



REN GROUP's Corporate Governance Report

2010



REN - Redes Energéticas Nacionais, SGPS, S.A.

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0. Statement of compliance

REN - REDES ENERGÉTICAS NACIONAIS, SGPS, S.A. (hereinafter “REN” or the “Company”), being an issuer of shares listed in the NYSE Euronext Lisbon (Eurolist by Euronext) securities market, is subject to the Portuguese Securities Code, the Law 28/2009, of June 19, the Portuguese Securities Market Commission (CMVM) Regulation no. 1/2010 and to the Corporate Governance Recommendations contained in the “Corporate Governance Code” approved by CMVM on 2010, available on the CMVM’s website at www.cmvm.pt, in relation to information disclosure concerning corporate governance.

Within this context, REN adopts in full the said CMVM recommendations on matters of corporate governance contained in CMVM’s Corporate Governance Code, except for the recommendation I.4.1, which is not adopted due to the reasons mentioned below.

The chart below schematically identifies the CMVM’s Recommendations and individually mentions those that were fully adopted by REN and the ones that were not, indicating as well the place in this report where a more detailed description of their adoption may be found.

Recommendation/Chapter ¹	Compliance	Description within the Report
<p>I - <u>General Meeting:</u></p> <p><u>I.1 Board of the General Meeting</u></p> <p>1.1. The Chairman of the Board of the General Meeting has the human and logistic resources appropriate to his needs, in light of the company’s economic situation.</p> <p>1.2. The remuneration of the Chairman of the Board of the General Meeting shall be disclosed in the annual corporate governance report.</p> <p><u>I.2 Participation in the General Meeting</u></p> <p>2.1. Any imposition on the receipt by the board of a prior deposit or share blocking declarations for the participation at the General Meeting shall not exceed five business days.</p>	<p>YES</p> <p>YES</p> <p>Not applicable</p>	<p>4.6</p> <p>6.1</p> <p>4.5</p>

¹ By Chapter one shall consider that the reference regards the Corporate Governance Code

<p>2.2. In the event of suspension of the General Meeting, the Company shall not impose that such blocking shall not be maintained for the suspension period; the usual share blocking period for the first session shall be sufficient.</p>	<p>Not applicable</p>	<p>4.5</p>
<p><u>1.3 Voting and Exercise of the Voting Right</u></p>		
<p>3.1. Companies' by-laws shall not provide any restriction on voting by correspondence and, when adopted and admitted, on the electronic vote by correspondence.</p>	<p>YES</p>	<p>4.2</p>
<p>3.2. The deadline established by the by-laws for the receipt of voting declarations issued by correspondence shall not exceed three business days.</p>	<p>YES</p>	<p>4.2</p>
<p>3.3. Companies shall ensure proportionality between voting rights and shareholders' participation, ideally through a by-laws provision establishing the one share one vote principle. Proportionality is not fulfilled by Companies which, namely (i) hold shares not conferring voting rights; (ii) establish voting caps when votes are issued by one single shareholder or by related parties to the shareholder.</p>	<p>YES</p>	<p>4.1 4.3</p>
<p><u>1.4 Quorum and Resolutions</u></p>		
<p>4.1. Companies shall not establish a resolution quorum exceeding those set forth by law.</p>	<p>Not adopted (<i>The resolution quorum for the amendment of the Articles of Association, spin-off, merger, transformation, or dissolution of the Company is two thirds of the issued votes regardless of being in first or second notice for the General Shareholders Meeting, with a view to ensure an adequate representation of the shareholders considering the nature of the activities of the Company and its shareholders' structure</i>).</p>	<p>4.7</p>
<p><u>1.5 Minutes and Disclosure of Passed Resolutions</u></p>		
<p>5.1. Extracts from minutes of General Meetings (or other</p>	<p>YES</p>	<p>4.8</p>

<p>equivalent documents) shall be made available to shareholders on the company's website within five days as of the General Meeting, even if not deemed as privileged information. Disclosed information shall contain the resolutions passed, the represented capital and the voting results. Such information shall be kept in the Company's website for, at least, three years.</p>		
<p><u>I.6 Measures for Corporate Control</u></p>		
<p>6.1. Measures adopted to prevent the success of takeover bids shall respect the interests of the company and its shareholders. Companies' by-laws which, respecting such principle, set out a limitation on the number of votes that may be held or exercised by a single shareholder, individually or in concert with other shareholders, shall also establish that (i) at least every five years the amendment or maintenance of this provision - without aggravated quorum <i>vis-à-vis</i> that legally established - shall be subject to a resolution at the general shareholders meeting, and that (ii) upon such resolution all votes cast shall be counted without applying such limitation.</p>	<p>YES</p>	<p>4.1</p>
<p>6.2. Defensive measures that have the automatic effect of causing serious erosion of the company's assets in the case of change of control or change in the composition of the management body, thus hindering the free transferability of shares and assessment of the performance of the members of the management body by the shareholders, shall not be adopted.</p>	<p>YES</p>	<p>5.9</p>
<p><u>II - Management and Supervisory Bodies:</u></p>		
<p><u>II.1. General</u></p>		
<p>II.1.1. Structure and Duties</p>		
<p>1.1.1. The management body shall assess the corporate governance model adopted in the company's annual corporate governance report, identifying any constraints on its operation and proposing the steps to be taken to overcome such constraints.</p>	<p>YES</p>	<p>1.1 5.1 5.2 5.3 5.4</p>
<p>1.1.2. Companies shall create internal management and control systems - to safeguard its value and for the benefit of the transparency of its corporate governance - able to identify and manage risk. Such systems shall be composed, at least, by the following components: (i) setting out of the company's strategic purposes relating to risk assumption; (ii) identification of the main risks</p>	<p>YES</p>	<p>5.8</p>

<p>related to the performed activities and of the events able to create risks; (iii) analysis and measuring of the impact and probability of occurrence of each one of the potential risks; (iv) management of the risk in order to adapt the risks effectively incurred to the company's strategic option regarding risk assumption; (v) control mechanisms to the execution of risk management measures adopted and their efficiency; (vi) adoption of internal mechanisms for information and communication on several components of the system and of risk-warning; vii) periodical assessment of the implemented system and adoption of amendments that are deemed necessary.</p>		
<p>1.1.3. The management body shall ensure the creation and functioning of the internal control and risk management systems. The supervisory body shall be liable for the evaluation of the operation of these systems and shall propose their adjustment to the company's needs.</p>	<p>YES</p>	<p>5.8</p>
<p>1.1.4. In the annual corporate governance report, the companies shall: (i) identify the main economical, financial and legal risks that the company is exposed to by the performance with its activities; (ii) describe the performance and efficiency of the risk management system.</p>	<p>YES</p>	<p>5.8</p>
<p>1.1.5. Management and supervisory bodies shall establish internal regulations which shall be disclosed on the company's website.</p>	<p>YES</p>	<p>1.1 5.5</p>
<p>II.1.2. Conflicts of interest and Independence</p>		
<p>1.2.1. The Board of Directors shall include a number of non-executive members ensuring effective ability to supervise, monitor and assess the activity of the executive members.</p>	<p>YES</p>	<p>5.2</p>
<p>1.2.2. The non-executive members of the management body shall include an appropriate number of independent members, considering the company's dimension and its shareholder structure which shall never be less than a quarter of the total number of directors.</p>	<p>YES</p>	<p>1.4</p>
<p>1.2.3. The independency assessment of its non-executive members by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independency requirements as well as the conflict of interests framework applicable to members of other corporate bodies, thus ensuring the timely and systematic coherence in applying independency criteria to all the company. A director shall not be deemed as independent if not</p>	<p>YES</p>	<p>1.4</p>

qualified as so in another corporate body by virtue of the applicable provisions.		
II.1.3. Eligibility and Appointment		
1.3.1. Depending on the corporate model, the chairman of the audit board or of the audit committee or of the financial matters committee shall be independent and be appropriately qualified to carry out his duties.	YES	1.7
1.3.2 The selection procedure for non-executive directors shall be construed in a way to impede executive directors' interference.	YES	5.2
II.1.4. Whistleblowing Policy		
1.4.1. The company shall adopt a whistleblowing policy for irregularities allegedly occurred with the following characteristics: i) indication of the means that can be used for internal whistleblowing including the persons entitled to receive such communications, ii) indication of the processing of such communications, including confidential treatment, if so required by the whistleblower.	YES	5.10
1.4.2. The general guidelines of such policies shall be disclosed in the annual corporate governance report.	YES	5.10
II. 1.5. Remuneration		
1.5.1. The remuneration of members of the management bodies shall (i) be structured to allow the alignment of their interests with the company's long term interests, (ii) be based on the performance assessment and (iii) discourage excessive risk assumption. Thus, remuneration shall be structured, namely, as follows:	YES	6.2 6.3 6.4 6.5
i) The remuneration of directors performing executive functions shall incorporate a variable component whose determination is subject to performance assessment by the company's competent bodies, according to pre-established measurable criteria. Said criteria shall take into account the company's real growth and the actual shareholders' wealth, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity.		
ii) The variable component of the remuneration shall be globally reasonable <i>vis-à-vis</i> the fixed component of the remuneration and maximum limits shall be set out for all components.		
iii) A significant part of the variable remuneration shall be deferred for no less than a three year period and its payment shall depend of the company's steady positive performance during said period.		
(iv) Members of the board of directors shall not enter		

<p>into contracts with the company or third parties that will have the effect of mitigating the risk inherent to the variability of the remuneration established by the company.</p> <p>(v) Until the end of their term-of-office, the Executive Directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares.</p> <p>(vi) When the variable remuneration includes stock options, its exercise period shall be deferred for, at least, a three years term;</p> <p>(vii) Appropriate legal instruments shall be established in order to not pay the compensation set out for dismissal without fair grounds of a director if such dismissal or agreed termination is due to the director's inadequate performance.</p> <p>(viii) The remuneration of Non-Executive Board Members shall not include any component the value of which is subject to the performance or the value of the company.</p>		
<p>1.5.2. The statement on the remuneration policy of the management and supervisory referred in article 2 of the Law no. 28/2009, dated of June 19 shall, besides the content referred thereto, contain enough information on: (i) the companies groups whose policies and remuneration practices have been taken as a comparative element for establishing the remuneration; (ii) on the payments related to the dismissal or agreed termination of directors.</p>	<p>YES</p>	<p>6.6 6.7 and Annex V</p>
<p>1.5.3 The remuneration policy statement referred to in article 2 of the Law no. 28/2009 shall also mention the remuneration of all other persons discharging managerial functions as per paragraph 3 of article 248-B of the Portuguese Securities Code and whose remuneration contains a relevant variable component. The statement shall be detailed and the submitted policy shall consider, namely, the company's long term performance, the compliance with the provisions applicable to the company's activity and the moderation on the risks taken.</p>	<p>YES</p>	<p>6.6 6.7 and Annex V</p>
<p>1.5.4. A proposal shall be submitted to the general shareholders meeting on the approval of plans for the allotment of shares, and/or share options or based on variations in share price, to members of the management and supervisory bodies and other persons discharging managerial functions as defined in paragraph 3 of article 248-B of the Portuguese Securities Code. The proposal shall contain all the necessary elements to a proper evaluation of the plan. The proposal shall be presented together with the regulation governing the plan or, if not yet done,</p>	<p>Not applicable</p>	<p>6.8</p>

<p>the general conditions that it shall comply with. The general shareholders meeting shall also approve the main characteristics of any retirement plan that benefits members of the management and supervisory bodies and other persons discharging managerial functions according to article paragraph 3 248-B of the Portuguese Securities Code.</p>		
<p>1.5.6 At least one of the remuneration committee's representatives shall attend the general shareholders meeting.</p>	YES	6.6
<p>1.5.7. The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the annual corporate governance report. (Revoked by the entry into force of the disclosure duties provided for in subparagraphs c) and d) of article 3 of CMVM Regulation no. 1/2010.)</p>	Revoked	_____
<p><u>II.2. Board of Directors</u></p>		
<p>2.1. Within the legal limits established for each management and supervisory structure, and unless the company has a reduced size, the board of directors shall delegate the day-to-day management of the company. The delegated competences shall be identified in the companies' annual corporate governance report.</p>	YES	1.6 5.3
<p>2.2. The board of directors shall ensure that the company acts in accordance with its objectives, and shall not delegate its responsibility namely in relation to: i) the definition of the company's strategy and general policies; ii) the definition of the group's corporate structure; iii) decisions that should be considered as strategic due to their value, risk or special characteristics.</p>	YES	1.5 1.6 5.3
<p>2.3. In the case of the chairman of the board of directors carrying out executive duties, the board of directors shall find efficient co-ordination mechanisms for work of non-executive members, ensuring that these members are able to make decisions in an independent and informed manner. Such mechanisms shall be properly explained to shareholders within the company's corporate governance report.</p>	YES	5.2
<p>2.4. The annual management report shall include a description of the activities carried out by non-executive directors namely mentioning any constraints encountered.</p>	YES	5.2
<p>2.5. The company shall explain its board of directors' responsibility rotation policy, namely on the member responsible for the financial area, and provide</p>	YES	5.2

information on such policy in the company's annual corporate governance report.		
<u>II.3. Delegated Director, Executive Committee and Executive Board of Directors</u>		
3.1. Directors performing executive duties when so requested by other corporate body members shall provide any information requested by them in a timely and appropriate manner.	YES	5.3
3.2. The chairman of the executive committee shall send all calls and minutes of such committee's meetings to the chairman of the board of directors and, if applicable, to the chairman of the audit board or of the audit committee.	YES	5.3
3.3. The chairman of the executive board of directors shall send to the chairman of the general and supervisory board and to the chairman of the financial matters committee all calls and minutes of the respective meetings.	NOT APPLICABLE	
<u>II.4. General and Supervisory Board, Financial Matters Committee, Audit Committee and Audit Board</u>		
4.1. In addition to performing its supervisory roles, the general and supervisory board shall perform an advisory role, as well as continually assessing the management of the company by the executive board of directors. The general and supervisory board shall make decisions on the following matters: i) definition of the company's strategy and general policy; ii) the corporate structure of the group; and iii) decisions considered to be strategic due to the values, risks or special characteristics involved.	NOT APPLICABLE	
4.2. The annual reports on the activities of the general and supervisory board, the financial matters committee, the audit committee and the audit board shall be disclosed on the company's website along with the financial statements.	YES	1.7 5.4
4.3. The annual reports on the activities of (i) the general and supervisory board, (ii) the financial matters committee, (iii) the audit committee and (iv) the audit board shall include a description of the supervisory activity carried out and should also refer to any potential constraints.	YES	1.7 5.4
4.4. The general and supervisory board, the audit committee and the audit board, depending on the corporate governance model adopted, shall represent the company for all purposes before the external auditor and shall propose the services supplier, the respective remuneration and ensure that the company makes available appropriate conditions for the	YES	1.7 5.4

rendering of the services, as well as act as the point of contact, being also the first to receive the reports.		
4.5. The general and supervisory board, the audit committee and the audit board, depending on the corporate governance model adopted, shall annually assess the external auditor and propose to the general shareholders meeting that the external auditor be discharged if justifiable grounds so warrant.	YES	1.7 5.4 and Annex IV
4.6 The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the audit committee, the general and supervisory board or, in the case of companies adopting the Latin model, to an independent director or to the audit board, regardless of the hierarchical relationship that these services have with the executive management of the company.	YES	1.7 5.8
<u>II.5. Specialised Committees</u>		
5.1. Except by virtue of the reduced dimension of the company, the board of directors and the general and supervisory board, depending on the corporate governance model adopted, shall create the necessary committees in order to: (i) ensure that a competent and independent assessment of the performance of executive directors is carried out, as well as of its own overall performance and the performance of existing committees; (ii) consider the corporate governance system adopted and assess its efficiency and propose to the respective bodies any measures required to improve it; (iii) timely identify potential candidates with the high level required for the performance of director functions.	YES	1.1 5.1 5.6
5.2. Members of the remuneration committee, or equivalent, shall be independent in regard to the management bodies and such committee shall include, at least, one member with know-how and experience in remuneration policy matters.	YES	1.8
5.3. Any natural or legal person which provides or has provided, over the past three years, services to any structure depending on the board of directors, to the board of directors of the company or which has a current relationship with the consultant of the company shall not be engaged to assist the remuneration committee on the performance of its functions. This recommendation also applies to any natural or legal person which has an employment or rendering of services agreement with the former referred persons.	YES	1.8
5.4 All committees shall draw up minutes of their meetings.	YES	1.8 5.2

		5.3 5.4
III - Information and Auditing: III.1. <u>General Disclosure Duties</u>		
<p>1.1. Companies shall ensure permanent contact with the market, respecting the principle of shareholder equality and preventing any inequalities in investors' access to information. For such purposes the company shall maintain an investor support office.</p>	YES	2.1 2.2
<p>1.2. The following information, to be available on the company's website, shall be provided in English:</p> <ul style="list-style-type: none"> a) The company name and the fact it is a public company, its registered office and all other information mentioned under article 171 of the Portuguese Companies Code; b) By-laws; c) Identity of all members of corporate bodies and the representative for market relations; d) Investor Support Office, its duties and means of access; e) Financial statements; f) Bi-annual agenda of corporate events; g) Proposals submitted to discussion and voting at the general shareholders meeting; h) Calls for the general shareholders meeting. 	YES	2.3
<p>1.3. Companies' shall promote the rotation of the auditor at the end of two or three term-of-offices, as they respectively are of four or three years. Their maintenance besides this period shall be grounded on a specific opinion of the supervisory body which shall expressly consider the auditor's independence conditions and the advantages and costs arising out of its substitution.</p>	YES	1.9
<p>1.4. In the scope of its competences, the external auditor shall verify the implementation of the remuneration policies and systems, the efficiency and functioning of the internal control mechanisms and report any deficiencies to the company's supervisory body.</p>	YES	1.9
<p>1.5. The company shall not engage the external auditor - or any entities with a participation relationship with him or which are part of the same network - for services other than audit services. When the engagement for such services is grounded - which shall be approved by the supervisory body and explained in the annual corporate governance report - such services shall not exceed 30% of the total value of the services rendered to the company.</p>	YES	Annex IV
IV. Conflicts of interests IV.1 Relationship with the Shareholders		

<p>1.1. Where deals are concluded between the company and qualified shareholders - or with entities which are in a relationship set out in Article 20 of the Portuguese Securities Code with the shareholders -, such deals shall be carried out in normal market conditions.</p>	<p>YES</p>	<p>5.7 Annex II</p>
<p>1.2. Material deals with qualified shareholders - or with entities which are in a relationship set out in Article 20 of the Portuguese Securities Code - shall be submitted to a prior opinion of the supervisory body. The procedures and criteria required for the definition of the level of materiality of such deals shall be established by the supervisory body as well as the other terms of its intervention.</p>	<p>YES</p>	<p>5.7 Annex II</p>

Corporate Governance Structure

1.1 Corporate Governance Model of REN - Redes Energéticas Nacionais, SGPS, S.A.

REN's corporate governance structure, as a form of organization and organic operation of the Company, is a relevant and stimulating factor in the pursuit of the goals and objectives of the Company and its business group, in accordance with its social and economic position within the energy sector and with the public service status of the generality of the activities performed under the concessions frameworks.

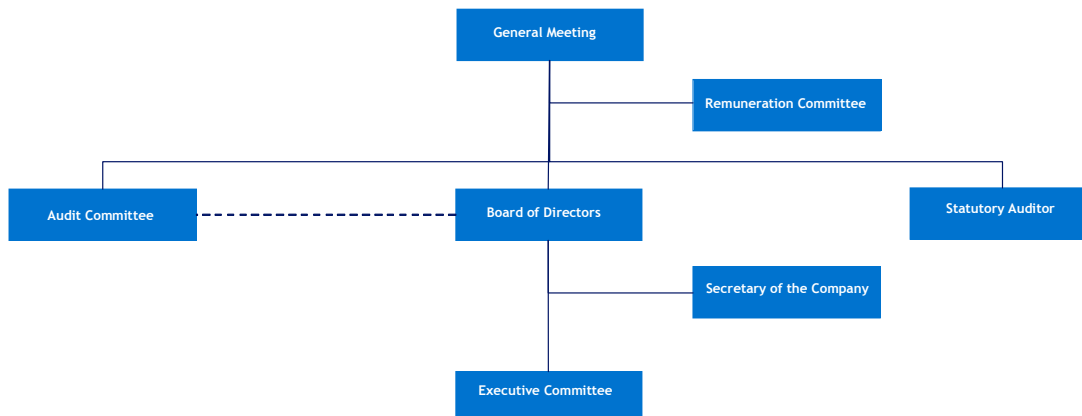
Within the adopted corporate governance model it is determined that the directing of the company is entrusted to the Board of Directors, that the Executive Committee is in charge of its daily management and that the Audit Committee is responsible for supervising and monitoring its activity. The Statutory Auditor examines the company's financial statements.

Such model is based on an organic balance that results from the shareholders' role in choosing the management body and supervisory bodies, as well as the need for an efficient, professional management that enables the development of the company's business. Therefore, the shareholders are jointly responsible for appointing the Board of Directors, in which is comprehended the Audit Committee, and for appointing both the Chairman of the managing and supervisory bodies. On the other hand, the Board of Directors is responsible for appointing the members of the Executive Committee, including the Chief Executive Officer.

