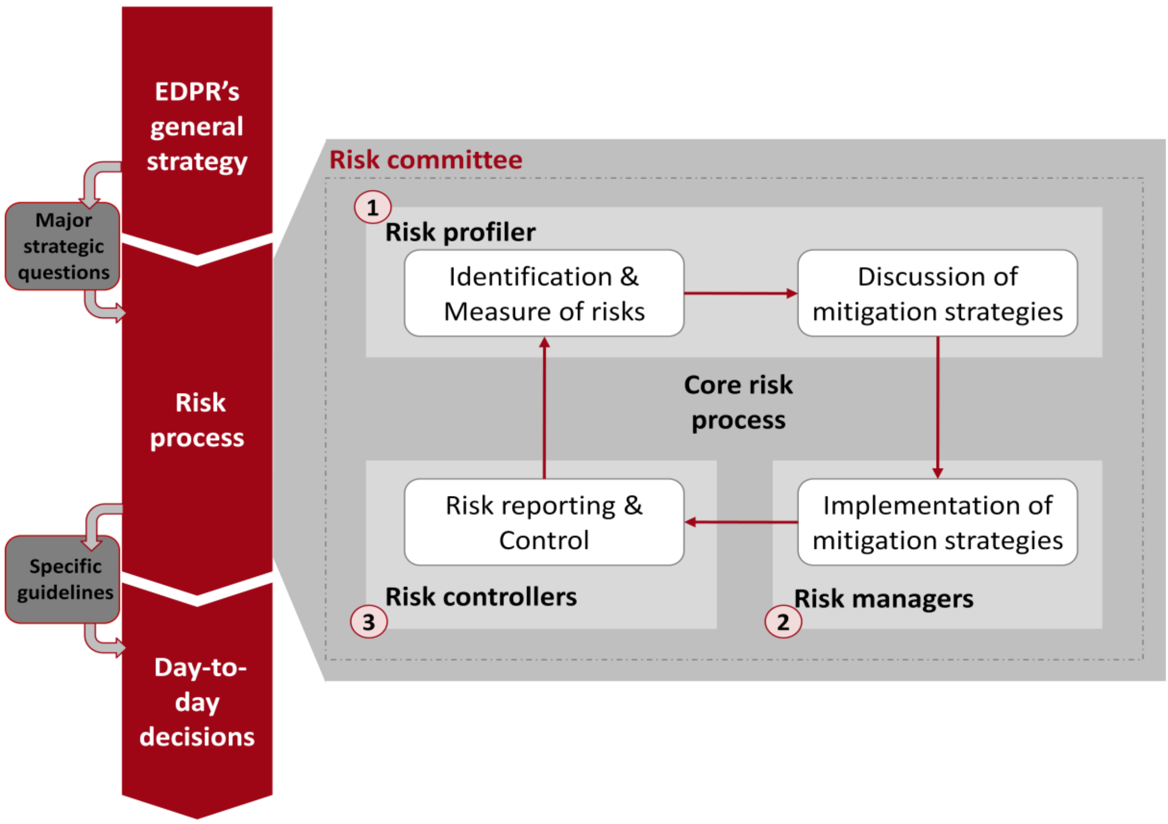
At the core of EDPR’s confidence in achieving these targets, is a dynamic, highly qualified and experienced team of world-wide employees with the track record and ambition to deliver upon the superior targets.

