

STATEMENT ON REMUNERATION POLICY

The Nomination and Remuneration Committee appointed by the Board of Directors is responsible for defining the proposal of remuneration policy for the members of the Board of Directors. This committee defined the directors' remuneration and sought to ensure that it reflected the performance of each of its members in each year (variable annual remuneration) and their performance throughout their term of office by means of a variable component consistent with the maximisation of the Company's long-term performance (multi-annual variable remuneration). This is intended to ensure alignment of the Board of Directors' behaviour with the shareholders' interests. The remuneration policy, actually in force, is based on the following factors:

Fixed remuneration - for the CEO (Consejero Delegado) is an annual gross amount of EUR 384,000 and the remuneration for the remaining members will be determined in accordance with the terms set by the EDP Group.

Variable annual remuneration - for each member of the Executive Committee it may vary between 0% and 100% of his/her gross, fixed, annual remuneration. The amount is determined on the basis of the following indicators on each year of his/her term: relative performance of total shareholder return of EDP Renováveis vs. Eurostoxx Utilities, PSI-20 and Iberdrola Renováveis 2008, real capacity to generate shareholder value at EDP Renováveis, increase in installed capacity (MW), growth in net profits and EDP Renováveis EBITDA in 2008.

Multi-annual variable remuneration - for each member of the Executive Committee it may vary between 0% to 100% of his/her gross annual remuneration and is based on an accumulated annual evaluation of the directors' performance in achieving economic sustainability for the EDP Renováveis Group. Although this multi-annual remuneration is calculated annually, it only comes into effect at the end of their term of office if at least 90% of the strategic goals have been met. This is assessed on the basis of performance and a comparison with strategic benchmarks. In fact, the factors used to calculate the remuneration component are the relative performance of the EDP Renováveis Group's market capitalisation vs. Eurostoxx Utilities and PSI-20 during the term, the EDP Renováveis Group's capacity to create value, the performance of the Sustainability Index applied to EDP Renováveis (DJSI method), the EDP Renováveis Group's image in the national and international markets, its capacity to change and adapt to new market requirements, fulfilment of strategic national and international targets and the EDP Renováveis Group's EBITDA vs. Eurostoxx Utilities during their term.

The time period considered for determining the multi-annual variable component of their remuneration (3 years), the use of qualitative criteria aimed at a strategic, medium-term perspective in the Company's development, the existence of a cap to the variable remuneration and the relative weight of this component on total remuneration are essential factors in fostering management performance that does not focus only on short-term objectives but includes the medium and long-term interests of the Company and its shareholders.

The Retirement Savings Plan of the members of the Executive Committee represents an effective retirement complement and corresponds to 5% of the respective annual remuneration.

The directors do not receive any substantial non-monetary benefits as remuneration.

EDP Renováveis, S.A.

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