The fiscal year of 2010, on which the new corporate bodies for the triennial 2010-2012 were appointed, enabled once more the verification of the adequateness and the balance of the corporate governance model applied, specifically to REN, to the Group's operational requirements in the areas of electric power and natural gas in which the latter is involved, therefore there was no justification for the introduction of any amendments to such organization model.

In order to provide a better understanding of the organization and operation of REN in respect of corporate governance, the Company has made available to the public the updated Articles of Association, as well as the corporate bodies' regulations, in its website at www.ren.pt.

1.2 The Group's Corporate Bodies



1.3 General Meeting

The General Meeting is the Company's maximum authority and is composed by all the shareholders. The shareholders gathered in the General Meeting are responsible for: (i) within the organic plan, the appointment of the Chairman and Vice-Chairman of the Board of the General Meeting, the members of the managing and supervisory bodies, the Statutory Auditor (under proposal submitted by the Audit Committee) and the members of the Remuneration Committee, as well as the demise of the members of such bodies; and (ii) within the material plan, the approval of the annual report and accounts, the proposal for allocation of results and the Audit Committee's opinion, the decision of the amendments to REN's Articles of Association, as well as provide the authorization to the Board of Directors to purchase or sell assets, rights or shareholdings with an economic value superior to 10% of the Company's fixed assets and the purchase and sell the Company's own shares. In general, the General Meeting also resolves on any matters for which it may have been convened and on all matters to which is specially ascribed by law or under REN's Articles of Association and on others matters which are not included within the competence of the Company's remaining bodies.

In order for the General Meeting being able to hold and resolve, in the first convening date, shareholders owning at least 51% of the registered capital must be present or represented. Whether in the first or second convening date, the resolutions on the amendment to REN's Articles of Association, demerger, merger, transformation or winding-up of the Company are only deemed to be approved if the same obtain two-thirds of the casted votes.

Between January 1, 2010 and March 15, 2010, date of the 2010 Annual General Meeting, which approved the appointment of the members of the corporate bodies for the 2010-2012 triennium, the office of Chairman of the Board of the General Meeting was performed by Mr. José Manuel Ribeiro Sérvulo Correia.

Presently, the Board of the General Meeting has the following composition:

Name	Age	Office	Date of 1st Appointment	Term of office in course
Agostinho Pereira de Miranda	63	Chairman	15.03.2010	2010-2012
Duarte Vieira Pestana de Vasconcelos	53	Vice-Chairman	24.10.2008	2010-2012

In the performance of his office, the Chairman of the Board of the General Meeting has the support of Vice-Chairman of the Board, as well as of the Secretary of the Company, Mr. Pedro Cabral Nunes, within their legal powers.

1.4 Members of the Board of Directors

The Board of Directors consists of thirteen members, three of whom integrate the Audit Committee.

The Board of Directors which is currently in office for the term of office 2010-2012 is composed by the following members appointed at REN's Annual General Meeting, held on March 15, 2010:

Name	Age	Office
Rui Manuel Janes Cartaxo	58	Chairman of the Board of Directors and of the Executive Committee

Aníbal Durães dos Santos	63	Executive Director
João Caetano Carreira Faria Conceição	36	Executive Director
João Manuel de Castro Plácido Pires	60	Executive Director
João Nuno de Oliveira Jorge Palma	45	Executive Director
Luís Maria Atienza Serna	53	Non Executive Director
Gonçalo José Zambrano de Oliveira	40	Non Executive Director
Manuel Carlos Mello Champalimaud	64	Non Executive Director
José Isidoro d'Oliveira Carvalho Netto	66	Non Executive Director
Filipe Maurício de Botton	52	Non Executive Director
José Luís Alvim Marinho	58	Chairman of the Audit Committee
José Frederico Vieira Jordão	66	Member of the Audit Committee
Fernando António Portela Rocha de Andrade	40	Member of the Audit Committee

Annex I contains a more detailed description of the members of the management body currently in office.

Between November 27, 2009 and March 15, 2010, date in which was held the 2010 Annual General Meeting, Mr. Rui Manuel Janes Cartaxo, by unanimous vote of the Board of Directors, performed the office as the Chairman of the Board of Directors in substitution of Mr. José Rodrigues Pereira dos Penedos, due to the fact that the latter was judicially suspended from the performance of such office.

Between January 1, 2010 and March 15, 2010, date of the 2010 Annual General Meeting, in which was approved the appointment of the corporate bodies for the 2010-2012 triennium, Mr. Victor Manuel da Costa Antunes Machado Baptista performed the office of Director.

Considering the assessment criteria of independence foreseen in CMVM's Recommendation II.1.2.3. and in paragraph 5 of Article 414 of the Portuguese Companies Code, the Board of Directors of REN considers as independent the following non executive directors:

- José Luís Alvim Marinho (Chairman of the Audit Committee)
- José Frederico Vieira Jordão (Member of the Audit Committee)
- Fernando António Portela Rocha de Andrade (Member of the Audit Committee)

Furthermore, all non executive members of the Board of Directors identified above as independent (apart, naturally, of the directors integrating the Audit Committee) would comply, if applicable, all incompatibility rules foreseen in paragraph 1 of Article 414-A of the Portuguese Companies Code, save as provided for in sub-paragraphs b) and c).

Within this context, the Board of Directors of the Company understands that the abovementioned independence of the non executive directors is not affected by: (i) the same being in the circumstances mentioned in sub-paragraph b) of paragraph 1 of Article 414-A, since they are members of the management body of the Company; nor by (ii) the fact that the Director Mr. José Isidoro d'Oliveira Carvalho Neto performs the office of Chairman of the Board of Directors of OMIP - Operador do Mercado Ibérico de Energia (Polo Português), SGPS., S.A. “OMIP” (meaning, a company in a control or group relation with REN) for the following reasons:

- The application to the members of the management board, of the incompatibility criteria foreseen for members of the supervisory bodies should be undertaken with the necessary adjustments, considering the systematic and teleological coherence underlying CMVM’s Recommendation II.1.2.3.;
- The ratio that justifies the incompatibilities foreseen at said paragraphs regarding the members of the supervisory bodies (essentially, the proximity or participation in the management of the Group) is not reasonable for members of the management body;
- The concerned directors are not associated with any specific interest group in the Company, nor in any circumstance likely to prejudice their impartiality of analysis or decision;
- The existing group relationship with OMIP does not affect the independence of its management, as a result of its nature as an organized market for the trading of electric energy related financial products, in light of the adequacy and (in a certain sense) independency requisites applicable to the members of the management body of regulated markets’ managing companies. The transitory nature of REN’s shareholding in OMIP in light of the future creation of a (single) Iberian Electricity Market Operator is also relevant.

The remaining non executive members of the Board of Directors identified above would

comply, if applicable, all incompatibility rules foreseen in paragraph 1 of Article 414-A of the Portuguese Companies Code, save as provided in sub-paragraphs b) and h).

In regard to the composition of the Board of Directors, it should also be stressed out that as disclosed in the press release to the market submitted in March 10, 2011, the non executive directors Luis Atienza, Filipe Botton, Manuel Champallimaud and Gonçalo Oliveira, non executive directors of REN - Redes Energéticas Nacionais, SGPS, S.A., have informed the Chairman of the Board of their intention to resign to their respective offices at the Board.

They also informed that this decision has been motivated by a different understanding in relation to the decision of the Constitutional Court, which decided to submit those directors to the legal regime of State managers, in spite of the fact that their appointment to the Board of Directors of REN has been determined by the qualified stakes held by the private companies that indicated them to those offices.

In order to allow for a final solution of this situation, the Board of Directors shall propose the inclusion of this matter in the agenda of the next Annual General Meeting.

1.5 Powers of the Board of Directors

As per the terms provided by REN's Articles of Association, the Board of Directors is particularly empowered to:

- Define the Company's goals and management policies;
- Draft the annual financial and business plans;
- Manage the corporate business and perform all acts and operations relating to the corporate purpose which are not included within the competence of other corporate bodies of the Company;
- Represent the Company in or out of court, as plaintiff or defendant, further being able to waiver, reach a compromise or confess in any legal proceedings, as well as to enter into arbitration conventions;
- Acquire, sell or by any other form transfer or encumber rights or assets, whether real estate or not;
- Incorporate companies and subscribe for, acquire, encumber and transfer shareholdings;

- Submit to the General Meeting proposals on the acquisition and transfer of own shares, in compliance with the applicable legal restrictions;
- Determine the technical and administrative organization of the Company and the rules for internal operation, namely concerning its personnel and their remuneration;
- Appoint the Secretary of the Company and its substitute;
- Appoint attorneys of the Company with the powers deemed appropriate, including those of sub-delegation;
- Perform any other competences granted by law or by the General Meeting.

Under paragraph 2 of Article 15 of REN's Articles of Association, the Board of Directors shall submit to the prior approval of the General Meeting the acquisition and transfer of assets, rights or shareholdings with an economic value greater than 10% of the Company's fixed assets.

The Company's Articles of Association do not authorize the Board of Directors to increase the Company's share capital, under the terms of Article 456 of the Portuguese Companies Code.

The Chairman of the Board of Directors is chosen by the General Meeting, amongst the appointed directors, and holds a casting vote. The Board of Directors further determines which of its members substitutes the Chairman, in case of the latter's absence or impairment. The director that acts in substitution of the Chairman also holds a casting vote.

Under the terms of Article 17 of REN's Article of Association, the Chairman of the Board of Directors is specially empowered to:

- Represent the Board of Directors;
- Coordinate the activity of the Board of Directors and to convene and to preside its meetings;
- Oversee the correct execution of the approved resolutions.

1.6 Executive Committee

Pursuant to paragraphs 3 and 4 of Article 407 of the Portuguese Companies Code and Article 16 of REN's Articles of Association, the Board of Directors has delegated management powers on the Company's Executive Committee.

Between January 1, 2010 and March 15, 2010, date of the 2010 Annual General Meeting, the Executive Committee was composed by the following members:

Rui Manuel Janes Cartaxo	Chairman
Aníbal Durães dos Santos	Member
Victor Manuel da Costa Antunes Machado Baptista	Member
João Caetano Carreira Faria Conceição	Member

After the Annual General Meeting which approved the appointment of the new corporate bodies members for the 2010-2012 triennium, the Executive Committee became composed by the following 5 directors who perform their offices (in REN and in the respective companies in control or group relation with it, except for OMIP) in exclusivity:

Rui Manuel Janes Cartaxo	Chairman
Aníbal Durães dos Santos	Member
João Caetano Carreira Faria Conceição	Member
João Manuel de Castro Plácido Pires	Member
João Nuno de Oliveira Jorge Palma	Member

On March 15, 2010, the Board of Directors delegated powers of day-to-day management of the Company on the Executive Committee, which include the following powers, to be exercised under the terms and within the limits annually stipulated in the operating budget and in the strategic plan submitted by the Executive Committee and approved by Board of Directors:

- Implement the Company's functional and administrative organization, its internal rules, including those governing human resources and their remuneration, as well as its internal control systems and procedures;
- Prepare and execute the operating budgets and the medium and long-term investment and development plans;
- Negotiate, sign, amend and terminate any agreements, including, among others, agreements for the purchase or sale of assets or rights, service rendering agreements, employment agreements and banking agreements, namely for the financing of REN or Group companies (save for medium or long-term loan contracts);

- Purchase, sell or encumber (save for the granting of *in rem* guarantees) the Company's fixed assets;
- Lease or let any property or parts thereof;
- Coordinate the activity of the companies in a control relation with REN, further being able, as concerns the companies in total control relation, to issue binding instructions, under the terms legally permitted;
- Manage the shareholdings owned by REN, including throughout the appointment of its representatives in the respective corporate bodies and the definition of guidelines for their actions;
- Represent the Company actively and passively, in and out of court, proposing and pursuing lawsuits or arbitrations, with the power to confess, to waiver and to reach a compromise, as well as to enter into arbitration agreements;
- Open, use and close bank accounts; and
- Appoint attorneys with the powers considered convenient.

Under the terms of paragraphs 4 and 8 of Article 407 of the Portuguese Companies Code and the abovementioned resolution, the delegation of powers on the Executive Committee does not exclude the power of the Board of Directors to take resolutions on delegated matters, nor does it comprise the following matters:

- Co-optation of directors;
- Request of notice for the convening of the general meetings;
- Approval of the report and annual accounts to be submitted to the general meeting;
- The approval of the semester and quarterly accounts to be published under the terms applicable by law;
- The granting of bails and personal or *in rem* guarantees by the Company;
- The transfer of the registered office and the increase of the Company's registered share capital;
- The approval of merger, demerger and transformation projects of REN.

With the view to the optimization of the management efficiency, the members of the Executive Committee distributed amongst themselves the responsibility for the direct monitoring of specific performance areas of the Company, under the terms evidenced in the following graphic:



1.7 Audit Committee

The supervision of the Company's business is performed by an Audit Committee, composed by 3 members, who are also comprehended in the Board of Directors.

The current members of the Audit Committee are:

José Luís Alvim Marinho	Chairman
José Frederico Vieira Jordão	Member
Fernando António Portela Rocha de Andrade	Member

Following their self-assessment, the Audit Committee concluded that all its members are independent, under the terms and for the purposes of paragraph 5 of Article 414 of the Portuguese Companies Code, and comply with the requirements set forth in paragraph 1 of Article 414-A of the Portuguese Companies Code (save as regards sub-paragraph b) which by nature is not applicable to the latter) as regards the absence of incompatibilities for the performance of their offices.

The Audit Committee has the powers and the obligations foreseen in law and in the Articles of Association of REN, therefore being particular accountable for:

- The supervision of the management of the Company and the compliance with the law and the Articles of Association;
- The verification of the accuracy of the accounting documents prepared by the Board of Directors and the oversight of the respective revision;
- The supervision of the preparation and disclosure of the financial information;
- supervise the efficiency of the risk management, internal control and internal audit systems;
- The proposal to the General Meeting the appointment of the Statutory Auditor, supervise its independence, in particular in what is concerned to the additional services rendering;
- Receive the communications of irregularities submitted by shareholders, Company's collaborators or third parties;
- The convening of the General Meeting whenever the Chairman of the Board of the General Meeting fails to do such convening, despite its obligation on this matter.

The Audit Committee drafts an annual report on its supervisory activities (including references to any detected constraints), further presenting a an opinion on the report of the Board of Directors, the financial statements, as well as the corporate governance report, which are available with the accounting documents on the website of REN at www.ren.pt.

1.8 Remuneration Committee

The Remuneration Committee is responsible for presenting and submitting to the shareholders the principles of the remuneration policy of the corporate bodies, as well as for determining the respective annual remunerations, including the respective remuneration supplements.

The members of the Remuneration Committee appointed until the end of the term of office in course (2010-2012 triennium) are: José Emílio Castel-Branco (Chairman), Francisco Manuel Marques Bandeira and José Alexandre de Oliveira.

Between January 1, 2010 and March 15, 2010, date of the 2010 Annual General Meeting which approved the appointment of the corporate bodies for the 2010-2012 triennium, the Chairman of the Remuneration Committee was Mr. João Manuel de Castro Plácido Pires.

The Remuneration Committee is comprised by members who are independent from the management. To such extent, the Remuneration Committee does not include any member of another corporate body for which it determines the respective remuneration, therefore its three members in office do not have any family relation with members of such other bodies, whether as spouses or husbands, relatives and kin, in a direct line, up to the 3rd degree, inclusively.

The members of the Remuneration Committee have relevant knowledge and experience as regards remuneration policies, especially Mr. Francisco Manuel Marques Bandeira.

Within the performance of its responsibilities, the Remuneration Committee received advice from specialized entities on remuneration matters, which do not provide or have provided, over the past three years, services to the Board of Directors of REN or to any

structure in its dependence (under employment or services agreement) and have no current relationship with a consultant of the Company.

On the General Meeting held on March 15, 2010 a statement on the remuneration policy of the management and supervisory bodies was submitted to the shareholders.

The Remuneration Committee held 3 meetings in 2010. For each meeting of the Remuneration Committee a minutes is drawn.

1.9 Statutory Auditor

The Statutory Auditor is appointed by the General Meeting under a proposal of the Audit Committee, being specially accountable for the exam and verification required to the revision and legal certification of the financial statements.

Within its competences as an external auditor, the Statutory Auditor verifies the implementation of the remuneration policies and systems, the efficiency and operating of the internal control mechanisms and is determined to report any deficiencies to the Audit Committee of the Company. The Statutory Auditor also verifies the corporate governance report, in the legal applicable terms.

The office of effective Statutory Auditor of the Company is performed, as of March 15, 2010, by the chartered accountants company Deloitte & Associados, SROC, S.A., registered before the Board of Chartered Accountants under no. 43 and registered before CMVM under number 231, represented by Jorge Carlos Batalha Duarte Catulo (C.A. no. 992). The substitute Statutory Auditor of the Company is Carlos Luís Oliveira de Melo Loureiro, C.A. registered before the Board of Chartered Accountants under no. 572.

Between January 1, 2010 and March 15, 2010, date of the 2010 Annual General Meeting which approved the appointment of the corporate bodies for the 2010-2012 triennium, the office of effective Statutory Auditor of the Company was performed by chartered accountants company J. Monteiro & Associados, SROC, registered before the Board of Chartered Accountants under no. 169 and registered before the CMVM under no. 9155, represented by José Manuel Carlos Monteiro (C.A. no. 592), and the office of substitute

Statutory Auditor of the Company was performed by Salvador Figueiredo Vás e Lima, registered before the Board of Chartered Accountants under no. 543.

The external auditor of REN (Deloitte & Associados, SROC, S.A.) was initially hired to perform such office in 2009, hence not having elapsed the rotation period of the auditor referred to in CMVM's Recommendation III.1.3. (i.e., after 3 terms of office).

1.10 Company's Secretary

The Company's Secretary and its substitute are appointed by the Board of Directors and their office terminates with the term of the term of office of the management body that designated him. The Secretary is essentially accountable for supporting the meetings of the corporate bodies, for answering the shareholders' requests under their right to information and for certifying the powers of the members of the corporate bodies and of the copies of the minutes and other Company documents, pursuant to the terms of Article 446-B of the Portuguese Companies Code.

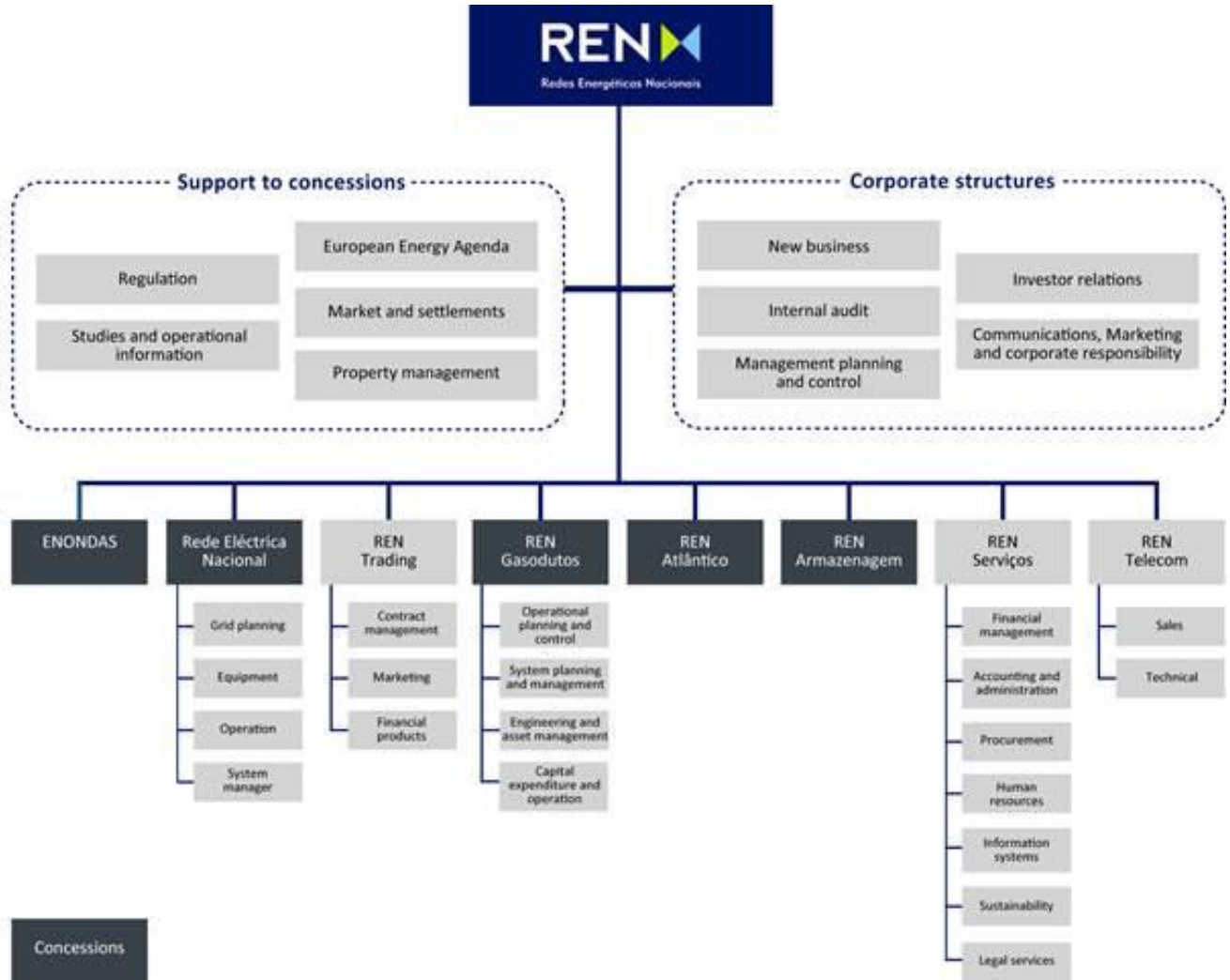
Under its current term of office, which began on March 15, 2010, the Board of Directors resolved, on its meeting dated March 22, 2010, to maintain in office the Company's Secretary and the Company's Substitute Secretary, Pedro Cabral Nunes and Daniela Pizarro de Sá.