3. RISK MANAGEMENT

RISK FRAMEWORK AND PROCESS

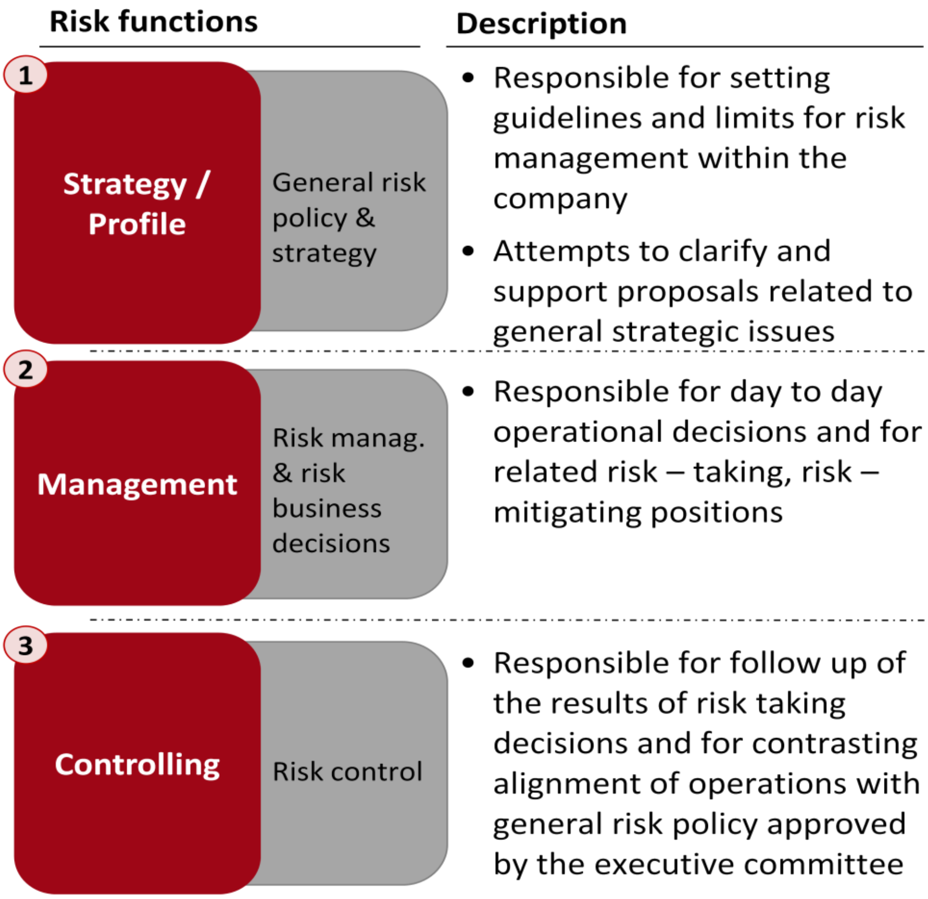
In EDPR's risk framework, risk process aims to link the company's overall strategy into manager's day-to-day decisions, enabling the company to increase the likelihood of achieving its strategic objectives.

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



RISK FUNCTIONS AND RISK COMMITTEE

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



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

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

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

RISK AREAS AND RISK RELATED STRATEGIC QUESTIONS

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

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

3.1 Countries and Regulations

3.1.1 Regulatory Risks

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

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

However, 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.

Current economic situation in Europe is forcing some countries to revisit their renewable policies for future installations and management expects to have more visibility into regulatory update during the 2nd semester of 2012.

Management of Regulatory Risks

EDPR is managing its exposure to regulatory risks through geographical diversification, focusing its business development in countries less impacted by the economic crisis, and by being an active member in regional wind associations.

3.2 Revenues

3.2.1 Exposure to market electricity prices

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

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

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

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

Under EDPR's global approach to optimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the defined limits of exposure, assessing in which markets financial hedges may be more effective to correct it. In order to manage exposure to market prices, EDPR has financially hedged a significant part of its merchant generation in Spain and the US for 2012 and 2013.

3.2.2 Risk related to volatility of energy production

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

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

Management of risks related to volatility of energy production

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

3.3 Financing

3.3.1 Risks related to the exposure to financial markets

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

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

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

Management of Financial Risks

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

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

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

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

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

3.3.1.1 Interest rate risk

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

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

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

3.3.1.2 Exchange rate risk

EDPR operates internationally and is exposed to 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 the shareholding in EDPR NA. With the ongoing increasing capacity in others non-euro regions, EDPR will also become exposed to other local currencies (Poland, Romania and Brazil).

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

3.3.2 Counterparty credit risk

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

Management of counterparty credit risk

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

3.3.3 Liquidity risk

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

Management of liquidity risk

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

3.4 Wind turbine contracts

3.4.1 Wind turbine supply risk

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

Management of wind turbine supply risk

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

3.5 Pipeline development

3.5.1 Permitting risks

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

Management of permitting risk

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

3.6 Operations

3.6.1 Wind turbine performance risk

Wind 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 implies that the energy output is not the expected.

Management of wind turbine performance risk

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

4. FINANCIAL DERIVATIVE INSTRUMENTS

In line with EDPR general risk policy and strategy, in order to manage, control or minimize impact of some of the key risks described in previous topic and in liaise with a disciplined risk management practice, 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 sort of derivative instruments contracted and their respective fair values are described in detail as part of the note 37 to the attached Condensed Financial Statements.

5. OWN SHARES

At the Annual Shareholder's 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.

Up to date of this report the Company has not executed any acquisition and consequently any trade of own shares.