Due to the resignation of Daniela Pizarro de Sá, Substitute Secretary of the Company, the Board of Directors resolved on June 24, 2010 to appoint Mafalda Rebelo de Sousa for the office of Substitute Secretary of the Company until the term of the present triennium (2010-2012).

Until the term of the present 2010-2012 term of office, the Secretary and respective substitute are as follows:

- Secretary: Pedro Cabral Nunes
- Substitute: Mafalda Rebelo de Sousa

1.11 Organizational chart



2. Market Relations

2.1 Obligation to provide information

REN ensures permanent contact with the market, abiding to the principle of equality of shareholders and preventing asymmetries in access to information by investors.

REN therefore endeavors to provide all relevant information on the progress of its activities and achieved results truthfully, transparently and consistently through constant contact with shareholders, capital market investors and financial analysts, with special attention to the criteria used in the provision of financial information in order to promote an easy comparison of information between reporting periods.

According to REN's market relations policy, investors must have at their disposal all essential information that may influence their investment (or disinvestment) decisions. Within this context, the availability of easy to access, efficient, transparent and complete information constitutes a basic principle for REN, that will allow a general knowledge on the Company's real situation and activity.

Therefore, REN uses its website, at www.ren.pt, as a vehicle for that information, which is regularly updated.

2.2 Investor Relations Office (IRO)

The Investor Relations Office (IRO) was set up in July 2007, devoted exclusively to the relations with investors and the market in general and it may be contacted by the following:

Ana Fernandes - Department Head
Fernando Torrão
Telma Mendes

Address: REN - Redes Energéticas Nacionais, SGPS, S.A.
To: Gabinete de Relações com o Investidor

Avenida dos Estados Unidos da América, 55
1749-061 LISBOA - Portugal

Telephone: 21 001 35 46
Fax: 21 001 31 50
E-mail: ir@ren.pt

Presently, the IRO develops its functions under the Chairman of the Board of Directors and Chief Executive Officer, Mr. Rui Manuel Janes Cartaxo, reporting directly to him.

The person that represents REN in its relation to the market is Mr. João Nuno de Oliveira Jorge Palma since 23 September 2010, being REN's Chief Financial Officer (CFO).

The IRO has the following main duties:

- a) To guarantee the timely fulfillment of obligations with the CMVM and other financial authorities;
- b) To coordinate, prepare and release all information provided by the REN group, regarding the disclosure of privileged information and other market communications or the publication of periodic financial statements;
- c) To pass on feedback to the Executive Committee from institutional investors namely on operational and/or strategic issues and to present proposals for their implementation;
- d) To systematically monitor analysts' research to ensure a correct assessment of the Company's strategy and results;
- e) To prepare and constantly monitor competitors' and the peer group's financial and operating benchmarks;
- f) To act as REN's spokesperson before its shareholders, capital markets investors and financial analysts;
- g) To attract potential institutional investors and more financial analysts;
- h) To prepare IRO's annual business plan, including road shows, visits to investors and organization of the Investor Day;
- i) To develop and maintain the investor relations page in the Company's website.

Activity in 2010

The activity in the year 2010 was marked by the election in the General Assembly of the corporate body members for the 2010-2012 triennium, by entering into a new long-term financing agreement with the European Investment Bank, by the occurrence of the second Investor Day, in which the Investment Plan for the period 2010/2016 was presented, by appointment of a new representative for market relations, and finally, by the announcement of a new concession for the operation of a pilot zone for the electricity generation from ocean waves.

In 2008, the market development agreement with Global Investment Bank was also renewed, although no purchases of REN's own shares for portfolio establishment were made in 2010.

All financial presentations, both annual and interim, were led by the Chairman of the Board of Directors Mr. Rui Cartaxo who was accompanied by the CFO and Market Relations Representative, Mr. João Nuno Palma, following the election of new corporate body members. All presentations were followed by the respective conference calls moderated by the Head of Investor Relations, Mrs. Ana Fernandes.

In 2010, 5 conference calls were held, 4 concerning clarifications on the results and 1 concerning a new gas regulation, during which analysts and investors were able to submit their questions directly to the Chairman of the Board of Directors and to the CFO.

In total, the IRO has provided about fifty explanations to investors and shareholders in person, by telephone and by email.

In addition to continuing to increase the visibility of company, the IRO's activity, had, in 2010, an additional objective which was to introduce the new Chief Financial Officer and Market Relations Representative to the community of market analysts and investors who follow REN. For this purpose, it promoted the presence of REN in various events held in Portugal and in major financial centers such as Paris, Madrid, Geneva, Zurich, Frankfurt, London, Milan, Toronto, Boston, New York, Hartford, Atlanta and Chicago.

Overall, there have been over 154 meetings (80 last year) in 20 events (13 last year) carried out by 8 different promoters, which were attended by over 150 investors. It must also be highlighted the occurrence of the second Investor Day on November 11, attended by over 100 domestic and foreign analysts and investors.

REN regularly discloses privileged information before the opening or after the closing of Euronext Lisbon, making it available through the CMVM information system and on REN's website, in the area of investor relations. Information is also provided by email to all those asking to be placed on the IRO mailing list, such as shareholders, investors, analysts, news agencies or the international mass media, such as Reuters or Bloomberg, or anyone so requesting through the email address posted on the website and amply indicated in all of the IRO publications. During the year 2010, there were 20 new registries in REN's website through the "receive alerts" option (60 in 2009), there being now more than 160 permanent registries. Additionally, one may request to this office all

the public information about REN's Group, through the contact page on the site, by phone, email, fax or mail.

2.3 Company information on its website

REN has a website entirely devoted to the disclosure of information that contains all public institutional information about the Group.

During 2010, and regarding some suggestions made by its investors, two new websites have been created: one with information about the Investor Day, which includes the presentation and the videos with the integral recording of the event, and one with the record of dividends of REN shares since the IPO occurred in 2007.

This website, which address is www.ren.pt, is available in Portuguese and English and contains a section entirely dedicated to investors, including:

- **REN group**

This contains a description of the Company's activity, recent history, organization, mission, shareholder structure and the description of the regulatory context of the electricity transmission and natural gas regulated asset concessions, the main business areas and strategy. It also includes information on certification of quality, environment and safety, listing of shares held by REN within projects whose purpose is the management and operation of the national energy transportation network, sustainability, and, finally, an area for employment opportunities.

- **Corporate Governance**

This contains the composition of the corporate bodies, the regulations of the Company's corporate bodies, Articles of Association and full information on general meetings, such as notices, proposals and participation and voting conditions. It also contains information on general meetings in previous years, the corporate governance report, the code of conduct and the Audit Committee's report.

- **Information to shareholders**

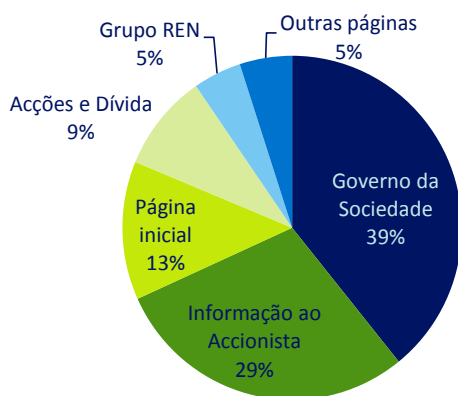
This contains all privileged information announcements and other communications (immediately following publication in the CMVM information system), key indicators, annual, semi-annual and quarterly results and the respective financial results

presentations, consolidated accounts reports and shareholding structure, Company information (which include the company name, the listed company status, the headquarters and other elements mentioned in Article 171 of the Portuguese Companies Code), and, finally, information on all prospectuses of shares and debt issuances disclosed up to this date.

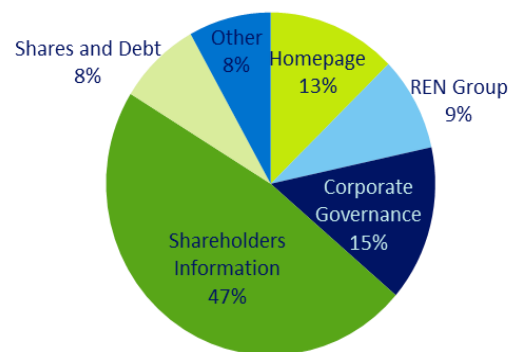
In 2010, there about 130,000 visits to the website in the two versions, of which $\frac{3}{4}$ of views were made in the Portuguese version, with average duration of the visit on 8.56 minutes (7.5 minutes in the Portuguese version and 9.6 minutes in the English version).

The web pages with information to the shareholders and about corporate governance were the most visited, as can be seen in the graphs below, which are representative of the visits in each of the versions:

Portuguese Version



English Version



3. Shares and Dividend Policy

3.1 Share Description

REN's share capital, with a value of € 534,000,000 (five hundred thirty four million euros) is fully paid up and is represented by 534,000,000 (five hundred thirty four million) shares with a face value of € 1.00 (one euro), in the form of registered nominal shares, divided as follows:

- a) 261,660,000 (two hundred and sixty one million, six hundred and sixty thousand) class A shares, corresponding to 49% of REN's share capital;
- b) 272,340,000 (two hundred and seventy two million, three hundred and forty thousand) class B shares, corresponding to 51% of REN's share capital.

Class A shares are ordinary shares that grant no special rights to their holders. Their main rights are as follows:

- The right to information;
- The right to participate and vote at general meetings and challenge resolutions made by the corporate bodies;
- The right to receive dividends;
- The right to a share of the assets in the event of liquidation.

Although there are no limitations to the transferability of the shares representing REN's share capital, given that under the terms of the Portuguese Securities Code shares traded in the regulated market are freely transferable and there are no limitations to the exercise of their respective voting rights, holders of class A shares are still subject to the statutory protection regime concerning the non exercise of voting rights provided in paragraph 3 of Article 12 of REN's² Articles of Association, applicable only in the event of acquisition of shares exceeding the legal limits provided for in sub-paragraphs (e) and (f) of paragraph 2 of Article 25 of the Decree-Law no. 29/2006, of 15 February, and in sub-

³ Pursuant to sub-paragraphs (e) and (f) of paragraph 2 of Article 25 of the Decree-Law 29/2006, of 15 February and to sub-paragraphs (e) and (f) of paragraph 4 of Article 21 of the Decree-Law 30/2006, of 15 February, until the declaration of invalidity of situations of holding of shares in contradiction with those legal provisions and without prejudice of other applicable legal consequences, the votes inherent to class A shares issued by any shareholder, on its behalf or as representative of any other shareholder, which exceed 10% or, in case of entities with activities or interests in the energy sector, 5% of the total votes corresponding to the share capital will not be counted.

paragraphs (e) and (f) of paragraph 4 of Article 21 of Decree-Law no. 30/2006 of 15 February as well.

Thus, there are limitations concerning the ownership of shares representing the capital of REN due to the nature of activities pursued by REN group in the energy sector, which determine restrictions on the exercise of voting rights only insofar as there is a violation of the applicable legal provisions and only until the declaration of invalidity of situations of holding of shares in contradiction with those limitations is not declared.

In its turn, the class B shares entitle its holder all the rights that are granted to holders of the shares of class A and also benefit from a (unique) special right which is embodied in the non-applicability to shareholders who hold them, or that represent them, to the statutory regime of safeguard related with the non exercise of voting rights, which is applicable to the acquisition of shares that exceed legal limits set out in sub-paragraphs e) and f) of paragraph 2 of Article 25 of the Decree-Law 29/2006 of 15 February, and also in e) and f) of paragraph 4 of Article 21 of the Decree-Law 30/2006 of 15 February.

On December 31, 2010, all of REN's Class A shares there were admitted to trading on *Euronext Lisbon*, with the code PTRELOAM0008.

There are no systems for employees' participation in the capital of the Company.

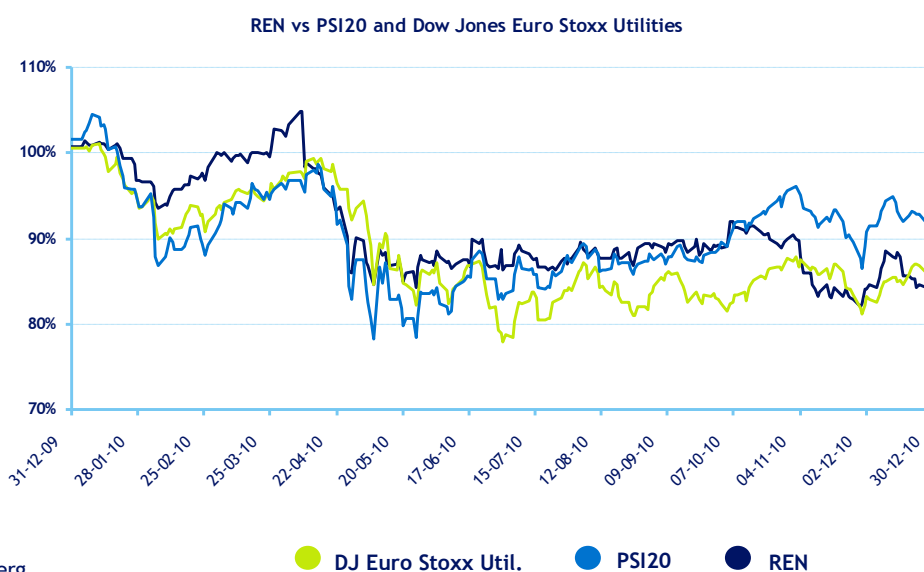
3.2 Evolution of Share Prices and Transactions

In 2010, REN's shares registered a depreciation of 14%, with a performance under the national reference index, the PSI 20, which decreased 10,3%. REN's shares have been affected by the successive downgrades of the sovereign public debt, performed by rating agencies that, despite defining REN's risk profile as low, considered that REN's rating must not exceed that of the Portuguese State, due to the fact that the State is a majority shareholder of REN's share capital and it is a regulated company that concentrates its activities in the domestic market.

Also the liquidity of REN titles fell in line with their national counterparts in 2010. The average daily transactions decreased from around 300,000 in 2009 to 180,000 in 2010. The most net trading day occurred on April 7, 2010, when 1.4 million shares were traded and

which coincided with the last day in which the shares were traded on the stock market with the right to dividends of the year 2009.

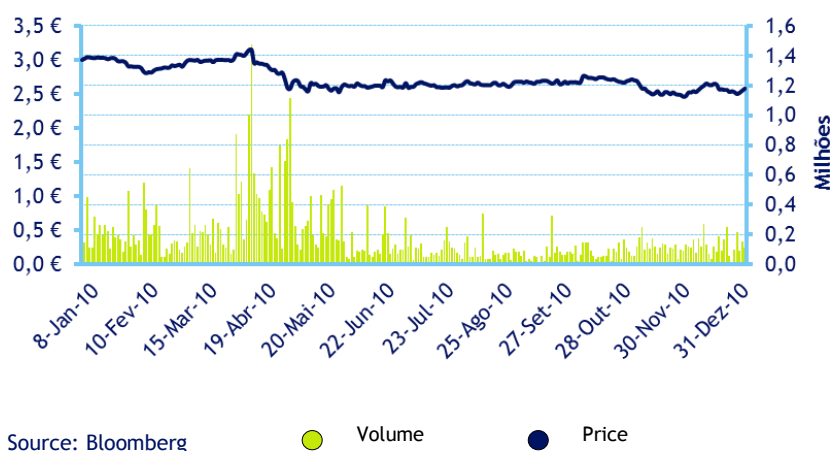
NYSE Euronext		31/Dez/2009 a 31/Dez/10
Price	Close	2,58
	Maximum	3,161
	Minimum	2,450
	Average	2,73
Transactions	Volume (Millions)	46,2
	Average daily volume	0,179
	Accumulated Transactions	M€ 126,13
	Daily Transactions (Average)	M€ 0,49
Value	Stock Market Cap. (31 Dec 10)	M€ 1.377,7
Variation since the beginning of the year		
Δ%	PSI20	-10,3%
	REN	-14,0%



Having started the year trading at a price of 3 Euro, the minimum value of the REN share was 2.45 Euro and was reached on 28 April (the second most net day in 2010), having ended the year at 2.58 Euro with a market capitalization over 1,3 billion Euro. REN is one of PSI20's members, with a weight of 1.44 per cent, being its shares included in a total of 19 market indexes, including:

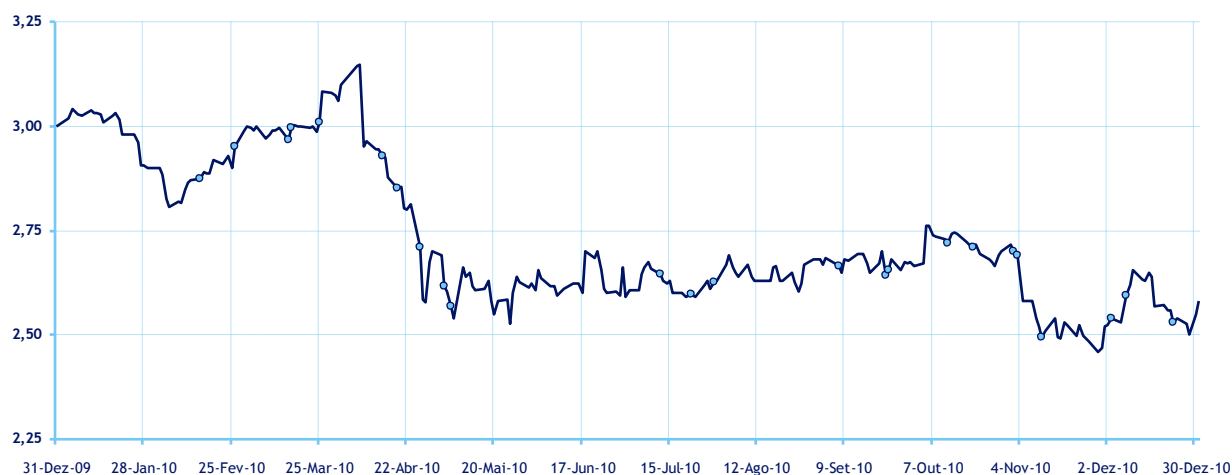
- PSI General Index
- Euronext PSI Utilities
- Euronext Top 150
- WisdomTree International SmallCap Dividend Fund
- WisdomTree Europe SmallCap Dividend Fund
- WisdomTree International Utilities Sector Fund
- S&P Developed excluding US Small Cap Index

Evolution and REN's transactions in 2010



In 2010, several announcements were made to the market regarding privileged information and other circumstances affecting REN's share price. The graph and table below summarize the most significant ones.

REN - Market announcements and other facts



Source: Bloomberg

List of events

Event	Date	Description	Type
1	12-02-2010	Notice of General Shareholders' Meeting	Notice to convene
2	26-02-2010	2009 annual consolidated results	Privileged information
3	15-03-2010	Resolutions of 2010 General Shareholders Meeting	Privileged information
4	16-03-2010	Amorim Energia BV Dispute	Event
5	25-03-2010	Dividend announcement in relation to the 2009 financial year	Event
6	13-04-2010	Payment of dividends	Dividends payment
7	19-04-2010	Cahora Bassa Press Release	Event
8	27-04-2010	Standard & Poors Rating update	Privileged information
9	03-05-2010	2010 first quarter results	Privileged information
10	05-05-2010	Moody's rating update	Privileged information
11	13-07-2010	Moody's rating review	Privileged information
12	20-07-2010	Agreement between REN and GALP for 4 chambers of gas underground storage	Event
13	27-07-2010	2010 first half consolidated results	Privileged information
14	06-09-2010	New secretary of the company	Event
15	22-09-2010	New market relations representative	Event
16	23-09-2010	Significant holdings	Event
17	12-10-2010	Financial agreement with EIB	Event
18	20-10-2010	Concession agreement for the operation of wave energy pilot area	Event
19	02-11-2010	REN informs about court inquiry	Event
20	03-11-2010	Nine months 2010 results presentation	Privileged information
21	11-11-2010	Investor Day 2010	Event
22	03-12-2010	Standard & Poors Rating update	Privileged information

23	07-12-2010	Weather damages REN's infrastructures	Event
24	21-12-2010	Moody's rating update	Privileged information

3.3 Shareholding Structure

During 2010, there were several relevant changes to the qualified holdings attributed to REN's private shareholders.

Gestmin SGPS, S.A. ("Gestmin") announced, on September 21, 2010, that Gestfin SGPS, SA ("Gestfin") was targeted by a merger process with a global transfer of assets of Gestfin to Gestmin. Thus, Gestmin now holds a total of 28,057,179 shares, representing 5.254% of REN's share capital and voting rights. On the same date, the company informed that the qualified holding attributable to Mr. Manuel Carlos de Melo Champalimaud - Chairman of the Board and majority shareholder of Gestmin - under Article 20 of Portuguese Securities Code, became the following:

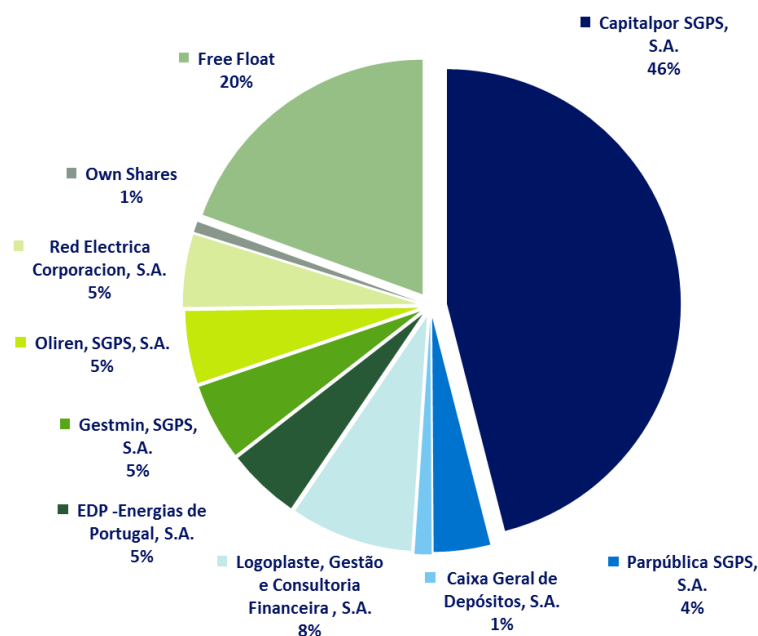
- Gestmin: 28,057,179 shares, representing 5.254% of the share capital;
- Manuel Carlos de Melo Champalimaud: 69,300 shares, representing 0.013% of the share capital;
- Total of qualified holding attributable to Manuel Carlos de Melo Champalimaud: 28,126,479 shares, which means, 5.267% of REN's share capital.

Logoenergia, SGPS, S.A., renamed as Logo Finance, S.A. on 13 December ("Logofinance"), sold, on December 28, to Logoplaste Gestão e Consultoria Financeira, S.A. ("Logoplaste"), 28.189.792 shares representing 5.28% of REN's share capital and voting rights. Because of these and other changes within the Logoplaste Group, 8.44% of the voting rights corresponding to the REN's share capital became attributable to Logoplaste, being 5.28% of its voting rights held directly by Logoplaste and 3.16% indirectly held by it. Also in this situation, 2.07% of the voting rights corresponding to REN's share capital became attributable to Logofinance.

The qualified holdings in REN's share capital on December 31, 2010 are identified in Annex III, which also includes the identification of the shares held by members of REN's management and supervisory bodies and by the members of the Board of the General Meeting, as well as the transactions performed by these corporate bodies' members.

Thus, by reference to the communications made to the Company pursuant to the provisions of Article 447 of the Portuguese Companies Code, of Article 16 of the

Portuguese Securities Code and of Article 14 CMVM Regulation 5/2008, the structure of qualified holdings in REN, calculated in accordance with paragraph 1 of Article 20 of the Portuguese Securities Code, by reference to December 31, 2010, can be summarized as follows:



The shares held by Capitalpor SGPS, S.A., by Parpública SGPS, S.A. and by Caixa Geral de Depósitos S.A. correspond to 272,340,000 Class B shares representing the capital of REN, and also to 339,316 Class A shares, held by Caixa Geral de Depósitos, S.A..

3.4 Dividend Policy

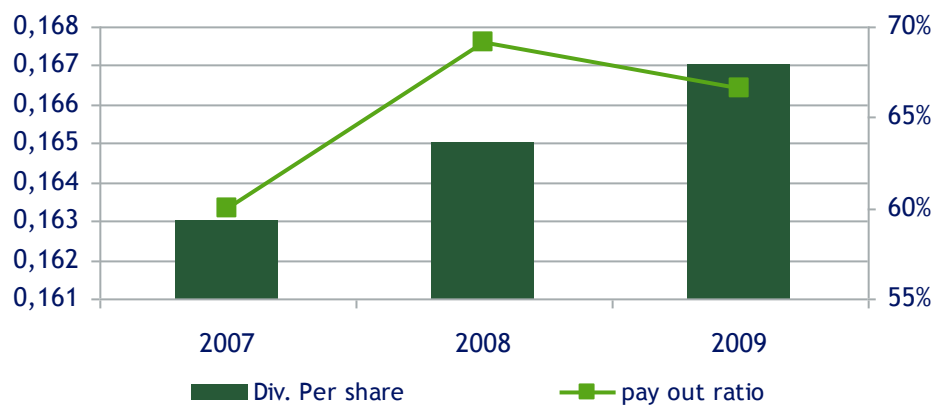
REN's dividend policy depends on a number of factors, including REN's distributable profits, financial situation, financing needs (in particular, capital expenditure and investment plans), REN's business perspectives, conditions applicable to the pursuit of REN's activities and other factors deemed as relevant at the time of the allocation of results.

On 11 November 2010, in the Investors Day, REN's Board of Directors restated its undertaking to maintain its intention of obtaining a dividend nominal growth until the year 2016, as had been previously announced in 2009, in the Investors Day, when the Investments Plan 2009/2014 was presented. Historically, REN, aiming to maintain an attractive dividend that falls within the range of its peers, has offered shareholders an annual dividend distribution from approximately 60% to 70% of the net results, as shown in the table below:

Dividends' history

Year	Amount (€M)	Type	Year of payment	Net annual income(€M)	Pay out ratio	Gross dividend per share (€)
2007	87,04	Ordinary	2008	145,2	60%	0,163
2008	88,11	Ordinary	2009	127,4	69%	0,165
2009	89,18	Ordinary	2010	134,0	67%	0,167

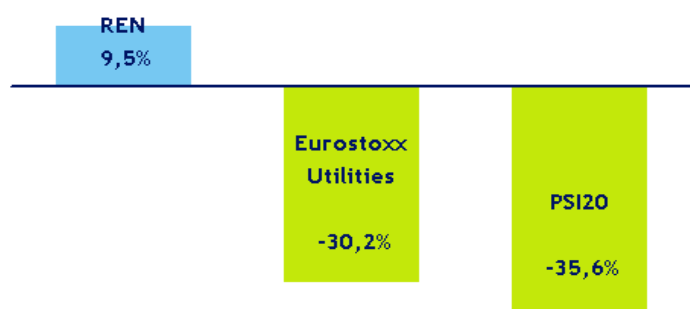
In 2010, REN distributed to shareholders as dividend for the year 2009 a total of € 89,178,00, corresponding to a gross amount of € 0.167 per share and a net value of 0.1336 per each share (regardless of share type), which was in line with the distribution of previous years.



3.5 Total Shareholder Remuneration

Despite the verified decrease in 2010, REN offers its shareholders, from the IPO which took place in July 2007, a positive return, which is significantly higher than the return provided by comparable indexes, particularly the PSI20 (over 45%) and the Dow Jones Euro Stoxx Utilities (about 40%).

Shareholder total return (Jul, 9 2007 until Dec, 31 2010)



	Shareholder total return (Jul, 9 2007 until Dec, 31 2010)	
	Período	Anual equivalente
REN	9.5%	2.6%
Eurostoxx Utilities	-30.2%	-9.8%
PSI20	-35.6%	-11.9%

Note: Assuming the reinvestment of the dividends in the index and in shares

3.6 Analysts' Share Monitoring

Eight analysts regularly monitored REN 's performance in 2010 and, although it was a particularly adverse year for most of Portuguese public companies, REN finished the year with four recommendations to buy, two neutral recommendations and only one

recommendation to sell.

On 31 December 2010, the average price target of several investment houses was € 2.96, which represents a potential for increase in value of about 15% over the closing of 2010.

Institution	Name	Target Price	Recommendation	Date	Analyzing REN since
Espirito Santo Research	Fernando Garcia	€ 2,90	Neutral	14/12/2010	14/01/2008
EQUITA	Gianmarco Bonacina	€ 2,85	Buy	13/10/2010	01/02/2008
Caixa BI	Helena Barbosa	€ 3,20	Buy	10/12/2010	14/04/2008
CITI	Manuel Losa	€ 2,30	Sell	24/11/2010	22/10/2010
Millennium	João Mateus	€ 3,40	Buy	17/11/2010	15/09/2007
BPI	Flora Trindade	€ 2,80	Accumulate	12/11/2010	11/09/2007
UBS	Alessandro D'Erme	€ 2,85	Neutral	27/08/2010	13/05/2008
Société Générale	Andy Gboka	€ 3,37	Buy	12/01/2010	12/01/2010
Santander	Joaquín Ferrer	€ 3,70	Buy	15/10/2009	24/10/2007
Média		€ 3,04			

Note: Target prices and recommendations on December 31, 2010

4. Shareholder Participation

4.1 Vote and Exercise of Voting Rights

Holders of shares representing REN's share capital have the inherent right to vote, regardless of the type of shares in which they are included and the principle one share, one vote is in force. REN's Articles of Association do not provide for any limitation on the exercise of voting rights according to the ownership or attribution of a certain percentage of voting rights or any other criteria.

From a legal standpoint, there are legal limits in respect of ownership of REN's share capital, which result from the nature of the activities developed by the REN Group in the energy sector. Namely, requirements resulting from European Community Directives, that apply to the electricity and natural gas sectors in respect of legal unbundling and ownership between transmission operators of those assets and the operators in charge of the remaining activities of each of those sectors and that aim to promote market competition and equal access of operator's to transport infrastructures, have been transposed to Portuguese law under terms which imply restrictions to ownership of holdings in the share capital of the transmission operator.

In accordance with the provisions of sub-paragraphs (e) and (f) of paragraph 2 of Article 25 of the Decree-law 29/2006, of February 15, and of sub-paragraphs (e) and (f) of paragraph 4 of Article 21 of Decree-law 30/2006, of February 15, no entity may directly or indirectly hold a shareholding in excess of 10% of REN's share capital, except for entities with activities in the national or foreign energy sectors, in which case the relevant shareholding restriction applies to shareholdings in excess of 5% of REN's share capital.

In light of the applicable legal regime, paragraph 3 of Article 12 of the Articles of Association sets forth that, while the invalidity of shareholding situations in contradiction with the mentioned legal provisions and notwithstanding other applicable legal consequences is not declared, the votes inherent to Class A shares cast by any shareholder, on his own behalf or in representation of another, that exceeds 10% or, in the case of entities with activities or interests in the energy sector, 5% of the total votes corresponding to REN's share capital will not be counted. This is the only provision in the Articles of Association that provides that voting rights above a certain number when

issued by a sole shareholder or shareholders related with it will not be counted. Furthermore, the obligation to submit the maintenance or elimination of such Articles of Association provisions to the General Meeting at least every 5 years, is not provided for since such provision of the Articles of Association arises out of a legal obligation and does not intend to impede the exercise of voting rights. It aims instead at the establishment of sanctions for the violation of the law that hinders the counting of votes representing shares held in contradiction of the law.

Class B shares have a (single) special right, whereby the respective shareholders, or those that represent them, are not subject to the above-mentioned limitation on voting rights, even in the case of acquisition of shares in excess of the legal thresholds.

In accordance with paragraph 4 of Article 12 of REN's Articles of Association and Article 20 of the Portuguese Securities Code, for purposes of calculation of votes corresponding to the percentage of capital held by a participant in the General Meeting, shall be aggregated, in addition to the votes inherent to the shares held by the shareholder or regarding which he/she has legal usufruct rights:

- a) Those held by third parties in their own name but on the account of the participant;
- b) Those held by a company that is in the same group or in a control relationship with the participant;
- c) Those held by owners of the voting right with whom the participant has signed an agreement to exercise those rights, unless the agreement binds him to follow a third party's instructions;
- d) If the participant is a company, those held by the members of its managing or supervisory bodies;
- e) Those that the participant can acquire under an agreement signed with their holders;
- f) Those belonging to shares held as a guarantee or managed by or deposited with a participant, if he is entitled to the voting rights;
- g) Those held by owners of the voting rights that have granted the participant discretionary powers to exercise them;
- h) Those held by persons who have signed an agreement with the participant aimed at taking over the company or preventing a change of control or in any other way constitute an instrument of concerted influence over the company in question;

- i) Those attributable to any of the persons mentioned in the previous paragraphs as a result of applying a criterion set forth in any of the other paragraphs, with the appropriate adaptations.

Under Article 13 of REN's Articles of Association, shareholders must provide the Board of Directors with all the information it requests, in a complete, true and objective way, for the purposes of calculating the percentage of share capital that they own. If shareholders do not comply with this obligation, the voting rights inherent to their REN shares, exceeding the limits of 5% or 10%, depending on whether or not they belong to the energy sector, cannot be exercised.

Under paragraph 9 of Article 12 of REN's Articles of Association, the owners of shares with voting rights may be represented at a General Meeting by power of attorney granted to persons with full legal capacity, by writing document addressed to the Chairman of the General Meeting which may be received in the Company's registered office or received by email until 5pm on the penultimate business day prior to the General Meeting. The powers of attorney must be signed and are valid for a single meeting only.

4.2 Vote by correspondence

Under Article 22 of the Portuguese Securities Code and paragraph 5 of Article 12 of REN's Articles of Association, REN shareholders are allowed to submit votes by correspondence. Under sub-paragraph (f) of paragraph 5 of Article 377 of the Portuguese Companies Code, disclosed notices to General Meetings shall mention the possibility of submitting vote by correspondence and specify, *inter alia*, the procedures that shareholders must follow in order to do so, including a postal address and the deadline for receipt of votes. Currently, the exercise of voting rights by correspondence through electronic means is not yet established.

Under paragraph 5 of Article 12 of REN's Articles of Association, shareholders may submit their votes by correspondence on each matter on the agenda, by letter addressed to the Chairman of the Board of General Meeting by registered mail with acknowledgement of receipt, signed with the same signature as on their identity card or identification document with equivalent legal strength, enclosing a legible photocopy of such document. This letter must be received in REN's registered office at least three business

days prior to the date of the General Meeting, except if the notice to the relevant Shareholders Meeting establishes a different term.

Under paragraph 6 of Article 12 of REN's Articles of Association, the Chairman of the General Meeting shall verify the authenticity and conformity of the votes exercised by correspondence and ensure that they remain confidential until the vote takes place. These votes are considered to be votes against for resolution proposals submitted after the date on which they were cast.

In order to facilitate postal votes, REN provides a voting ballot on its website at www.ren.pt for such purpose. Additionally, REN also sends to shareholders a voting ballot and an envelope, upon request, for the purpose of postal submission.

4.3 The principle of “one share, one vote” and the principle of proportionality

Following recommendations and best practices regarding shareholder participation in companies with shares admitted to trading in a regulated market, paragraph 2 of Article 12 of REN's Articles of Association enshrines the principle of “one share one vote”, providing that each share corresponds to one vote.

Furthermore, REN's Board of Directors considers that the Company fully ensures the principle of proportionality regarding voting rights and shareholders participation and does not adopt any measure with a view to hinder the success of public bids, under the terms and for the purposes of CMVM Recommendations I.3.3. and I.6.1., not only resulting from the adoption of the principle one share one vote but also in result of:

- As set forth in paragraph 4.1, the restrictions to the above mentioned voting rights arise of legal limitations on the holding of shares representing the share capital, in result of the regulation of the sectors in which the Company develops its activities, as well as constitute a mechanism to prevent the counting of votes only while the invalidity of situations of holding of shares in violation of such transmission limitations is not declared;
- The shareholders comprehended within the limits established in the law for the holding of the share capital of the operator of the natural gas and

electricity transmission networks, are not subject to any restrictions regarding the exercise of voting rights inherent to their holdings.

4.4 General Meetings and participation therein

The provision of the principle "*one share, one vote*" has as its corollary the right to attend, participate and intervene in the General Meeting by any person who holds one or more registered shares in their name attributing to him, under the law and the Articles of Association, at least one vote, at 0h GMT of the 5th trading day prior to the General Meeting ("Record Date"), under paragraph 1 of Article 23-C of the Portuguese Securities Code.

On this matter, it is relevant to clarify that paragraph 8 of Article 12 of REN's Articles of Association provides that:

"The proof of ownership of shares is shown by sending to the chairman of the board of the shareholders' meeting, until the 5th business day prior to the date of the meeting, of a declaration issued and authenticated by the financial intermediary to which the record of the shares an account has been entrusted. This declaration must state that the relevant shares are recorded in the shareholders account since at least the 5th business day prior to the date of the meeting and that the blocking of such shares was made until such date."

However, the above transcribed provision of the Articles of Association is considered revoked due to the fact it became *contra legem* after the Decree-Law 49/2010 entered into force on May 19, 2010, which among other legal amendments transposed the Directive 2007/36/EC, of June 11, commonly designated by "Shareholders' Rights Directive", for which the Board of Directors shall propose to the General Meeting the amendment of such provision.

Under paragraph 3 of Article 23-C of the Portuguese Securities Code, as amended by the above mentioned Decree-Law 49/2010, of May 19, the shareholder who intends to participate in the General Meeting must declare it, in writing, until the day prior to the Record Date, to the Chairman of the General Meeting Board and to the Financial Intermediary with which the individualized securities account is opened, for which it may use email. For procedural simplification, REN makes available on its website, a simplified

electronic communication medium for the notification of the intention to participate in the General Meeting.

4.5 Deposit or blocking of shares

Since the entering into force of the Decree-Law 49/2010, of May 19, and pursuant to paragraphs 1 and 2 of Article 23-C of the Portuguese Securities Code, shareholders may attend the REN's General Meetings if on the Record Date they are holders of shares attributing to them at least 1 vote. Such right of participation and voting in the General Meeting is not prejudiced by the transfer of the shares after the Record Date nor depends on its blockage between such date and the date of the General Meeting.

In accordance with paragraph 7 of Article 23-C of the Portuguese Securities Code, the shareholder that has declared to the Chairman its intention to participate in the General Meeting and which has transferred its shares between the Record Date and the end of the General Meeting, must immediately communicate said fact to Chairman of the Board of the General Meeting and to CMVM.

REN's shareholders that hold shares on a professional basis in their own name but on behalf of clients may cast votes differentially with their shares, as long as, in addition to what is provided for in paragraphs 3 and 4 of Article 23-C of the Portuguese Securities Code, until the Record Date and using proportional and sufficient proof they submit to the Chairman of the Board of the General Meeting: (a) the identification of each client and the corresponding number of shares that will be voted on their behalf (b) the specific voting instructions regarding each one of the items of the agenda provided by each one of their clients.

4.6 Human and logistic resources supporting the General Meeting

The Board of the Board of the General Meeting have at their disposal the human and logistics resources adequate to its needs, considering the Company's economic situation, using for such purpose the support of the Company's Secretary, legal in-house counsel and from an external law firm, as well as the technical and voting counting services made available by a financial institution.

4.7 Attendance and resolution quorum

The attendance and resolution quorum of the General Meeting when first called to convene is 51% of the share capital. When called to convene for the second time, the General Meeting may be constituted and resolve irrespective of the number of shareholders present or represented.

However, both in first and second call, the resolutions on amendments to the Articles of Association, demerger, merger, transformation or dissolution of the Company shall only be considered to be approved by two-thirds of the votes cast in order to ensure the adequate representation of the shareholders, considering the nature of the activities undertaken by the Company and its shareholders structure.

4.8 Minutes of the General Meetings and historical archive

Considering that in July 2007 REN became a listed company with shares admitted to trading and taking into account the Recommendations of CMVM, since the General Meetings of 2008, extracts of the minutes and other documentation with equivalent content, shall be available on the REN website, on www.ren.pt, in a 5 day period, in order to maintain records of calls, resolutions adopted, attendance and resolution *quora* related to the convened meetings, represented share capital and voting results, which shall be kept for 3 years. The Company shall also provide the minutes of the Annual General Meetings since 2008 and for an identical period.

4.9 Shareholders' Agreements

The Board of Directors is not aware of any shareholders agreements in relation to REN that may result in any restrictions to the transfer of securities or exercise of voting rights.

5. Management and Supervision System

5.1 Structure, organization and functioning

Overview

Within the framework of corporate governance models authorized by the Portuguese Securities Code, REN has adopted an Anglo-Saxon management and supervision model with (i) a Board of Directors, responsible for the management of the Company's affairs - which delegates the current management of the Company's activities to the Executive Committee - and (ii) an Audit Committee to supervise and monitor the Company's business activity.

Where managing the Company is concerned, there is a clear delimitation between the powers of the Board of Directors and of the Executive Committee, thanks to the meticulous and objective delegation of powers by the Board of Directors on March 15, 2010, as mentioned above. The fact that the Chairman of the Board of Directors is also the Chief Executive Officer ensures the coherence and transparency essential to the Company's management and its adequate monitoring by the remaining members of the management body.

The Audit Committee acts as an internal control mechanism, independently and autonomously supervising and overseeing the Company's management.