6. RESEARCH & DEVELOPMENT (R&D)

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

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

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

7. ENVIRONMENTAL MANAGEMENT

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

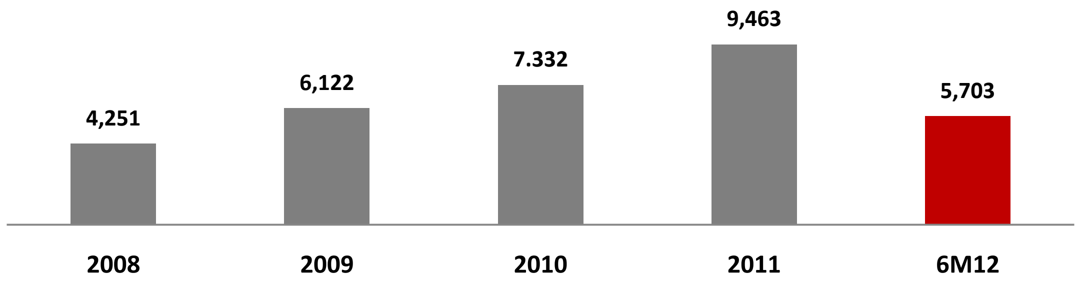
Furthermore, wind is an endogenous resource and its use helps to diminish large import costs and the transportation carbon footprint that would otherwise be produced by other sources of energy. Wind is a clean, safe and secure source of energy available close to the population.

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

During the first half of 2012, EDPR has produced 9.9 TWh that is estimated to avoid the emission of 5,703 thousand tons of CO_2.

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

CO_2 avoided (thousand tons)[1]



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

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

Our policies reflect a responsible management of the environment along the whole value chain; from the very early stages of project development – where we consider 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.

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

ENVIRONMENTAL MANAGEMENT SYSTEM AND ISO 14001 CERTIFICATION

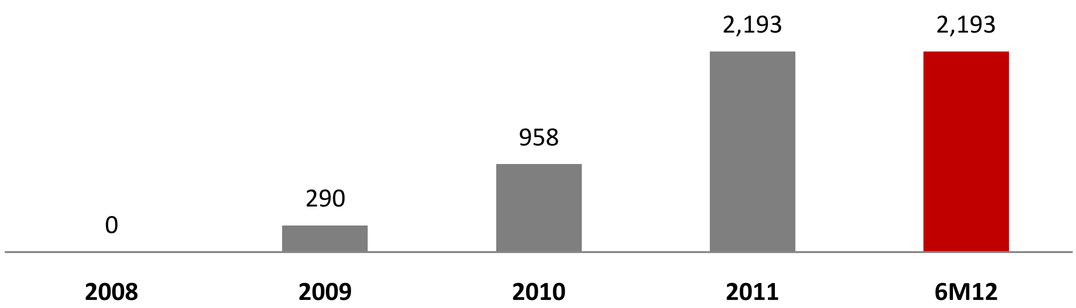
In addition, EDPR has developed an Environmental Management System (EMS) based on the ISO 14001:2004 Standard, which is being implemented in our wind farms in operation in order to ensure the environmental legal compliance and the proper management of the environmental aspects.

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

The implementation of the system started in 2008 in some wind farms in Spain. Since then, it has been extended to other geographies, such as Portugal, France, Poland and Romania. Our goal is to have the EMS implemented in all operating wind farms in Europe were we have a controlling stake by the end of 2012.

By the end of the first half of 2012, 2,193 MW have been certified in compliance with the ISO 14001:2004 standard, corresponding to 55% of the MW in operation in Europe.

MW Certified ISO 14001:2004



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

RESPECTING THE ECOSYSTEM

Our commitment to respect the ecosystem leads us to work towards the world's objective of reducing biodiversity loss due to human activity, as reflected in our company's Biodiversity Policy.

Wind farms development typically occurs in rural areas where wind resource is abundant and the operation of wind farms is compatible with current land use. No loss of livelihood or economic losses are associated with the developments. Less than 1% of the total project area is affected by permanent constructions and its change of use is approved by the competent authorities.

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

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

A small percentage of our sites in operation are inside, partially within or adjacent to protected areas. Those wind farms are all located in Europe. The EMS being implemented in any wind farm located within a 5 km radius of a protected area for birds and bats requires specific monitoring plans. Detailed information regarding wind farms and protected areas is available on EDPR's website www.edprenovaveis.com.