These functions are laid down by law (article 423-F of the Portuguese Securities Code) and REN's Articles of Association (article 22) and include, among others, supervising the Company's management, compliance with the law and Articles of Association, monitoring of the accuracy of the accounting documents and oversight of its review, oversight of the preparation and release of financial information, effectiveness of internal control systems and risk management and the call for the General Meeting whenever its Chairman does not call it when bound to do it. In addition, the Audit Committee monitors the work and supervises the independence of the statutory auditor and external auditors.

The dual capacity of the director sitting on the Audit Committee, as a member of both the supervisory body and the management body, renders the control process even more

transparent, in view of the special access afforded to the members of the Audit Committee to information and decision making processes.

5.2 Structure, organization and functioning of the Board of Directors

Under article 14 of REN's Articles of Association, the Board of Directors consists of a minimum of 7 and maximum of 15 members determined by the General Meeting that elects them.

The Board of Directors has currently 13 members. During 2010, the Board of Directors included eight non executive members, which guarantees its effective capacity to monitor and evaluate the work of the executive members.

Within the non executive directors 4 are independent directors, which is an appropriate number, considering the Company's size and its shareholder structure and which complies with the CMVM's Recommendation II.1.2.2.

The members of REN's Board of Directors are elected (and dismissed) by the General Meeting, under the terms of Article 14 of REN's Articles of Association, without the intervention of the executive directors in the selection process of applicants for nonexecutive directors of the Company.

Taking into account that, under the law and the Articles of Association, the election and the dismissal of the members of the Board of Directors is within the competence of General Meeting, the Shareholders assume an exclusive role in this process of selection.

The Board of Directors of the Company will only take part in that process in the event of substitution by co-opting of missing directors, as described below. In this case, since it is an inalienable competence of the Board of Directors, all Directors are involved in the deliberation of co-option, except in the event of conflicts of interests.

In turn, in the absence of a specialized committee on selection matters, as explained in 5.6. below, it is a competence of the non executive directors, within its supervisory role, the constant monitoring of matters related to the assessment of the overall performance of the Board of Directors as well as the analysis of the appropriate profile for the performance of the functions of REN' Directors.

When Directors are elected, the Articles of Associations allow for a minority of shareholders voting against the winning proposal to appoint at least one Director, provided that this minority represents at least 10% of the Company's share capital.

Should it be necessary to replace a Director (who is not a member of the Audit Committee), then this replacement may take place according to one of the following procedures: (i) whenever there are no substitute Directors, the Board of Directors will be entitled to co-opt a Director, which must be subject to ratification in the first subsequent General Meeting (without intervention of the executive directors of the Company in the selection of applicants whose cooptation is proposed to the Board of Directors) ; (ii) should the co-optation not take place within 60 days, then the Audit Committee shall appoint a substitute director and this appointment shall also be subject to ratification in the first subsequent General Meeting; (iii) should that not occur, then the replacement shall be made by electing a new director in the General Meeting.

The Board of Directors has adopted a set of general and indicative principles on its responsibilities rotation policy on the Board, as follows:

- In the allocation of responsibilities, the Board of Directors will take into account, among other, the following factors: (i) the know-how and experience appropriate to the relevant functions, (ii) the thorough knowledge of the sector and (iii) the diversity of skills and qualifications within the Board of Directors, as a body intended to be multidisciplinary;
- The allocation of responsibilities will fall within the culture and management policy of human resources of the Company in order to allow, whenever this is desirable and in the interest of REN, the harmonization of global practices and the maximization of synergies in the several business units;
- The Board of Directors will meet, on a case by case basis, the rotation of Director's responsibilities, whenever such rotation is in line with enhancement of corporate governance and the pursuit of Company's interests, particularly when a refreshing of the adopted strategy with regards to a specific responsibility or role it is considered to be positive;
- Usually, the allocation of responsibilities to the executive members of the Board of Directors, particularly in respect to financial matters and other highly complex and specialized roles, it will be tended to give prevalence to the criteria mentioned on

the first paragraph above, as it was considered that in these situations the experience, adequate qualifications and, specially, the deep knowledge of the Company and its business have an higher added value than the rotation.

- On the other hand, in respect to its non executive members, the Board of Directors will seek to promote the rotation of an adequate number of members, usually after the lapse of three consecutive terms, in order to contribute to the efficient performance of its functions of accompanying and monitoring the executive management.

The mentioned principles will apply from the date of its adoption in the context of the following powers of the Board of Directors, bearing in mind the primary role of the General Meeting in the election of directors:

- Appointment of member of the Executive Committee and its Chairman;
- Distribution of powers to one or more directors to specially deal with certain management matters;
- Appointment of specialized committees' members which may be established pursuant to article 9 of the internal Regulation of the Board of Directors; and
- Substitution of missing directors by co-optation subject, however, to ratification in the following General Meeting, under the law.

In accordance with paragraph 1 of Article 19 of the Company's Articles of Association and of the respective internal Regulation, the Board of Directors holds ordinary meetings at least bimonthly, on dates established by agreement among its members for each calendar year, and extraordinary meetings whenever convened by its Chairman, any two Directors or the Statutory Auditor. During the financial year of 2010, the Board of Directors held 13 meetings, of which minutes were prepared.

Any Director may be represented at a meeting by another Director, addressing a letter to the Chairman, which is only valid for the relevant meeting. No director may represent more than one director at any one meeting.

Moreover, the executive directors may not be represented by members of the Audit Committee nor the Audit Committee members may be represented by executive directors.

Pursuant to paragraph 2 of Article 19 of REN's Articles of Association, REN's Board of Directors may not resolve unless a majority of its members is present or represented.

In accordance with Article 20 of REN's Articles of Association, the Board of Directors' decisions are passed by a majority of votes of directors present or represented.

The Chairman of the Board of Directors is entitled with casting vote. The Board of Directors appoints one of its members to stand in for the Chairman whenever the latter is unable to attend. The director replacing the Chairman also has the casting vote.

The Board of Directors has approved an amendment to its internal Regulation which is intended to create efficient mechanisms to the coordination of the work of its members having non executive functions, in particular in order to facilitate the exercise of their right to information, as follows:

- Notwithstanding the performance of non delegated powers to the Executive Committee, directors having a non executive function assume a supervisory role of the executive management;
- In order to enable directors with non executive functions to take independent and informed decisions, they may obtain information they deem necessary or appropriate to carry out their roles, powers and duties (in particular, information related to the delegated powers to the Executive Committee and its performance), requesting such information to any of the members of the Executive Committee, and the answer should be adequately and timely provided;
- Without prejudice to other reporting duties imposed on the executive directors of the Company and to the timely disclosure of the final agenda, followed by preparatory documentation of the resolutions, at the beginning of each Board of Directors meeting the Chief Executive Officer will provide summary information about the most relevant aspects related to the exercise of the delegated powers to the Executive Committee;
- The directors of the Company having non executive functions will hold *ad hoc* meetings, upon call by the Chairman of the Board of Directors or, if the Chairman performs executive functions, by the Chairman of the Audit Committee, as its own initiative or upon request of two of those Directors, in order to undertake an assessment of the management of the Company.:

In addition, the supporting documentation for meetings of the Board of Directors is timely

provided to the management body's non executive members, under paragraph 5 of Article 5 of the internal Regulation, being the Executive Committee's decisions available for consultation and there are no constraints on access to information by these members.

Therefore, the Board of Directors considers that, through the mechanisms described above, all the conditions for the directors having non executive functions play efficiently and coordinately their functions and take independent and informed decisions, are created.

Under Article 7 of REN's Board of Directors internal Regulation, the minutes of its meetings are drafted by the Company Secretary and must be submitted to the Board of Directors for approval at the following ordinary meeting.

Regarding the incompatibilities and the maximum number of offices that may be accumulated by the directors of REN in bodies of other companies, the relevant rules of the Portuguese Companies Code are applicable, not existing, besides these, any limitations established internally.

Concerning the activity of non executive directors during 2010, three of the non executive directors, José Luís Alvim Marinho, José Frederico Vieira Jordão and Fernando António Portela Rocha de Andrade, have performed their functions as members of the Audit Committee. The remaining non executive directors performed their functions not only within the scope of participating in the meetings of the Board of Directors, which were held on a regular monthly basis, but also by permanently following the works of the Executive Committee, by presenting, in a coordinated and efficient manner, additional information requests concerning matters which have been analyzed by the Board of Directors, namely financial matters, governance matters and matters related to regulatory issues. It shall be highlighted that non executive directors had no constraints in the performance of their duties, as it is clear from the description of their activities set out in the annual management report.

5.3 Structure, organization and functioning of the Executive Committee

The Board of Directors can delegate the day-to-day management of the Company in an Executive Committee, under paragraphs 3 and 4 of Article 407 of the Portuguese

Securities Code and Article 16 of the Articles of Association, naming its directors and appointing its Chairman.

The Board of Directors' resolution delegating powers to the Executive Committee must establish the limits thereof and the committee's composition, appoint its Chairman and determine its operation method.

The Executive Committee consists on 5 members.

Under Article 8 of the Board of Directors' internal Regulation and paragraph 4 of Article 407 of the Portuguese Companies Code, the following powers cannot be delegated: co-opting directors; requesting general meetings; approving the annual report and accounts to be submitted to the general meeting; approving the quarterly and six-monthly accounts to be published as required by law; providing personal or *in rem* guarantees by the Company; changing the Company's registered office or increasing the Company's share capital as provided for in the Articles of Association; and approving plans for merger, demerger or transformation of REN.

Furthermore, the Board of Directors acts in line with its objectives, not delegating to the Executive Committee its powers related to the definition of the strategy and of the general policies of the Company as well as the definition of the group corporate structure. Likewise, the Board of Directors does not delegate the power to approve strategic decisions, since they have an increased risk or value, or in view of their particular characteristics.

In fact, under Article 3 of the respective internal Regulation, even if the Board of Directors has performed the delegation of the ordinary management under the terms explained above, the Board of Directors has maintained its powers, particularly, with regard to: (i) the definition of the strategy, objectives and management policies of the Company and the Group; (ii) approval of business and financial plans, investment plans and budgets; and to (iii) creation of partnerships for all affiliates.

Under the same provision of the internal Regulation, the Board of Directors is also entitled to, with no possibility of delegation, take the following strategic decisions: award of acquisitions and investments to be made by the Company or by its affiliates, in particular, by REN - Rede Eléctrica Nacional, S.A., REN Gás, S.A., REN Gasodutos, S.A., REN Atlântico, Terminal de GNL, S.A. and REN Armazenagem, S.A. - included in the

Company's annual budget or in affiliates' annual budget and whose value is equal or higher than 25,000,000 Euro.

Under the internal Regulation of the Board of Directors, the powers delegated to the Executive Committee cease by decision of the Board of Directors or automatically in either of the following circumstances: replacement of the member of the Board of Directors appointed as Chief Executive Officer or of the majority of its members and the end of the term of office of the Board of Directors that has delegated the powers.

The Chief Executive Officer appointed by the Board of Directors may choose one of the committee members to replace him when he is unable to attend.

In accordance with the Executive Committee internal Regulation, its meetings are convened and chaired by its chairman (the Chief Executive Officer) and must be held once a week. Minutes are kept of each meeting.

During 2010, the Executive Committee held 51 meetings, of which minutes were prepared.

The Executive Committee may only resolve when the majority of its members are present or represented. The Executive Committee members can appoint, as representative, another member of the Executive Committee, through a simple letter addressed to its Chairman. The representation of more than one director is not allowed at any meeting. If executive directors are unable to attend an Executive Committee meeting and if the Chairman considers that the decision is urgent, they are allowed to express their vote by means of a letter addressed to him, which shall only be valid for the relevant meeting.

The Executive Committee's resolutions are approved by majority vote of members present or represented. The Chairman and his substitute have a casting vote in the event of a tie.

The Executive Committee's internal Regulation establishes that, in each meeting a member is appointed to monitor the implementation of each resolution, in order to allow the accompaniment and the adoption of potential additional measures.

The Chief Executive Officer sends to the Chairmen of the Board of Directors and of the Audit Committee the notices to convene and the minutes of the meetings of the Executive

Committee. The Executive Committee timely and appropriately provides information to members of other corporate bodies upon their request.

In addition, the Executive Committee prepares and proposes to the Board of Directors resolutions drafts on matters falling within its powers and presents to the Board of Directors those matters that, by their importance, it considers that should be approved by the Board of Directors.

5.4 Organization and functioning of the Audit Committee

The Audit Committee must have 3 non executive members of the Board of Directors, elected (and dismissed on on fair grounds (“*justa causa*”) solely) by the General Meeting. Its Chairman is appointed at the time of said election.

The Chairman of the Audit Committee, José Luís Alvim Marinho, and the other members in office, José Frederico Vieira Jordão and Fernando António Portela Rocha de Andrade, are independent and appropriately qualified for their roles.

The Audit Committee has its own operation internal Regulation, in which there are rules governing its organization and functioning. In particular, such internal Regulation lays down that the Audit Committee must hold monthly meetings at the Company’s registered office and that its Chairman must send the notice to convene, which shall include the relevant agenda and supporting documents. In addition to its ordinary meetings, the Audit Committee may meet whenever convened by its Chairman or by the remaining two members.

During 2010, the Audit Committee held 12 meetings. Minutes are kept of each meeting. Regarding the incompatibilities and the maximum number of cumulative offices by the members of the Audit Committee in other company’s bodies, the relevant rules of the Companies Code are applicable. Apart from these, there are no other limitations provided for internally.

The Audit Committee is the Company’s main interlocutor and the first recipient of reports from the external auditors, whose activity is monitored and supervised by it. The Audit Committee may obtain independent opinions or hire specialized consultancy services as it deems necessary for the adequate performance of its functions. The Audit Committee can also access to any of REN’s resources and means which are required for it to perform its duties.

Annual reports on the Audit Committee's activities, including the description of the supervisory activity developed, are posted on the Company's website at www.ren.pt.

5.5 Disclosure of internal regulations of managing and supervisory bodies

The internal Regulations of the Board of Directors, of the Audit Committee and of the Executive Committee are available at www.ren.pt both in Portuguese and in English.

5.6 Specialized Committees

Considering the corporate governance model implemented by REN, which includes an Audit Committee as an internal control procedure and which supervises and controls REN's management activity as well as its corporate businesses, it was deemed that there was no need to create specialized committees with the single purpose of assessing the performance of executive directors or the activity of the existing committees, given that this is achieved through the assessment activity developed by the Audit Committee and by the non executive members of Board of Directors.

During 2010, the non executive directors monitored the issues related to the (i) model and the principles of governance of the Company (ii) the assessment of the overall performance of the Board of Directors and the analysis of the appropriate profile to the exercise of REN director's role as well as (iii) the assessment of the performance of the executive directors.

Indeed, the assessment of the performance of the Executive Committee members is made by the non executive directors, in order to create an adequate internal balance and an effective performance of non executive tasks by all members of the Board of Directors and not only by some of them. Likewise, non executive directors monitor the global performance of the Board of Directors and analyze how the corporate governance system works.

In addition, REN understands that the creation of a specialized committee with powers on the identification of applicants with adequate profile for the office of director does not fit in the Company's specificities, since the process of selection has been appropriately carried out to the interest of the company, whether in the context of election in General Meeting, whether in the event of co-optation by a decision of the Board of Directors.

In particular, within the assessment of the overall performance of the board and of the corporate governance system, its non executive members have analyzed the appropriate profile to perform the role of REN's directors.

5.7 Company's businesses with Related Parties

Annex II of this Corporate Governance Report contains the description of the main elements of the business and operations held between the Company, on one hand, and holders of qualified interests or companies, which are in any relation with them, under Article 20 of the Securities Code, on the other.

All the operations described on the Annex correspond to operations made on arm's length for similar operations and were entered into in the course of REN's ordinary activity, being, in most part, a consequence of regulatory proviso, and, therefore, were not submitted to previous appreciation by the supervisory body.

Taking into consideration the nature of REN's shareholders and the specificities of the transactions with related parties entered into in 2010, which are identical to the ones that had already occurred in 2009, and to the ones that shall occur again in 2011, the Audit Committee, even though having monitored such transactions, has considered that it is relevant to study the treatment given to these matters on a national and international level, prior to establishing the procedures and criteria necessary to define the relevance of those transactions. It is expected that the specific internal regulation on this matter is approved during the course of 2011.

There are no businesses between the Company and members of its management and supervisory bodies or any other company in a group or control relationship.

5.8 Risk Management and Control Systems

The managing and supervisory bodies of the Company have been giving accrued importance to the development and improvement of the internal control and risk management systems, in relation to strategic, operational, economical and financial, compliance and human resource matters, with material impact in the Group's companies activities, in line with national and international recommendations, including CMVM's Recommendations on listed companies corporate governance and the good governance principles set forth in the Council of Ministers Resolution no. 49/2007, of March 28.

It is considered that a risk management and control system - as implemented by REN - should meet the following goals, among others:

- Guaranteeing and overseeing fulfillment of the goals previously set by the Board of Directors;
- Ensuring that information is reliable and complete;
- Ensuring the complete, reliable and timely elaboration and reporting of financial and accounting information as well as pursuing an appropriate management information system;
- Guaranteeing the safeguarding of assets;
- Ensuring prudent, appropriate appraisal of assets and liabilities;
- Identifying risk factors, risk occurrence consequences and mechanisms related to its treatment and minimization;
- Aligning the tolerable risk with the Group's strategy;
- Improving the quality of decisions;
- Promoting the rational and efficient use of resources.

The creation and the accompanying of the control and risk management systems are carried out by the Executive Committee and, in last instance, by the Board of Directors. On the other hand, the Audit Committee has contemplated in its plan of activities for the financial year of 2010, the performance of several diligences of supervision, monitoring and evaluation of the functioning and adequacy of the internal control and risk management systems.

In 2009, by resolution of the Executive Committee of 13 May 2009, an Internal Audit Department was set up, being its main attributions the following:

- Review of risk management policies and internal control in force;
- Assessment on the implementation of internal control (organizational structure and governance, delegation of powers, ethics and conduct code, policies and procedures);
- Implementation of financial, informatics, operational and management audits in several areas of the REN's group, confirming the compliance with the policies, laws and regulations (compliance services);
- Identification of risk alerts, through systematic monitoring of indicators;

- Definition, jointly with the different areas, of remedy measures for the weaknesses and non-conformances identified during the audits;
- Monitoring the implementation of corrective measures, through follow-up reports;
- Top management support in defining and / or implementation of measures.

In order to monitor the main aspects of REN's activity and guarantee the compliance of procedures, regular evaluations are made of the main internal control systems of the different Group companies, based on the following principles:

- Timely identification of business and internal control risks with an impact on financial information;
- Analysis of the information processing system;
- Identification and prevention of fraud risks;
- Control of risks arising out of the Group's activity, namely in areas with more relevant operating risks;
- Compliance of the Group's operations and transactions with the law and applicable regulations and with the Company's general rules and policies.

In this context, the Internal Audit Department reports to the Audit Committee, notwithstanding its hierarchical relation with the Executive Committee of the Company. The responsible for the Internal Audit Committee is Mr. Gil Vicente Jorge Marcelino.

In fiscal year of 2010, by decision of the Executive Committee of 14 December, the Risk Management committee was created with the goal of assisting the Board of Directors on the monitoring of Group's risks, as well as to ensure that the Group's common risk management policies are applied and that internal disclosure of the best practices is made.

The Risk Management Committee's main functions are:

- Promote the identification and systematic evaluation of business risks and their impact on REN's strategic objectives;
- Categorize and prioritize the risks to be addressed, as well as the opportunities identified;
- Identify and define the persons responsible for the risk management;

- Monitor the significant risk and REN's risk profile;
- Approve regular risk reporting mechanisms by different businesses areas;
- Approve, or submit to the Executive Committee, recommendations for prevention, mitigation, sharing or transfer of material risks.

In the context of the work started in 2010 and ongoing in 2011, REN has been reviewing and implementing a set of changes to their internal control and risk management systems, covering the following components provided on Recommendation II.1.1.2. of CMVM and guided by the set of International Organization for Standardization (ISO) rules:

- Establishment of the strategic goals of the Company on risk-taking: the system allows the categorization and prioritization of the risks and the establishment of Company's risk profile, in order to align the acceptable risk with Group strategy;
- Identification of the main risks related to the actual activity developed and of the events which may cause risks: The system also allows (i) an exhaustive identification of risks and the standardization and systematization of risks, identifying risk factors, its eventual origin and the consequences of the occurrence of risks as well as (ii) the definition of "risk owners";
- Analysis and measurement of the impact and probability of occurrence of each of the potential risks: The risks identified were subject to an initial assessment related to its impact and probability of occurrence, enabling the preparation of a Generic Risk Matrix and the establishment of means to mitigate the risks of higher overall impact;
- Risk management in order to align the risks incurred into with the strategy of the Company regarding the assumption of risks: The defined "risk owners" are responsible for (i) the management of material risks, (ii) implement and operate the necessary actions to ensure an appropriate risk control, in order to keep them aligned with REN's risk profile and (iii) evaluate and quantify the residual risks to which the Company is exposed;
- Mechanisms for monitoring the implementation and effectiveness of the adopted risk management measures: In general, the risk management control is up to all levels of the organization, based on a "bottom-up" structure, and involving (i) the execution of the risk management by the Group's collaborators in accordance with the applicable guidelines and procedures in force, (ii) the verification of the

compliance with the risk limits by senior officers (1st and 2nd line) and process managers and of the risk management within their responsibility and (iii) the ultimate responsibility of the Executive Committee and of the Board of Directors regarding all the process;

- Within this framework, REN's Audit Committee is responsible for verifying the adequacy and effectiveness of the internal control and risk management systems and it shall propose any adjustments in accordance with the needs and the situation of the Company;
- Adoption of internal information and communication mechanisms on the different components of the system and risk alerts. The "risk owners" are responsible for inserting in the process information and alerts in respect of new exposure situations or in respect of the deterioration of the control mechanisms;
- Periodic evaluation of the implemented system and adoption of necessary changes: The evaluation and revision of the system are enhanced by the identification of critical risk exposure areas and by the alerts to new exposure situations and to the deterioration of the control mechanisms.