8. HUMAN CAPITAL

OUR PEOPLE PROFILE

We have a qualified and diverse team aligned with our business strategy, 81% of which hold university degrees and the 68% are less than 40 years old. This deep pool of highly qualified talent has supported EDPR's exponential growth, providing the optimal base to face future opportunities and challenges. Additionally, our people strongly reflect EDPR's energy and enthusiasm.

In 2012, EDPR employed 820 people, 32% of which are located on our North American platform and Brazil, while the remaining 68% work in our European platform.

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Headcount	1H12	2011
EDPR Corporate	182	127
EDPR EU	375	393
EDPR NA	247	260
EDPR SA	16	16
Total	**820**	**796**

Throughout the year, 74 new employees joined EDPR while 50 are no longer with the company, resulting in a turnover ratio of 8%.

Employees' Turnover	1H12	2011
Chart variation		
Number of hires	74	130
Number of departures	50	154
Total turnover	8%	18%
Turnover by gender		
Male	7%	18%
Female	9%	18%
Turnover by age range		
Less than 30 years old	17%	22%
Between 30 and 39 years old	4%	16%
Over 40 years old	10%	17%
Turnover by platform		
EDPR EU	6%	14%
EDPR NA	10%	27%
EDPR SA	28%	28%
EDPR Corporate	6%	8%

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

EDPR prides itself of having a multicultural team, with employees from 23 distinct nationalities, working in 11 geographies. This provides an important advantage, as teams benefit from multiple perspectives and deep knowledge of different markets.

OUR PEOPLE'S SATISFACTION

Every two years, EDPR conducts a satisfaction survey for its employees. In 2011, the participation rate increased to 79% (from 78% in prior survey).

In order to address the most common concerns brought up in the survey, a number of workshops were held in EDPR's European offices to gather suggestions for improvement. The information acquired in these face-to-face meetings was invaluable to acquire a global view of our employees view and helped mould the 2012 action plan.

The action plan is a top priority for all levels of management at EDPR and has the direct approval and support of the CEO. This action plan applies to all of EDPR's employees and has been widely publicized throughout the company. In addition, an internal satisfaction survey was conducted in the USA to understand employees' reaction following last year's reorganization.

OUR EVALUATION AND PERFORMANCE

EDPR continues to improve the appraisal model implemented in 2010 and that is applicable to all our employees. Currently, it is based on a 360 degree evaluation model in which the system collects information from several data sources to evaluate employee performance: oneself, peers, subordinates and managers.

The appraisal process used to identify talented employees that will then be proposed to enrol in EDPR HIPO program. High-Potential Program (HIPO) is a program designed to develop soft skills in order to prepare future leaders to carry EDRP to the next level.

RECRUITING

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

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

The first semester of 2012, EDPR hired 74 employees, 27 for EDPR EU, 25 for the EDPR NA, 17 for EDPR Corporate and 7 for the EDPR BR. Additionally, the percentage of women hired increased from 32% to 38%.

New hires	1H12	2011
Female	28	41
Male	46	89
Total	**74**	**130**

Welcome New Hires

EDPR is concerned with the adaptation of new hires. Thus, in the first semester, in EDPR EU we have organized the 6th Welcome Day of EDPR that has given the opportunity to new hires, to get to know thoroughly EDPR. In this edition, 34 new hires have come to Spain from different countries all over Europe.

During this three day event, EDPR provides new hires with some basic knowledge and tools that are invaluable for the quick adaptation. Recruits are briefed on:

- The activities and objectives of the companies departments
- Visit a wind farm or the Dispatch Centre depending on the new hire's profile
- Get an up-close view of the business and receive basic training by the Renewable Energy School.

Interns

During the first semester of 2012 we hired 66 interns, 5 of which were brought on full-time. EDPR is committed to hiring the brightest people and seeks interns from the top universities and business schools.

	1H12				
Interns	**Summer**	**Annual**	**Total**	**Contracts**	**(%)**
EDPR	4	16	20	2	10%
EDPR EU	4	37	41	3	7%
EDPR NA	12				0%
EDPR BR	0	5	5	0	0%
Total	**20**	**58**	**66**	**5**	

DEVELOPMENT

Training

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

In order to improve our employees' training, we created the EDPR Training Catalogue 2012 with a schedule of training activities and the training policy. In the first semester, we completed the following:

- **Health & Safety** – Health & Safety courses addressed to all the employees, adapting the training to the job position.
- **English Courses** – English training courses through an online platform.
- **Computing Courses** – Online pilot test in computing courses.

High Potential Program

The HIPOs project was born with the idea to form a select group of collaborators who have obtained an excellent assessment and whose potential is highly qualified.

The program was organized under two modules; ENERGIZING, designed for a group of employees with a junior profile and EXECUTIVE development for senior profiles. The program began in May and will be completed during the first quarter of 2013.

Leadership Guide

During the first semester, EDPR launched a training course in Spain & Poland to develop the necessary leadership skills of managers to EDPR's expectations. The training, which will also be offered in the remaining EDPR EU countries, aims to teach managers (1) the leadership style expected in EDPR; (2) emphasize the attitudes and behaviors of an EDPR leader (3) and to promote the 'Leaders Guide', by exploring the distinct HR process.

The Leadership Guide which contains all HR policies and procedures from a Leader's perspective will be distributed to all managers during the second semester to be used as a basis in their day-to-day managerial responsibilities.

LABOUR RELATIONS

From EDPR's 820 employees, 26% were covered by collective bargaining agreements.
Generally, collective bargaining agreements apply to all employees working under an employment relationship with and for the account of the respective companies, regardless of the type of contract, the professional group into which they are classified, their occupation or job. However, due to matters related to the corporate organization itself, regulations and other countries' specificities, employees were sometimes expressly excluded from the scope of collective bargaining agreements.
Per country case law, EDPR has to comply with a minimum period for giving formal notice of organizational changes in the Group with an impact on employees. However, it is customary to communicate significant events to the affected groups in advance.

COMPENSATION POLICY

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

BENEFITS

We are committed to offer a competitive benefits package to recognize the contributions and talents of our employees. The Company does not differentiate benefits between full-time and part-time employees.

In addition to legal requirements per country, competitive benefits are offered in the various regions (adjusted to local specificities) and mainly include, medical insurance (one of the most recognized by our employees), life insurance, pension plans or retirements plans, business travel insurance and accident insurance.

EDPR decided to extend the life insurance offered in Europe for the onsite employees after a thorough analysis of the current situation was conducted.

In May, the Flex Plan offered in Spain started to allow employees to deduct the cost of the Transport Card from their pre-tax wages. This would incentivize employees to use public transportation and promotes EDPR's core value of sustainability.

WORK-LIFE BALANCE

One of our main focuses continues to be the promotion and encouragement of work-life balance of our employees. This pursuit increases our employees' satisfaction, while boosting their productivity, commitment and accountability. Overall this creates positive bottom-line results for the organization.

EDPR implemented work-life balance programs throughout the geographies where the company is present and aims to constantly improve and provide additional benefits. This course of action was ultimately recognized with the Family-Responsible Employer Certificate in Spain.

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

Volunteer program

During the second semester EDPR will build off of the US and launch the EDPR Volunteer Program in Europe. The program has been designed for all employees who are interested in taking part in one of the following initiatives:

Volunteering Projects: employees can take part during their workday in an annual project chosen by EDPR together with the collaborating NGOs.

Weekend Volunteering: for EDPR, the main goal of this kind of volunteering is for the employees to share this experience their family and friends.

EDPR propuses different initiatives according the Company's values and is the responsible for coordinating the activity with the NGO.

Solidarity Actions: involves all employees, such as the Christmas Campaign.

HR Awards

EFR Certificate

On June 12th, EDPR received the EFR certificate for work-family reconciliation and equal opportunities, presented by the Minister of Health, Social Services and Equality, Ana Mato, and the president of the Másfamilia Foundation, Antonio Trueba, in the Ministry for Health, Social Services and Equality head office. The EFR certificate, created by the Másfamilia Foundation, is a unique tool which provides a simple and effective way to facilitate work-family reconciliation processes in companies of all sizes. It consists of a third party management model, based on continuous improvement, which responds to a new work culture in the field of corporate social responsibility.

Great Place to Work

On June 30th EDPR was recognized as being one of the best workplaces in Spain. Each year the Best Workplaces Spain 2012 certifies the best places to work according to the respective companies' employees. The award event was, held at el Palacio de Neptuno in Madrid and attended by over 300 people, celebrating the 10th anniversary of the Great Place to Work in Spain ranking.