The risk management system in force has allowed the anticipation and mitigation of the possible consequences arising out of the verification of some identified risks.

According to the Generic Risk Matrix in force, REN is subject, within its activity and business areas, to several risks:

a) Strategic Risk

This risk category includes:

- risks related to the regulatory framework governing REN's activity;
- risk related to the execution of business plan; and
- risks related to the Company's image and reputation.

Regulatory risk

REN's activities are regulated by *ERSE - Entidade Reguladora dos Serviços Energéticos* (the Portuguese energy market regulator). Regulatory risk arises from the possibility of

amendments in regulations or decisions of the regulator that may affect the Company's ability to manage its business efficiently in accordance with the concession agreement.

Business plan risk

REN's exposure to this risk is managed and mitigated by the regular follow-up of business plan execution through the analysis of several internally prepared management reports (*corporate Scorecard* and *KPI*, among others) and by adopting corrective measures.

Image and Reputational risk

As a consequence of the nature of its operations, which span the whole country, REN is exposed to the risk that its reputation might be affected by events that it might not control. To this risk category, monitoring procedures have been established which include the internal and external communication of ethical values pervading the Company's activities, the continuous improvement of internal control mechanisms and the supervision of service providers interacting with local communities.

b) Operational risks

The effective control of operational risks is of paramount importance to attain high service levels in what concerns the supply guarantee and energy transmission continuity.

This class of risks includes:

- infrastructure management; and
- system and market management.

Infrastructure management

Infrastructure management includes taking actions to mitigate risks that may jeopardize service quality, infrastructure integrity, supply continuity or safeguard of the adjacent areas.

The development of electricity infrastructure is planned with sophisticated tools taking into consideration scenarios for production sharing, the level of cross-border exchanges and the consumption of electricity in each point that is representative for the overall operation of the national electricity system ("*Sistema Eléctrico Nacional*" ("*SEN*")).

The purpose of infrastructure development is to meet service-quality requirements by users and simultaneously to ensure a balanced expansion of the system.

Expansion of the grid follows safety criteria approved by ERSE and which are in compliance with the guidelines laid down by ENTSO-E, the European Network of Transmission System Operators for Electricity. If a single grid element breaks down, neither the system safety nor the satisfaction of consumption are jeopardised.

The development of gas infrastructure (RNTIAT) is planned on the basis of the requests to connect new consumption locations to the transmission network, the forecasts for demand growth produced by econometric models and the forecast of consumption locations from historical data, including their distribution by market segment and geographical area.

These methods help to forecast the needs for storage of natural gas and liquefied natural gas and for additional entry and exit points to and from the high-pressure transmission network, in order to meet demand and ensure supply. The needs of market participants can therefore be met, and thus satisfy over the time criteria n-1 for redundancy in respect of the infrastructure that contributes the most to the gas supply to the country.

In the project/construction stage for the electricity activity, the most recent and reliable technology is used in equipment, machines and automation and protection systems. The European standards for projecting lines and substations are followed and the technical procedures for project design, construction and maintenance are supported by certified management systems for quality, environment and safety. To protect people, mainly in occupational health, and property, domestic regulations and World Health Organisation recommendations are followed, while the most significant parameters are monitored on a regular basis.

In the project/construction stage for gas, the requirements in terms of materials, equipments, construction techniques and testing and inspection methods have contributed to high performance levels and infrastructure quality assurance.

System and market management

In electricity activity, the entire transmission network infrastructure is supervised on a permanent basis by automation and protection systems located in the substations. These communicate in real time with the system manager's two control rooms over a secure telecommunications network. In case of an accident, service can be resumed or the network reinstated by remote action and service teams stationed across the country can be mobilized if necessary.

Under mostly preventive maintenance routines, all facilities are periodically inspected. Regarding overhead lines, helicopters are used to detect technical failures, if any, and to determine the distance to obstacles that may threaten the secure operation of the system. Maintenance activities are benchmarked internationally every other year. In 2009, the national power grid qualified for the most efficient and Best overall performance quadrant.

In gas activity, the technical system management daily validates the scheduled gas movements by market participants; it also checks their consistency and adherence to the RNTIAT infrastructure as well as the interconnections with the infrastructure of Spanish operator Enagás. In high-pressure transmission, look-ahead supply and demand profiles are generated and their physical feasibility is checked by system simulations.

Both electricity and gas activities are monitored in real time and simulated in the respective control centres, which have redundant facilities.

To oversee the electricity and gas networks, there are several control and safety mechanisms such as internal rehearsals, the supervision of construction-site safety procedures and the conduct of audits into the security management system.

In addition, to ensure that information systems are recovered after a disaster, REN has a technological recovery plan that fits with the internal emergency plans for its premises and whose purpose is to ensure business continuity.

c) Financial risks

Financial risks are managed by the purchase of adequate financial instruments in accordance with the policies approved by the Board of Directors.

Interest rate risk

Fluctuating interest rates have an impact on both the return on regulated assets and the cost of debt service. REN manages its exposure to interest rate risk by entering into financial derivatives transactions, whose double purpose is to achieve a balance between fixed and floating rates and to minimize interest charges in the medium and long term.

Exchange rate risk

Exposure to exchange rate risk is limited and the JPY 10 billion bond has been fully hedged by a cross-currency swap.

Commodity price risk

REN is also exposed to movements in a few energy-related commodities markets, where it has positions, albeit of limited relevance.

Credit and counterparty risk

Exposure to credit risk is not significant as services are, to a large extent, invoiced to distributors of electricity and natural gas in a regulated market framework. In addition, contracts with clients tend to provide for the delivery of guarantees.

In bank deposits, financial investments and derivative instruments, counterparty risk is mitigated by the selection of first-rate institutions with a solid credit rating and high visibility in the market.

Liquidity risk

Liquidity risk is controlled by the active and flexible management of committed commercial paper programmes and the negotiation of credit lines to cover the Company's cash requirements and minimize the effect of possible exogenous shocks.

d) Human resources risks

REN's success depends on the skills and efforts of its collaborators and management teams. The continued success of the Company depends to a large extent on its ability to attract, retain and motivate skilled collaborators. For such purpose, REN develops its human resources policy by investing in training, ethics, developing the potential and motivation. The human resources policy also aims at the permanent update of knowledge and the reinforcement of a quality culture, which are required in view of its mission as public service provider.

e) Compliance risks

Compliance risks arise out of the inadequate fulfilment of concession contract terms, of applicable laws and regulations and of international standards and agreements.

Although it considers it abides by the rules that govern its activity, REN has adopted procedures to monitor and mitigate compliance risks. These follow the fulfilment of concession contracts provisions and check the legitimacy of the Company's actions. In

order to manage the fraud risk and related offences, REN has implemented a code of conduct and a set of procedures and controls that direct collaborators to ethical behaviours and prevent breach of laws and regulations. The Internal Audit Department, together with the Audit Committee, is responsible for monitoring the Group's internal control system. These entities are also responsible for the periodical review of the implemented measures, so as to ensure that the Internal Control System is kept updated *vis-à-vis* the organisation evolution and of its surroundings. REN also certifies its quality, environment and safety systems, is a member of international organisations relating to its activity and ensures the redundancy of subsystems in control and measurement stations. REN enters into insurance agreements with the covers and deductibles that the Board of Directors deems appropriate for the risks of its business. Insured risks include damage to buildings and equipment, third-party liability by the Company, its directors or employees, as well as occupational accidents.

5.9 Absence of defensive measures that automatically cause serious erosion of the Company's assets in the event of change of control

REN has not adopted any defensive measures which have as an effect a serious, automatic erosion of the Company assets in the event of change of control or a change in the composition of the management body, thus preventing any limitations to the free transfer of shares and shareholders' free appraisal of the performance of the members of the management bodies.

Namely, there are no significant agreements to which REN is a party to and that would come into force, be amended or terminated in the event of a change of control of the Company, nor any agreements between REN and the members of the management body or other officers, pursuant to article paragraph 3 of Article 248 of the Portuguese Securities Code, that would attribute indemnifications in the event of resignation or dismissal of the management and supervisory bodies members, employees' resignation, dismissal without fair grounds ("*justa causa*") or termination of the employee relationship following a change of control of the Company.

Similarly, REN has not adopted any measure aimed at preventing the success of takeover bids.

However, one should highlight the existence of legal limits to the ownership of REN's shares, given that sub-paragraphs (e) and (f) paragraph 2 of Article 25 of the Decree-Law

29/2006, of February 15, and sub-paragraphs (e) and (f) of paragraph 4 of Article 21 of the Decree-Law 30/2006, of February 15, prohibit the ownership of shareholding interests above 5% or 10% of REN's share capital, depending on whether those entities are engaged, directly or indirectly, in activities in the energy sector.

5.10 Reporting of irregularities policy

REN's collaborators are required to report to the Audit Committee, any irregular practices of which they become aware or suspect in order to prevent irregularities liable to cause financial losses or harm REN's image. Similarly, the Audit Committee receives communications of irregular practices from any stakeholders.

Communications must be submitted in writing - the electronic address comissao.auditoria@ren.pt, only accessible by the Audit Committee, may be used for this purpose - and must contain all the information that the author has and considers necessary to the assessment of the irregularity. The author may also ask for its identity to be kept confidential.

The Audit Committee shall assess the described situation and determine or propose actions that, in each case, are deemed appropriate, in accordance with the internal Regulation approved by the Audit Committee.

In 2010, no potential cases of irregularities within the REN group were reported to the Audit Committee.

5.11 External auditor

The Audit Committee represents the Company for all purposes before the external auditor. It is responsible for proposing providers for these services and their remuneration, ensuring that, within the Company, the right conditions for those services to be performed are met.

In accordance with paragraph 2.2 of Article 3 of the Audit Committee's internal Regulation, this body is responsible for regularly monitoring the activities of the external auditors and of the statutory auditor by analyzing their periodic reports and overseeing the audit and revision processes. It also assesses any changes in procedures recommended by the external auditors or Statutory Auditor.

Accordingly, the Audit Committee is responsible for undertaking an annual assessment of the external auditor, being competent to propose his dismissal to the General Meeting, in the event of fair grounds (“*justa causa*”).

Taking into account the work carried out during the year 2010, the Audit Committee assessed the service provided by the external auditors to the Company.

Consequently, the Audit Committee considers that the external auditors have provided their services in a positive way, complying with the applicable standards and regulations, including international standards on auditing, and performing their activities with extreme technical accuracy.

Annex IV indicates the annual fee paid to the external auditors, including the percentage for legal certification of accounts, other guarantees of accuracy and tax consultancy and other services.

6. Remuneration of the Corporate Bodies

6.1 Remuneration of the Members of the Board of the General Meeting

The members of the Board of the General Meeting are remunerated on the basis of attendance slips. The Chairman and the Vice-Chairman of the General Meeting Board were remunerated, having the Chairman received 2,000 Euro and the Vice-Chairman 1,500 Euro.

6.2 Remuneration of the Board of Directors

6.2.1 Framework

REN's remuneration policy for 2010 takes into account the recent legal, regulatory and recommendatory amendments in regard to the corporate bodies remuneration, which affects REN, on one hand, as an issuer of shares admitted to trading and, on the other hand, as a company of the State's corporate sector.

The following instruments stand out due to their importance and impact in REN's remuneration policy:

- As an issuer of shares admitted to trading, REN is within the scope of the Law 28/2009, of June 18, and of the Regulation 1/2010 of CMVM, as well as of the CMVM Recommendations;
- On the other hand, as a company of the State's corporate sector, the Company is under (i) the Ministers Council Resolution 49/2007, of March 28, regarding corporate governance principles, and (ii) the ministerial dispatch 11420/2009, of May 11, which expound such Resolution in regard to remuneration matters;
- In result of the exceptional measures of the State budget consolidation, REN is also under the temporary restrictions to the remuneration of its corporate bodies members, in particular Law 12-A/2010, of June 30, the Dispatch 5696-A/2010, of March 29, and Law 55-A/2010, of December 31.

REN adopts a transparent and fair remuneration system that on the one hand, respects the restrictions on compensation applicable to the public sector, while on the other hand,

remains flexible in order to be able to adopt the CMVM Recommendations, including through the remuneration of the positive performance and aligned with the strategic objectives of the Company once it ceases to be subject to the restrictions on remuneration currently in force.

The Remuneration Committee is the corporate body responsible for determining the value of the annual remuneration payable to members of the corporate bodies of REN.

6.2.2 Fixed component of the remuneration of directors and shares and options plans

The fixed remuneration attributed to REN's directors results from the resolutions of the Remuneration Committee of April 23, 2007 and October 4, 2010 and was established taking into account (i) the policies pursued in other companies of the sector, including other domestic issuers, as well as (ii) to its European counterparts, save from the different characteristics and dimensions of those companies.

Given the current economic and financial environment, and without prejudice to the temporary remuneration reductions of 5% provided for in Law 12-A/2010 of June 30, in 2010 the fixed remuneration level was maintained under the terms established for the previous term of office.

The remuneration of non executive directors is exclusively composed by a fixed component, thus not depending on the performance or value of REN, meeting the recommendations applicable to this matter.

The remuneration of directors of the Company does not include any mechanism for allocation or acquisition of shares or options or other rights on shares of the Company or any of its affiliates.

6.2.3 Variable component of the remuneration of executive directors

Notwithstanding of what is referred to in 6.2.4 below, it is intended that the remuneration of the Executive Committee members is composed of a fixed component and a variable component, and there should be an adequate proportionality between both and a maximum limit should be drawn for each component.

The determination of the remuneration of the members of the Executive Committee is essentially based on four general criteria:

- The competitiveness taking into account the practices of the Portuguese market;
- Fairness, since the remuneration practice must be based on uniform, consistent, fair and balanced criteria;
- Performance evaluation, according to the functions and level of responsibility of each relevant person, as well as taking appropriate levels of risk and compliance with the rules governing the activities of REN; and
- The alignment of the interests of directors with the interest of the Company and latter's sustainability and wealth creation in the long term.

The annual value of the variable component of the remuneration of the Executive Committee members is limited to an amount equal to six months of the fixed component of the remuneration and is based on the assessment of its members, which weighs key performance indicators on an individual and corporate basis and is made after the approval of the accounts of each financial year.

In addition, this value is calculated based on a technical study and on a model that includes parameters and the grid to be applied according to the continuation of pre-defined strategic objectives, individually tailored to each director, both on a corporate and individual level, which relate, *inter alia*, to the verification of the following criteria for performance evaluation:

- Value creation for shareholders;
- The efficiency and level of results achievement;
- The continuity of the electricity and gas services;
- The development of non-regulated businesses and respective pro-rata increase of the consolidated results;
- The maintenance and development of a favorable image and corporate reputation;
- Evidencing long-term sustainability.

The above criteria are devised to promote proper alignment with the interests of medium and long term of the Company and of the shareholders and should be determined for all fiscal years, regardless of whether or not there is a variable remuneration.

The assessment of achievement rate of the objectives set in each of these criteria is undertaken by the Remuneration Committee, with the support of non executive directors of the Company.

The variable component of the remuneration of the members of the Executive Committee, whenever and should it be determined, will be paid in two moments:

- 50% upon approval of the accounts of the fiscal year to which the remuneration relates, and
- the remaining 50% shall be deferred for a 3 years period and will be dependent on the continuity of the positive performance of REN over this period, and its payment must be preceded by a new resolution of the Remuneration Committee.

Although there are no mechanisms expressed in this regard, the executive directors have not entered into any agreements which have the effect of mitigating the risk inherent to the variability of the remuneration assigned to them.

6.2.4 Exceptional restrictions to the remuneration through the variable component

Considering the prohibition on compensation of the members of the board of directors with variable remuneration based on performance, provided for in the Dispatch 5696-A/2010 of March 29, and Article 29 of Law 55-A/2010 of 31 December, the Remuneration Committee similarly to what occurred in 2009, does not forecasts any variable remuneration or management bonuses (in particular in the form of profit sharing) for the year 2010.

6.3 Remuneration of the members of the Audit Committee

Given the nature of their duties, as well as the legal provisions in force in this regard, members of the Audit Committee only receive fixed remuneration.

6.4 Non-cash benefits and frameworks of supplementary pensions or of early retirement

It is made available to executive directors the use of car and cell phone to the performance of their duties.

There is no framework of supplementary pension or of early retirement for directors.

6.5 Indemnification in case of termination of service

During the fiscal year of 2010 no indemnifications were paid or turn due to former executive directors for the termination of their duties during the fiscal year.

There are no agreements between the Company and the members of the managing and supervisory bodies that provide for the awarding of indemnifications in case of the director's resignation or removal.

In accordance with the remuneration policy approved by the Remuneration Committee, upon termination of the management functions by agreement or by removal without fair grounds (*justa causa*), no indemnification shall be paid if the termination or removal is due to inadequate performance of by the director.

6.6 Evaluation of the General Meeting regarding the Company's remuneration policy and evaluation of the corporate bodies performance

The General Meeting is responsible for the appointment of the Remuneration Committee responsible for setting up the remuneration and for submitting the statement regarding the remuneration policy for members of the managing and supervisory bodies, which is attached to this report.

In turn, this declaration will be assessed independently by the Annual General Meeting, pursuant to and for the purposes of Law 28/2009 of June 19.

Furthermore, and pursuant to Article 455 of the Portuguese Companies Code, the General Meeting has also the duty to evaluate the performance of the members of the managing

and supervisory bodies by adopting an annual resolution regarding the maintenance of the confidence in the members of those bodies.

It should be also underlined that the Annual General Meeting of 2010 was attended by the Chairman of the Remuneration Committee, Mr. João Plácido Pires, as representative of the Remuneration Committee of the Company.

6.7 Statement on the remuneration policy

In face of the competence set forth by Article 26 of REN's Articles of Association, the Remuneration Committee of the Company is responsible for setting up the fixed and variable remuneration of each director as well as for determining the remuneration to be ascribed to the members of the remaining corporate bodies.

Thus, in the scope of its functions, the Remuneration Committee approved, for the fiscal year of 2010 and in regard to the corporate bodies' members who were appointed at the Annual General Meeting of March 15, 2010, the statement on the remuneration policy of REN's corporate bodies which is annexed to this report, to be submitted to the General Meeting.

Meeting the requirement established in this respect in paragraph 1 of Article 2 of Law 28/2009 of June 18, the Remuneration Committee submitted to autonomous appreciation the statement on the remuneration policy prepared by that Committee, for the approval of the General Meeting, held on March 15, 2010.

The statement on the remuneration policy submitted to the General Meeting for the purposes of the Law 28/2009 of June 18, includes all officers of the Company (as defined in paragraph 3 of Article 248-B of the Portuguese Securities Code), since REN's Board of Directors understands that only the members of the managing and supervisory bodies should be considered as so.

6.8 Proposal to approve plans to shares allocation and / or options to purchase shares or based on changes in the shares price

There are no programs or variable remuneration plans that include the allocation of shares, options to purchase shares or other incentive system based on variation of the price of shares for members of the managing and supervisory bodies or other officers, within the meaning of paragraph 3 of Article 248-B of the Portuguese Securities Code.

There is also no system of retirement benefits for the members of the managing and supervisory bodies.

6.9 Annual disclosure of individual remuneration of members of the management and supervisory Bodies

Following the entry into force of the Law 28/2009 of 19 June, and considering what is set forth in its Article 3, entitled "Disclosure of remuneration", REN individually and aggregately itemizes the remuneration of the members of the management and supervisory bodies.

In 2010, as from 01/06/2010, fixed remunerations were reduced by 5% in accordance with the provisions of Article 12 of Law 12-A/2010 of 30 June, and no variable remunerations were received, by virtue of Dispatch 5696-A/2010 of March 29, as results from the following individual and aggregate information:

Name		Fixed Remun.(1)(2)	Variable Remun. (3)	Total
Rui Cartaxo	Executive Committee	340,151.10	0	340,151.10 (4)
Aníbal Durães Santos	Executive Committee	282,681.39	0	282,681,39
João Caetano Conceição	Executive Committee	293,050.05	0	293,050.05
João Plácido Pires	Executive Committee	231,260.91	0	231,260.91
João Nuno Palma	Executive Committee	231,260.91	0	231,260.91
José Penedos (5)	Executive Committee	65,169.13	0	65,169.13
Víctor Baptista (5)	Executive Committee	51,799.36	0	51,799.36
Manuel Champalimaud	Board of Directors	29,125.00		29,125.00
Gonçalo Oliveira	Board of Directors	29,125.00		29,125.00
Luis Atienza	Board of Directors	29,125.00		29,125.00
José Carvalho Netto	Board of Directors	307,601.58		307,601.58 (6)
Filipe Maurício Botton	Board of Directors	29,125.00		29,125.00
José Luis Alvim	Audit Committee	58,250.00		58,250.00
José Frederico Jordão	Audit Committee	46,600.00		46,600.00
Fernando Rocha de Andrade	Audit Committee	46,600.00		46,600.00
Total		2,070,924.43	0	2,070,924.43

(1) The fixed remuneration determined by the Remuneration Committee was reduced in 5% since 01/06/2010.