9. CORPORATE GOVERNANCE

9.1 Model of Management and Supervision

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

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

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

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

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

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

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

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

9.2 Corporate Bodies

9.2.1 General Meeting of Shareholders

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

9.2.2 Board of Directors

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

On February 28th 2012, Mr. João Manuel Manso Neto was elected to the position of CEO *("Consejero Delegado")* and Vice-President of EDPR Board of Directors following a proposal from the Nominations and Remunerations Committee. The election pursues Ms. Ana Maria Fernandes' resignation to such positions given her new responsibilities within EDP - Energias de Portugal, S.A. ("EDP"). On the 8th of May 2012, the Board of Directors noted the resignation of Ana Maria Fernandes from member of EDPR Board of Directors given her new responsibilities within EDP - Energias de Portugal, S.A. ("EDP") and in order to fill the vacancy, following the proposal from the Nominations and Remunerations Committee, appointed by cooption Mr. João Marques da Cruz, shareholder of EDPR, as member of such Board until the next General Meeting of Shareholders is gathered.

Name	Position	Date of 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
João Marques da Cruz	Director	08/05/2012	-	*
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
João Paulo Costeira	Director	21/06/2011	-	21/06/2014
Luis Adão da Fonseca	Director	21/06/2011	-	21/06/2014
Gabriel Alonso Imaz	Director	21/06/2011	-	21/06/2014
Manuel Menéndez Menéndez	Director	04/06/2008	21/06/2011	21/06/2014
António Nogueira Leite	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Francisco de Lacerda	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Gilles August	Director (Indep.)	14/04/2009	21/06/2011	21/06/2014
João Lopes Raimundo	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
João Manuel de Mello Franco	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Jorge Santos	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director (Indep.)	04/06/2008	21/06/2011	21/06/2014

***** Until the next General Meeting of Shareholders is gathered.

9.2.3 Committees

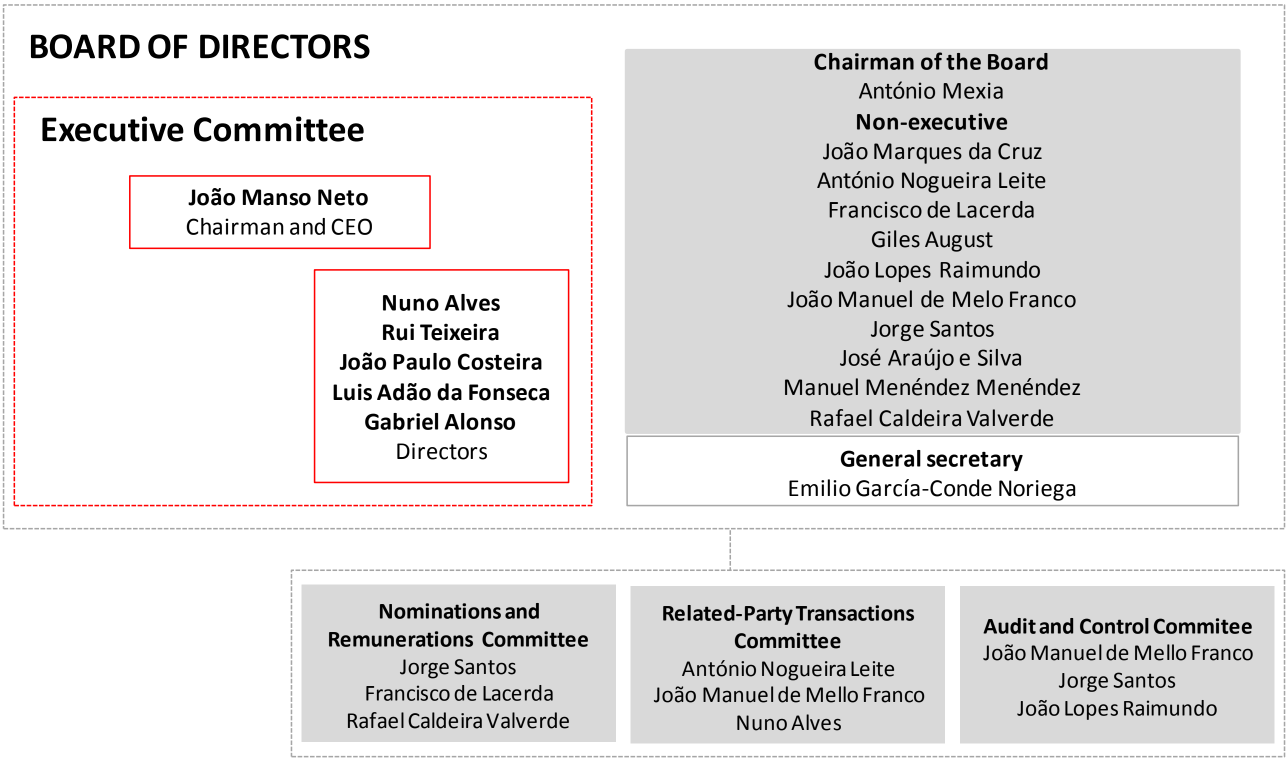
Pursuing to Mr. João Manuel Manso Neto's election as CEO*("Consejero Delegado")* and Vice-President of EDPR Board of Directors, and in order to maintain the best corporate governance practices, the Nominations and Remunerations Committee proposed the resignation of Mr. João Manuel Manso Neto as member of the Related Party Transactions Committee. Consequently, it was proposed by the Nominations and Remunerations Committee and approved by the Board of Directors the appointment of Mr. Nuno Maria Pestana de Almeida Alves as member of such Committee.