(2) Regarding the members of the Executive Committee, meals subsidy in a daily value of 6.41€ is included.

(3) Regarding the fiscal year of 2009

(4) This value includes € 40,400.00 paid by the subsidiary Red Eléctrica Corporcion, S.A., Company of Spanish Law in which by inherence he exercises the office of member of the Board of Directors.

(5) Their term of office ceased on 15/03/2010

(6) Remuneration received as Chairman of the subsidiary OMIP - Operador do Mercado Ibérico de Energia (Pólo Português), S.G.M.R., S.A. Meals subsidy included.

There are no agreements entered into between the Company and the members of the management and supervisory bodies setting forth indemnities in the event of directors' resignation or removal.

6.10 Remuneration of the Statutory Auditor

The Statutory Auditor of the Company is remunerated under the terms and conditions as may be established in the rendering of services agreement entered into between the Statutory Auditor and REN, according to market practices and legal and recommendatory framework.

The REN Group, within the scope of the supervisory activities, has the collaboration of two Statutory Auditors, one for REN SGPS and most of its subsidiaries and one for OMIP and its subsidiaries. The total amount registered as cost related to audit services and to accounts legal review rendered by the Statutory Auditors during the year of 2010, was 391,983.00, Euro in accordance with the following distribution:

- Deloitte & Associados, SROC SA - 235,800.00 Euro;
- Luis Borges de Assunção, ROC - 156,183.00 Euro.

7. Sustainability and social responsibility

A brief description of the most relevant aspects of REN's activity performed in 2010, in the context of sustainable development is presented below.

More detailed information on this matter is made available in REN's 2010 Sustainability Report, to be published until the end of the first half of 2011. This document will be available at the Company's website.

7.1 Quality, Environment and Safety Management Systems

REN's intervention in the context of the national energy sector cannot be detached from the Company's activity in the areas of service quality management, improvement of its environmental and safety performance in, in its components of hygiene, health and labor safety and serious accidents prevention. As a result of the work developed in these areas, it was confirmed, in 2010, the maintenance of the certification upon the completion of the audit of second monitoring, conducted by APCER- *Associação Portuguesa de Certificação*, which included all companies in the field of certification - Rede Eléctrica Nacional, REN Trading, REN Serviços, REN Gasodutos, REN Atlântico, REN Armazenagem e REN Telecom.

7.2 Environmental performance and impact assessment

REN has a wide experience in assessing its investment projects' environmental impact.

Thus, in 2010, a total of 9 Environmental Impact Studies and 9 Environmental Incidence Studies were made, and a total of 7 Environmental Impact Statements for the establishing of new infrastructures were obtained. Following the execution of the measures defined in the Environmental Impact Evaluation (AIA) phase, a total of 30 monitoring actions of several environmental descriptors were carried out, namely regarding the sound environment (noise), avifauna and electric and magnetic fields.

As a result of these environmental impact assessments, several measures to minimize and offset the potential impacts of projects were adopted, being particularly relevant in this area the maintenance in 2010 of the implementation of measures related to investment projects of the National Electric Grid in lines Alqueva-Brovaes, Tunis-Estoi, Sines-

Portimão³ and in the extension of Line Mogadouro-Valeira to the Substation of Macedo de Cavaleiros.

It must be also noted that in 2010 the work done regarding the monitoring, control and tracking of the Strategic Environmental Assessment (AAE) of the Development Plan and Investment in the Electricity Transmission Grid 2009-2014 (2019) (PDIRT). From the set of actions done, the formal consultation of a significant number of stakeholders should be stressed out, including official entities with expertise in environmental matters (APA, ICNB and CCDRs), local authorities and a range of non-governmental environmental organizations.

Furthermore, under the voluntary measures taken by REN, the continuation of implementation of the Plans for Promotion of Environmental Performance (PPDA), and it was concluded in 2010 the implementation of the three business plans for natural gas.

7.3 Corporate social responsibility

In 2010, REN, conscious of its obligations in the field of transparency and also of the involvement and consultation of the relevant parties, has completed the first phase of the project "+Sustentabilidade" which was initiated in 2009, having as main objectives:

- Identify and assess the needs of strategic stakeholders;
- Validate the material issues regarding the sector and the Group in the context of sustainable development;
- Clearly, transparently and objectively communicate REN's performance and commitments of in this field.

As main result of this phase of the project an action program for 2010-2012 was prepared. Internally, it was developed in 2010 a set of initiatives to strengthen the internal communication and collaborators participation. In this context, a survey of satisfaction and organizational climate was made, a new program to welcome new collaborators of the company was launched and a new system of performance evaluation was implemented. We must also highlight the execution of information sessions and internal debate about REN's strategic plan.



7.4 Codes of Conduct

The Group companies, in their relationship with market players, are obliged to comply with principles of impartiality, non-discrimination and guarantee of access to networks.

These principles and the ethical values governing the relationship among collaborators and between collaborators and third parties are set forth in a Corporative Code of Ethics (available in REN's website - www.ren.pt), applicable to all the companies of the Group and in five Codes of Ethics relevant to specific jobs - operator of transmission grid of electric power, operator of the transmission grid of natural gas, operator of the underground storage of natural gas, operator of terminal of storage of natural liquefied gas and commercial agent.

8. Annexes

- ANNEX I.** Description of the Board of Directors, namely concerning: a) Identity of its members, distinguishing between executive and non executive members and between independent and non-independent non executive members; b) Positions that its members hold in other companies, detailing those performed in companies of the same Group; c) Professional qualifications of the members of the management body, previous positions held in at least the last five years, the number of Company shares that they own, the date of their first appointment and the date of the end of their term of office.
- ANNEX II.** Description of the main details of the transactions and operations between on the one hand the Company and on the other hand the members of its management and supervisory bodies who hold qualified shareholdings or entities in any of the relations set out in article 20 of the Portuguese Securities Code, provided that they are of monetary significance to any of the parties involved, with the exception of transactions or operations that are not only carried out in normal market conditions for similar operations and are also part of the Company's current activity.
- ANNEX III.** Qualified holdings in REN's share capital as of 31 December 2010 and shares representing REN's share capital held by members of the management and supervisory bodies.
- ANNEX IV.** The annual fee paid to the statutory auditor and other natural or legal persons belonging to the same network borne by the Company or legal person in a group or control relationship as well as a breakdown of the percentage relating to the following services: a) Audit services; b) Other services guaranteeing accuracy, c) Tax consultancy services, d) Non-audit services .
- ANNEX V.** Statement on the remuneration policy regarding the members of the management and supervisory bodies by the Remuneration Committee.

ANNEX I

Description of the Board of Directors

At the time of this report, the current composition and description of the Board of Directors is the following:

Name	Age	Office	Year of the first appointment	Year of term termination
Rui Manuel Janes Cartaxo	58	Chairman of the Board of Directors Chief Executive Officer	2007	2012
Aníbal Durães dos Santos	63	Executive Director	2001	2012
João Caetano Carreira Faria Conceição	36	Executive Director	2009	2012
João Manuel de Castro Plácido Pires	60	Executive Director	2010	2012
João Nuno de Oliveira Jorge Palma	45	Executive Director	2010	2012
Luis Maria Atienza Serna	53	Director	2007	2012
Gonçalo José Zambrano de Oliveira	40	Director	2007	2012
Manuel Carlos Mello Champalimaud	64	Director	2007	2012
José Isidoro d'Oliveira Carvalho Neto	66	Director (Independent)	2008	2012
Filipe Maurício de Botton	52	Director	2008	2012
José Luís Alvim Marinho	58	Chairman of the Audit Committee (Independent)	2007	2012
José Frederico Vieira Jordão	66	Member of the Audit Committee (Independent)	2007	2012
Fernando António Portela Rocha de Andrade	40	Member of the Audit Committee (Independent)	2008	2012

Rui Manuel Janes Cartaxo

He holds a degree in Economics from the Universidade Técnica de Lisboa. Between 2002 and 2006, was an executive director of Galp Energia, director of several companies of the GALP group, since 1997, and Chairman of the Board of Directors of Lisboagás and GDP Distribuição. From 1992 to 1995 he was executive director of CN - Comunicações Nacionais SGPS. In the early stages of his professional career he was an economist at Banco de Portugal.

Aníbal Durães dos Santos

He holds a degree in Finance from ISCEF and a PhD in Economics from UCP. Professor Aníbal Santos is a member of REN SGPS's Board of Directors, has been a member of the Board of Directors of ELECPOR since December 2006. Professor Aníbal Santos has also been a board member of several companies, Director-General of European Affairs at the Ministry of Industry and Energy, Chairman of the Portuguese Section of CEEP and

European Vice-Chairman. He is also a former Director of the Department of Economics of UCP (1987-1993), and a Professor at the Economics Department of such University.

João Caetano Carreira Faria Conceição

He holds a degree in Aeronautical Engineering from Instituto Superior Técnico, having advanced studies in Von Karman Institute for Fluid Dynamics in Brussels as well and a MBA from Insead (France) in 2005. Between 2000 and 2007, he was consultant at The Boston Consulting Group and, for two years, worked with the Ministry of Economy and Innovation. He began his career at JPMorgan in Brussels.

João Manuel de Castro Plácido Pires

He holds a degree in Finance from Instituto Superior de Economia, and a MBA from HEC (Lausanne). Between 1974 and 1989 he was assistant professor, teaching Analytic Accountability and Budget Management in Instituto Superior de Economia. From February 1974 to 1986, he was Inspector and Vice-Inspector of the Finance General Inspection and, from 1983 to 1986, Member of the Accounting Standard Executive Committee. Between 1987 and 1991 he was Executive Member of the Board of Directors of EDP. From 1992 to 2010, he was Chairman of the Board of Directors of PARPÚBLICA, SGPS, S.A. and Chairman or Director of affiliates, such as, SAGESTAMO, ADP, PARCAIXA. He is Executive Director of REN SGPS, S.A. since March, 2010.

João Nuno de Oliveira Jorge Palma

He holds a degree in Economics from Faculdade de Economia da Universidade Nova de Lisboa (FEUNL) and a Post-Graduate degree in Business - PDE-VII Program regarding Companies Direction from AESE, in collaboration with IESE from Universidad de Navarra. He is CFO in REN - Redes Energéticas Nacionais, SGPS, SA. He was Director/CFO of Banco Caixa Geral (CGD Group Spain), Director of SOGRUPO SI (CGD Group), Director/CFO of HCB - Hidroeléctrica de Cahora Bassa, Vice-Chairman of PARAREDE, SGPS, Coordinator Director and Controller of Banco Pinto & Sotto Mayor, Banco Totta & Açores, Crédito Predial Português and Banco Chemical Finance, Regional Director of SCA-Sanchez Computer Associates, Deputy Director and Controller of Banco Central Hispano Português and Financial Analyst of BCI VALORES - Sociedade Financeira de Corretagem.

Luis Maria Atienza Serna

He holds a degree in Economic and Company Sciences from the Universidad de Deusto. Among other positions, Mr. Serna is now the Chairman of the Board of Directors of Red Eléctrica de España, S.A. and member of the Board of Directors of Red Eléctrica International, S.A. unipersonal.

Throughout his working life, Mr. Luis Serna acted, among other duties, as Spanish Minister of Agriculture, Fisheries and Food, General Secretary for Energy and Mineral Resources of the Ministry of Industry and Energy of Spain, Chairman of the Spanish Institute for the Diversification and Energy Investment (IDEA) and General Secretary of the Spanish Agricultural Structures Department of Agriculture, Fisheries and Food.

Gonçalo José Zambrano de Oliveira

He holds a degree in economics and finance from the Bentley College and an MBA from the University of Miami. Mr. Oliveira is presently a director of ESCONCESSÕES, SGPS, S.A., Ipodec Portugal - Gestão de Resíduos, Lda. and of Auto-Vila - Reciclagem de Resíduos, S.A. Since 2000, Mr. Oliveira has been a director of Sociedade Central de Cervejas e Bebidas, S.A. and of Sociedade da Água do Luso, S.A. and since January 1999 has been executive director of Olinveste, SGPS, Lda. Mr. Gonçalo de Oliveira has also been Chairman of the Board of Directors of Medios del Pacifico, S.A.

Manuel Carlos de Mello Champalimaud

He is currently the Chairman of the Board of Directors of GESTFIN SGPS, S.A., of Prodimed, S.A. and of Sogestão, S.A., is Member of the Board of Directors of Winreason, S.A. and Delegated-Manager of the companies Da Praia - Promoção Imobiliária, Lda., Sogolfe - Empreendimentos Turísticos, Lda. and Agrícola São Barão, Lda.

José Isidoro d'Oliveira Carvalho Neto

He holds a degree in Mechanical Engineering from the Instituto Superior Técnico (6 year degree). He has been a Director of Transgás and of GDP, SGPS, S.A and Chairman of the Boards of Directors of the natural gas distribution companies - Dianagás; Duriensegás; Medigás; e Paxgás. He held several positions in the then called Directorate General for Energy, where, *inter alia*, he was technically responsible for the coordination of the base Works of the National Energy Plans of 1982 and 1984. From 1984 to 1988, by dispatch of the Prime Minister, he held a position in the Secretariat of the International Energy Agency of OECD. Between 1988 and 1995 he was a high ranking officer of the Directorate

General for Energy of the European Commission. In 2002 he held office in ERSE. From 2005 to 2007 he was Assessor for the energy area of the Deputy Secretary of State for Industry and Innovation (2005-2007) and for the Minister of Economy and Innovation (2007-2008). He led several international projects of which resulted the publishing of several articles on energy matters.

Filipe de Botton

He holds a degree in Business Management from Portuguese Catholic University. He is Director of Logoenergia SGPS, SA, and founding partner of LOGOPLASTE (where he has functions as CEO), NORFIN and INVESFIN (where he has functions as Manager) and of the companies LOGOVINHA and LOGOHOTÉIS. He was also a founding partner and Director of INTERFINANÇA and FONSECAS & BURNAY - Sociedade Gestora de Patrimónios. From 1990 to 1994, he was Director of Hotel da Lapa. He also acts as Chairman of ELO - Associação Portuguesa para o Desenvolvimento Económico e Cooperação and Director of the Entrepreneurial Council of CPLP. He is also Foreign Trade Counselor of France e Member of the Strategic Council of the University of Minho and of the Management of Sporting Clube de Portugal.

José Luís Alvim Marinho

He holds a degree in Economics from the Faculdade de Economia do Porto and, since November 2009, has been (non executive) Chairman of the Board of Directors of Microprocessador - Sistemas Digitais, SA. Since March 2007, he has been a non executive director of CUF-SGPS and is teacher at Escola de Gestão do Porto - Business School of the University of Oporto. Mr. Marinho was a director of Banco Pinto e Sotto Mayor, S.A., of Chemical Finance, of Totta e Açores, S.A., and of Banco Santander de Negócios Portugal, S.A. During his career he was also director of IAPMEI and of several companies and groups of companies (Amorim and Tabaqueira).

José Frederico Vieira Jordão

He holds a degree in Finance from the Instituto Superior de Ciências Económicas e Financeiras. Mr. Jordão has held, among other positions, those of Director of RAR (Holding) and of Chairman of the boards of directors of Iberholding, RAR Imobiliária, RAR (Genéve), and RAR (London). Mr. Jordão was Director of Finantipar (holding which controls the Finantia group) and Member of the General Counsel and Chairman of the General Meeting of the insurance companies Global and Global Vida. Mr. Jordão also

acted for Shell Portuguesa, CUF Group, Mobil Oil Portuguesa and Dow Chemical, among other companies.

Fernando António Portela Rocha de Andrade

He holds a Master in Law in the area of legal and economic sciences from the Law School of the University of Coimbra. He is assistant Professor of the Law School of the University of Coimbra since 1995. He acted as Home Affairs Undersecretary of State from March 2005 to 1 February 2008. He was Assistant of the Minister of Justice (2001-2002), Assessor of the Chairman of the Constitutional Court (1999-2000) and Assistant of the Minister of Parliamentary Affairs (1995-1999). He has been author and co-author of books and articles covering areas like taxes, public finances and electoral law.

The professional address of each of these members of the Board of Directors is that of REN's registered office at Avenida Estados Unidos da América no. 55, parish of Alvalade, Lisbon.

There are no family ties between the members of the Board of Directors or between the statutory auditor and the members of the Board of Directors.

The following table shows the positions held by the members of the Board of Directors in management or supervisory bodies in the last 5 years. Their current positions have been highlighted.

Name	Positions
<i>Rui Manuel Janes Cartaxo</i>	<p>Chairman of the Board of Directors and Chief Executive Officer of REN SGPS</p> <p>REN Rede Eléctrica Nacional - Chairman of the Board of Directors</p> <p>REN Gasodutos - Chairman of the Board of Directors</p> <p>REN Atlântico - Terminal de GNL - Chairman of the Board of Directors</p> <p>REN Armazenagem - Chairman of the Board of Directors</p> <p>REN Serviços - Chairman of the Board of Directors</p> <p>RENTELECOM - Chairman of the Board of Directors</p> <p>ENONDAS, Energia das Ondas - Chairman of the Board of Directors</p> <p>Non executive Director of Red Eléctrica Corporación</p> <p>Executive Director of Galp Energia</p> <p>Chairman of the Board of Directors of GDP Distribuição, S.A.</p> <p>Chairman of the Board of Directors of Lisboagás</p>

	Chairman of the Board of Directors of Água Solar
	Chairman of the Board of Directors of Porten
	Member of the Board of Directors of Petrogal
	Member of the Board of Directors of GDP
	Member of the Board of Directors of Transgás
	Member of the Board of Directors of Galp Energia España
	Member of the Board of Directors of Ecogen
<i>Aníbal Durães dos Santos</i>	Member of the Board of Directors and of the Executive Committee of REN SGPS
	REN Rede Eléctrica Nacional - Member of the Board of Directors
	REN Gasodutos - Member of the Board of Directors
	REN Atlântico - Terminal de GNL - Member of the Board of Directors
	REN Armazenagem - Member of the Board of Directors
	REN Serviços - Member of the Board of Directors
	ENONDAS, Energia das Ondas, S.A. - Member of the Board of Directors
	Elecpor - Member of the Board of Directors
	REN Trading - Member of the Board of Directors
<i>João Conceição</i>	Member of the Board of Directors and of the Executive Committee of REN SGPS
	REN Rede Eléctrica Nacional - Member of the Board of Directors
	REN Gasodutos - Member of the Board of Directors
	REN Atlântico - Terminal de GNL - Member of the Board of Directors
	REN Armazenagem - Member of the Board of Directors
	REN Serviços - Member of the Board of Directors
	RENTELECOM - Member of the Board of Directors
	<i>Non executive Member of the Board of Directors of OMIP</i>
<i>João Manuel de Castro</i>	Member of the Board of Directors and of the Executive Committee of REN SGPS
<i>Plácido Pires</i>	REN Rede Eléctrica Nacional - Member of the Board of Directors
	REN Gasodutos - Member of the Board of Directors
	REN Atlântico - Terminal de GNL - Member of the Board of Directors
	REN Armazenagem - Member of the Board of Directors
	REN Serviços - Member of the Board of Directors
	RENTELECOM, Comunicações, S.A. - Member of the Board of Directors
	OMIP, SGPS, S.A. - Member of the Board of Directors
	Chairman of the Board of Directors of PARPÚBLICA, S.A.
	Chairman of the Board of Directors of SAGESTAMO, S.A.
	Non Executive Director of AdP
	Non Executive Director of SGH - CUP, S.A.
	Director of PARCAIXA, S.A.
	Chairman of the Board of Directors of CAPITALPOR, S.A.

Chairman of the Board of Directors of LAZERFLORESTA, S.A.

Chairman of the Board of Directors of SAGESECUR, S.A.