On April 12th 2012, the Board of Directors has accepted the resignation of Mr. António Mexia as President and member of the Executive Committee of EDPR, and Ms. Ana Maria Fernandes as member of the Executive Committee. Mr. António Mexia remains as Chairman of the Board of Directors. The Board of Directors has resolved by unanimity to appoint Mr. João Manso Neto as President of the Executive Committee.

Following the approved resolutions, the Board of Directors resolved unanimously to reduce the number of members of the Executive Committee of EDPR from the current 8 members to 6 members, being composed by the following members:

- João Manso Neto, CEO *("Consejero Delegado")*
- Nuno Alves
- Rui Teixeira, CFO
- Luís Adão da Fonseca, CBDO
- João Paulo Costeira, COO of EDPR Europe
- Gabriel Alonso, COO of EDPR North America

9.3 Summarized Organization Chart

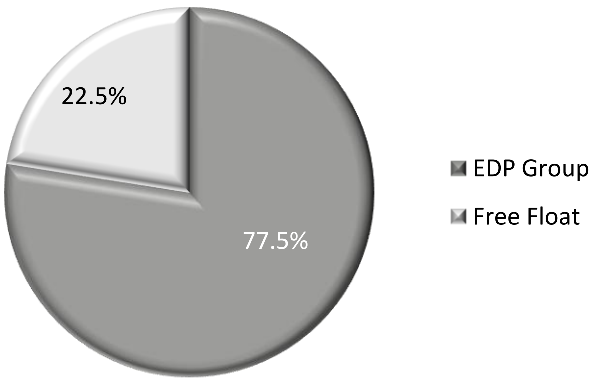


10. SHAREHOLDER STRUCTURE

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 – 30 June 2012



Qualifying shareholding

Qualifying shareholdings in EDP Renováveis are subject to Spanish law, which regulates the criteria and thresholds of shareholders' holdings. As at 30 June 2012 no qualifying shareholdings in EDP Renováveis with the exception of EDP and Hidrocantábrico were identified.

Shareholder - 30 June	Number of Shares	% Capital	%Voting Rights
EDP - Energias de Portugal			
EDP - Energias de Portugal, S.A. - Sucursal en España	541.027.156	62,0%	62,0%
Hidroeléctrica del Cantábrico, S.A.	135.256.700	15,5%	15,5%
Total	**676.283.856**	**77,5%**	**77,5%**

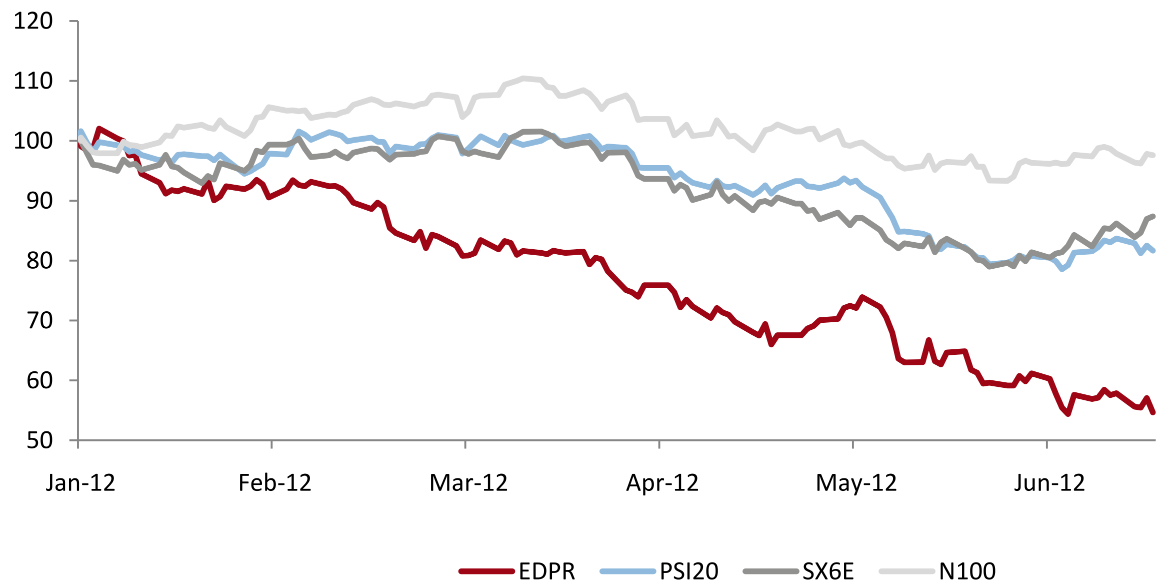
11. CAPITAL MARKETS

The shares representing 100% of the EDPR share capital were initially admitted to trading in the official stock exchange NYSE Euronext Lisbon on the 4 June 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 4, 2008
NYSE Euronext Lisbon	
ISIN	ES0127797019
Reuters RIC	EDPR.LS
Bloomberg Ticker	EDPR PL

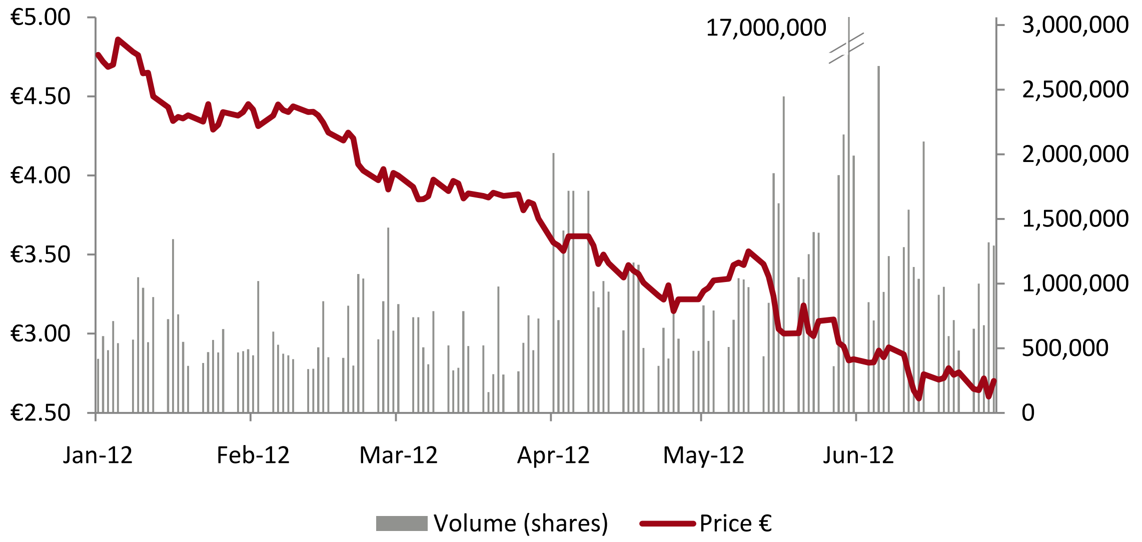
EDP Renováveis share price

During the 1H12, EDP Renováveis' share price decreased by 43%, closing the semester at €2.70 each. In the same period, the Dow Jones Eurostoxx Utilities and the PSI20 were down by 16% and 10%, respectively, while the Euronext 100 increased by 1%.



During the period, 126,329,572 EDPR shares were traded, corresponding to a turnover of approximately €432 million. On average, at Euronext Lisbon, EDP Renováveis daily trade volume was around 0.97 million shares per day. EDP Renováveis market capitalization at 30 of June was €2.4 billion.

1H2012 EDP Renováveis share price and transactions



12. SUBSEQUENT EVENTS

No relevant subsequent events occurred after the end of the semester and until 25th July 2012.

13. DISCLAIMER

This report has been prepared by EDP Renováveis, S.A. (the "Company") to support the presentation 1H12 financial and operational performances. EDP Renováveis does not assume any responsibility for this report if it is used for different purposes.

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

Any information regarding the performance of EDP Renováveis share price cannot be used as a guide for future performance.

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The 1H2012 management report contains forward-looking information and statements about the Company. Although EDP Renováveis is confident these expectations are reasonable, they are subject to several risks and uncertainties that are not predictable or quantifiable in advance. Therefore, future results and developments may differ from these forward-looking statements. Given this, forward-looking statements are not guarantees of future performance.

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