<i>João Nuno de Oliveira Jorge Palma</i>	<p>Member of the Board of Directors and of the Executive Committee of REN SGPS</p> <p>REN Rede Eléctrica Nacional - Member of the Board of Directors</p> <p>REN Gasodutos - Member of the Board of Directors</p> <p>REN Atlântico - Terminal de GNL - Member of the Board of Directors</p> <p>REN Armazenagem - Member of the Board of Directors</p> <p>REN Serviços - Member of the Board of Directors</p> <p>Director of Banco Caixa Geral</p> <p>Director of INMOBILIARIA Caixa Geral</p> <p>Director of SOGRUPO SI</p> <p>Director of Hidroeléctrica de Cahora Bassa</p>
<i>Luís Maria Atienza Serna</i>	<p>Member of the Board of Directors of REN SGPS</p> <p>Chairman and Executive member of the Board of Directors of Red Eléctrica de España, S.A.</p> <p>Director of Red Eléctrica Internacional, S.A., unipersonal</p> <p>Chairman of the Board of Directors of Red Eléctrica del Sur, S.A. (peruvian company)</p> <p>Chairman of the Board of Directors of Transportadora de Electricidad, S.A. (bolivian company)</p> <p>Chairman of Fundación Doñana 21, para el Desarrollo Sostenible del Entorno de Doñana</p>
<i>Gonçalo José Zambrano de Oliveira</i>	<p>Member of the Board of Directors of REN SGPS</p> <p>Director of Esconcessões - SGPS, SA, Ipodec Portugal - Gestão de Resíduos, Lda. and Auto-Vila - Reciclagem de Resíduos, S.A.</p> <p>Director of Central de Cervejas e Bebidas, S.A. and Sociedade da Água do Luso, S.A.</p> <p>Grupo Oliveira - Executive Director of Olinveste SGPS Lda.</p>
<i>Manuel Carlos Mello Champalimaud</i>	<p>Member of the Board of Directors of REN SGPS</p> <p>Delegated Manager - Agrícola São Barão - Unipessoal, Lda.</p> <p>Manager - Da Praia - Promoção Imobiliária, Lda.</p> <p>Chairman of the Board of Directors of Gestfin SGPS, S.A.</p> <p>Chairman of the Board of Directors of Sogestão - Administração e Gerência, S.A.</p> <p>Delegated Manager - Sogolfe - Empreendimentos Turísticos, Sociedade Unipessoal, Lda.</p> <p>Member of the Board of Directors of Prodimed, S.A.</p> <p>Member of the Board of Directors of Winreason, S.A.</p> <p>Member of the Board of Directors of REN SGPS</p>

<i>José Isidoro Carvalho Neto</i>	<i>d'Oliveira</i>	OMIP SGPS, S.A. - Chairman of the Board of Directors OMIP SGMR, S.A. - Chairman of the Board of Directors OMIClear, S.A. - Chairman of the Board of Directors REN Armazenagem - Member of the Board of Directors Member of the Supervisory Board of APE - Associação Portuguesa da Energia
<i>Filipe de Botton</i>		Member of the Board of Directors of REN SGPS Director of Logoenergia, SGPS, S.A. Chairman of the Board of Directors of Logoplaste Chairman of the Board of Directors of Logoinveste, SGPS, SA Manager of Norfin Manager of Invesfin Manager of Logovinha Manager of Logohotéis
<i>José Luís Alvim Marinho</i>		Chairman of the Audit Committee of REN SGPS Non executive Director of CUF-SGPS Non executive Chairman of the Board of Directors of Microprocessador - Sistemas Digitais, S.A.
<i>José Frederico Jordão</i>	<i>Vieira</i>	Member of the Audit Committee of REN SGPS Consultant of the Chairman of the Board of Directors of RAR, Sociedade de Controle (Holding), S.A.
<i>Fernando António Rocha de Andrade</i>	<i>Portela</i>	Member of the Audit Committee of REN SGPS

ANNEX II

DESCRIPTION OF THE MAIN ELEMENTS OF THE RELATIONS WITH RELATED PARTIES

Transactions with related parties

On 31 December 2010, REN is listed at Euronext Lisbon. Its main shareholders, with registered transactions in 2010, are: EDP's and Caixa Geral de Depósitos' Groups.

During the financial year, REN Group carried out the following transactions with these entities (in thousand Euro):

Sales and rendering of services

	<u>2010</u>	<u>2009</u>
Energy - EDP	1.487.362	966.851
Other services - EDP	20.930	13.212
Total	<u>1.508.292</u>	<u>962.025</u>

The amounts shown for sales refer to movements resulting from REN Trading's role as agent in relation to the CAE of the powerhouses of Pego (Tejo Energia) and Tapada do Outeiro (Turbogás).

Purchase of products and services

	<u>2010</u>	<u>2009</u>
Purchase of products		
Energy - EDP	<u>642.814</u>	<u>370.440</u>
	<u>642.814</u>	<u>370.440</u>
Purchase of services		
Miscellaneous services - EDP	10.139	11.543
Interests on commercial paper - CGD	2.878	769
Commissions on loans - CGD	640	284
Another interests- CGD	31	10
	<u>13.688</u>	<u>12.606</u>

The amounts shown for the purchase of products are recognized under Customers and other receivables, due to the role of intermediary that REN plays in the purchase and sale of electricity.

Debit and credit balances

In December 2010 and 2009, the balances resulting from transactions with related parties are as follows:

	<u>2010</u>	<u>2009</u>
Debtors		
EDP – balance before customers	84.467	65.111
EDP – balance before other debtors	802	3.067
Cahs and cash equivalents		
CGD – cash applications	63.100	-
CGD – Bank deposits	1.527	-
	<u>149.896</u>	<u>68.178</u>
Creditors		
EDP – balance before suppliers	7.674	4.843
EDP – balance before creditors	234	2.421
CGD – balance providers	36	-
Empréstimos:		
CGD – comercial paper program	27.000	100.000
CGD - Leasing	131	-
	<u>35.075</u>	<u>107.264</u>

ANNEX III

Qualified shareholdings in REN's share capital in 31 December 2010 and shares held by members of corporate bodies

Considering the communications submitted to the Company in accordance with Article 447 of the Portuguese Companies Code, Article 16 of the Portuguese Securities Code and Article 14 of Regulation 5/2008 of CMVM, with reference to 31 December 2010, the shareholders holding qualified holdings representing at least, 2% of the share capital of REN, calculated in accordance to article 20 of the Portuguese Securities Code were the following:

	No. of shares	% Capital	% Vote
Portuguese State	272,737,228	51.07%	51.07%
Logoplaste Gestão e Consultoria Financeira, S.A.	45,044,826	8.44%	8.44%
GESTMIN, SGPS, S.A.	28,146,479	5.27%	5.27%
EDP -Energias de Portugal, S.A.	26,700,000	5.0%	5.0%
Oliren, SGPS, S.A.	26,700,000	5.0%	5.0%
Red Electrica Corporación, S.A.	26,700,000	5.0%	5.0%

It is also clarified that, pursuant to sub-paragraph (a) of paragraph 1 of Article 20 and sub-paragraph (a) of Article 21 of the Portuguese Securities Code, the following shareholdings and corresponding voting rights are attributable to the Portuguese State:

Portuguese State shareholder	No. of shares	% of Share Capital with voting rights
Parública - Participações Públicas (SGPS), S.A.	20,826,000	3.90%
Through Capitalpor - Participações Portuguesas, SGPS, S.A. (company controlled by Parública)	245,645,340	46.00%
Through Caixa Geral de Depósitos, S.A.	6,000,907	1.12%
Through Fundo Pensões Pessoal CGD	264,045	0.05%
Through Companhia de Seguros Fidelidade-Mundial, S.A	936	0.00%
Total Attributable Amount	272,737,228	51.07%

Consequently, the voting rights attributable to the Portuguese State, due to the control relations over Parpública, and CGD Capitalpor correspond, overall, to 51,07% of the voting rights inherent to the share capital of REN.

The following shareholdings and corresponding voting rights are attributable to Logoplaste Gestão e Consultoria Financeira, S.A.:

Logoplaste Gestão e Consultoria Financeira, S.A.	No. of shares	% Share capital with voting rights
Directly	28,189,792	5.28%
Through Logo Finance S.A. (controlled by Logoplaste, Gestão e Consultoria Financeira, S.A.)	10,933,393	2.05%
Through da Logoinveste SGPS, S.A., (controlled by Logoplaste Gestão e Consultoria Financeira, S.A.)	5,809,991	1.09%
Directors of the mentioned companies ¹	111,650	0.02%
Total Attributable Amount	45,044,826	8.44%

The voting rights attaching to Logoplaste Gestão e Consultoria Financeira, S.A. are also attributable to Nikky Investments, S.A., - company holding the entire share capital of Logoplaste Gestão e Consultoria Financeira, S.A. - and to Mr. Filipe Maurício de Botton who controls Nikky Investments, S.A.

The following shareholdings and corresponding voting rights are attributable to GESTMIN, SGPS, S.A.

GESTMIN, SGPS, S.A.	No. of Shares	% of Share Capital with voting rights
Directly	28,077,179	5.26%
Director of GESTMIN, SGPS, S.A.	69,300	0.01%
Total Attributable Amount	28,146,479	5.27%

The voting rights attaching to GESTMIN, SGPS, S.A. are also attributable to Mr. Manuel Carlos de Melo Champalimaud, as major shareholder of the referred company.

The following shareholdings and corresponding voting rights are attributable to EDP - Energias de Portugal, S.A.

¹ Includes 1,970 shares owned by spouse and descendents.

EDP -Energias de Portugal, S.A. (EDP)	No. of Shares	% Share capital with voting right
Directly	18,690,000	3.50%
Through EDP Pension Fund (controlled by EDP)	8,010,000	1.50%
Total Attributable Amount	26,700,000	5.00%

In accordance and for the purposes of Article 447 of the Portuguese Companies Code, in particular its paragraph 5, the number of shares held by the members of the managing and supervisory bodies of REN and by those related to them pursuant to paragraph 2 of the mentioned article, as well as all its acquisitions, encumbrances³ or terminations of ownership by reference to the financial year of 2010 are as follows:

	31 Dez 2009	Aquisitions	Disposals	31 Dez 2010
	No. Shares			No. Shares ³
Audit Committee				
José Luís Alvim Marinho	0 (Zero)			0 (Zero)
José Frederico Vieira Jordão	0 (Zero)			0 (Zero)
Fernando António Portela Rocha de Andrade	0 (Zero)			0 (Zero)
Board of Directos				
Rui Manuel Janes Cartaxo	19,162			19,162 ⁴
Aníbal Durães dos Santos	10,250			10,250 ⁵
João Caetano Carreira Faria Conceição	500			500
João Manuel de Castro Plácido Pires	Not applicable			0
João Nuno de Oliveira Jorge Palma	Not applicable			18,700 ⁶
Luís Maria Atienza Serna	26,700,000			26,700,000 ⁷
Gonçalo José Zambrano de Oliveira	26,700,000			26,700,000 ⁸

³ During 2010 there were no encumbrance operations of REN shares which are relevant for the purposes of Article 447 of the Portuguese Companies Code.

⁴ It comprises the shares held by the members of the management and supervisory bodies of REN and, if applicable, (i) of the spouse not legally separated, irrespective of the matrimonial property regime; (ii) of under aged descendents; (iii) persons on whose name shares or obligations are registered, being acquired on behalf of persons referred in paragraph 1 and sub-paragraphs a) and b) of the article 447 of the Portuguese Companies Code, and (iv) the shares held by companies which persons referred in the paragraph 1 and sub-paragraphs a) and b) of paragraph 2 of article 447 of the Portuguese Companies Code are shareholders with unlimited responsibility, are engaged in the management or are on any positions mentioned on paragraph 1 or hold, singly or together with those referred to in the mentioned paragraph 2, at least half the share capital or corresponding voting rights.

⁴ It comprises 18,672 shares directly held and 490 shares held by the spouse.

⁵ It comprises 10,000 shares directly held and 250 shares held by the spouse.

⁶ It comprises 18,400 shares directly held and 300 shares held by the spouse.

⁷ Corresponds to the shares held by the shareholder Red Eléctrica Corporación, SA, which are attributable pursuant Article 447 of the Portuguese Companies Code due to the office of Chairman of the managing body of such company.

Manuel Carlos Mello Champalimaud	27,687,445	639,034	180,000	28,146,479 ⁸
José Isidoro d' Oliveira Carvalho Netto	970			970 ¹⁰
Filipe Maurício de Botton	45,044,336	28,189,185	28,189,185	45,044,336 ¹¹

On December 31, 2010, the members of management and supervisory bodies of REN and those related to them pursuant to paragraph 2 of Article 447 of the Portuguese Companies Code did not hold any bonds issued by REN nor shares or bonds issued by companies in a relation of group or control with REN, nor performed during 2010 any transaction related to those securities, on both cases pursuant to and in accordance with article 447.

During the financial year of 2010, REN was informed that the following directors of the Company (i.e., the members of their management and supervisory bodies) executed the following transactions related to shares of REN, relevant for the purposes of Article 14 of Regulation 5/2008 of CMVM:

Manuel Carlos de Melo Champalimaud

Transaction	Local	Quantity	Price	Date
Acquisition	Euronext Lisbon	38	2.958	09/03/2010
Acquisition	Euronext Lisbon	2,000	2.964	09/03/2010
Acquisition	Euronext Lisbon	5,000	2.965	09/03/2010
Acquisition	Euronext Lisbon	6,000	2.967	09/03/2010
Acquisition	Euronext Lisbon	1,000	2.970	09/03/2010
Acquisition	Euronext Lisbon	7,149	2.973	09/03/2010
Acquisition	Euronext Lisbon	5,768	2.974	09/03/2010
Acquisition	Euronext Lisbon	1,000	2.976	09/03/2010
Acquisition	Euronext Lisbon	2,851	2.979	09/03/2010

8 Corresponds to the shares held by the shareholder Oliren, SGPS, S.A, which are attributable pursuant Article 447 of the Portuguese Companies Code due to the office of Chairman of the managing body of such company.

9 Includes 69,300 shares held directly and 28,077,179 shares held by shareholder Gestmin SGPS, SA, by virtue of the office as Chairman of the managing body of the company and the holding of a majority of its share capital, which are attributable pursuant Article 447 of the Portuguese Companies Code.

10 Includes 490 shares directly held and 480 shares held by the spouse.

11 Includes 109,190 shares directly held and the following shares, attributable pursuant to article 447 of the Portuguese Companies Code: (i) 1,970 shares held by the spouse and descendents who are minors; (ii) 28,189,792 shares held by the shareholder Logoplaste Gestão e Consultoria Financeira S.A., indirectly controlled by the Director and where the latter exercises management functions; (iii) 5,809,991 shares, attributable pursuant to Article 447 of the Portuguese Companies Code, held by the shareholder Logoinvest, SGPS, SA, a company indirectly controlled by the Director and where the latter exercises management functions and (iv) 10,933,393 on behalf of Logo Finance SA, a company indirectly controlled by the Director and where the latter exercises management functions.

Acquisition	Euronext Lisbon	2,694	2.980	09/03/2010
Transaction	Local	Quantity	Price	Date
Disposal	OTC	180,000	2.513	09/03/2010

GESTFIN SGPS, S.A., an entity related (pursuant to Article 447 of the Portuguese Companies Code and to Article 248-B of Securities Code) with the member of REN's Board of Directors, Manuel Carlos de Melo Champalimaud, Chairman of the Board of Directors of the mentioned Company, has performed during 2010 the following transactions:

Transaction	Local	Quantity	Price	Date
Acquisition	Euronext Lisbon	4,770	2.550	28/04/2010
Acquisition	Euronext Lisbon	1	2.540	07/05/2010
Acquisition	Euronext Lisbon	167	2.757	22/04/2010
Acquisition	Euronext Lisbon	2,867	2.757	22/04/2010
Acquisition	Euronext Lisbon	25,000	2.758	22/04/2010
Acquisition	Euronext Lisbon	16,912	2.760	22/04/2010
Acquisition	Euronext Lisbon	5,000	2.780	22/04/2010
Acquisition	Euronext Lisbon	1,888	2.780	22/04/2010
Acquisition	Euronext Lisbon	3,265	2.783	22/04/2010
Acquisition	Euronext Lisbon	1,800	2.783	22/04/2010
Acquisition	Euronext Lisbon	1,133	2.783	22/04/2010
Acquisition	Euronext Lisbon	67	2.783	22/04/2010
Acquisition	Euronext Lisbon	2,933	2.783	22/04/2010
Acquisition	Euronext Lisbon	1,000	2.783	22/04/2010
Acquisition	Euronext Lisbon	2,000	2.783	22/04/2010
Acquisition	Euronext Lisbon	449	2.783	22/04/2010
Acquisition	Euronext Lisbon	263	2.785	22/04/2010
Acquisition	Euronext Lisbon	1,390	2.785	22/04/2010
Acquisition	Euronext Lisbon	1,661	2.787	22/04/2010
Acquisition	Euronext Lisbon	1,339	2.787	22/04/2010
Acquisition	Euronext Lisbon	2,700	2.787	22/04/2010
Acquisition	Euronext Lisbon	2,311	2.784	22/04/2010
Acquisition	Euronext Lisbon	689	2.784	22/04/2010
Acquisition	Euronext Lisbon	311	2.784	22/04/2010
Acquisition	Euronext Lisbon	292	2.790	22/04/2010
Acquisition	Euronext Lisbon	1,908	2.790	22/04/2010
Acquisition	Euronext Lisbon	800	2.790	22/04/2010
Acquisition	Euronext Lisbon	1,000	2.790	22/04/2010
Acquisition	Euronext Lisbon	732	2.790	22/04/2010
Acquisition	Euronext Lisbon	2,268	2.790	22/04/2010
Acquisition	Euronext Lisbon	732	2.790	22/04/2010
Acquisition	Euronext Lisbon	2,294	2.791	22/04/2010
Acquisition	Euronext Lisbon	6,663	2.791	22/04/2010
Acquisition	Euronext Lisbon	10,900	2.792	22/04/2010
Acquisition	Euronext Lisbon	373	2.792	22/04/2010
Acquisition	Euronext Lisbon	1,727	2.792	22/04/2010
Acquisition	Euronext Lisbon	2,700	2.794	22/04/2010
Acquisition	Euronext Lisbon	261	2.794	22/04/2010
Acquisition	Euronext Lisbon	1,800	2.794	22/04/2010
Acquisition	Euronext Lisbon	2,239	2.798	22/04/2010
Acquisition	Euronext Lisbon	995	2.796	22/04/2010
Acquisition	Euronext Lisbon	2,283	2.796	22/04/2010
Acquisition	Euronext Lisbon	2,770	2.796	22/04/2010
Acquisition	Euronext Lisbon	7,761	2.798	22/04/2010
Acquisition	Euronext Lisbon	368	2.799	22/04/2010

Transaction	Local	Quantity	Price	Date
Acquisition	Euronext Lisbon	1,800	2.799	22/04/2010
Acquisition	Euronext Lisbon	2,000	2.800	22/04/2010
Acquisition	Euronext Lisbon	650	2.800	22/04/2010
Acquisition	Euronext Lisbon	1,373	2.800	22/04/2010
Acquisition	Euronext Lisbon	24	2.800	22/04/2010
Acquisition	Euronext Lisbon	668	2.800	22/04/2010
Acquisition	Euronext Lisbon	20	2.800	22/04/2010
Acquisition	Euronext Lisbon	86	2.800	22/04/2010
Acquisition	Euronext Lisbon	5	2.800	22/04/2010
Acquisition	Euronext Lisbon	1,253	2.800	22/04/2010
Acquisition	Euronext Lisbon	1,056	2.791	22/04/2010
Acquisition	Euronext Lisbon	19	2.800	22/04/2010
Acquisition	Euronext Lisbon	107	2.800	22/04/2010
Acquisition	Euronext Lisbon	268	2.800	22/04/2010
Acquisition	Euronext Lisbon	209	2.800	22/04/2010
Acquisition	Euronext Lisbon	500	2.800	22/04/2010
Acquisition	Euronext Lisbon	237	2.800	22/04/2010
Acquisition	Euronext Lisbon	60	2.800	22/04/2010
Acquisition	Euronext Lisbon	1,712	2.800	22/04/2010
Acquisition	Euronext Lisbon	5,400	2.800	22/04/2010
Acquisition	Euronext Lisbon	311	2.800	22/04/2010
Acquisition	Euronext Lisbon	61	2.800	22/04/2010
Acquisition	Euronext Lisbon	3,147	2.800	22/04/2010
Acquisition	Euronext Lisbon	2,172	2.800	22/04/2010
Acquisition	Euronext Lisbon	235	2.800	22/04/2010
Acquisition	Euronext Lisbon	3,894	2.800	22/04/2010
Acquisition	Euronext Lisbon	187	2.800	22/04/2010
Acquisition	Euronext Lisbon	1,000	2.800	22/04/2010
Acquisition	Euronext Lisbon	22,369	2.800	22/04/2010
Acquisition	Euronext Lisbon	1,666	2.745	22/04/2010
Acquisition	Euronext Lisbon	123	2.515	07/05/2010
Acquisition	Euronext Lisbon	141	2.545	07/05/2010
Acquisition	Euronext Lisbon	248	2.540	07/05/2010
Acquisition	Euronext Lisbon	275	2.535	07/05/2010
Acquisition	Euronext Lisbon	303	2.515	07/05/2010
Acquisition	Euronext Lisbon	321	2.515	07/05/2010
Acquisition	Euronext Lisbon	321	2.540	07/05/2010
Acquisition	Euronext Lisbon	371	2.525	07/05/2010
Acquisition	Euronext Lisbon	405	2.540	07/05/2010
Acquisition	Euronext Lisbon	424	2.515	07/05/2010
Acquisition	Euronext Lisbon	490	2.545	07/05/2010
Acquisition	Euronext Lisbon	500	2.525	07/05/2010
Acquisition	Euronext Lisbon	500	2.545	07/05/2010
Acquisition	Euronext Lisbon	547	2.540	07/05/2010
Acquisition	Euronext Lisbon	724	2.540	07/05/2010
Acquisition	Euronext Lisbon	993	2.524	07/05/2010
Acquisition	Euronext Lisbon	1,000	2.535	07/05/2010
Acquisition	Euronext Lisbon	1,054	2.540	07/05/2010
Acquisition	Euronext Lisbon	1,076	2.515	07/05/2010
Acquisition	Euronext Lisbon	1,129	2.525	07/05/2010
Acquisition	Euronext Lisbon	1,152	2.545	07/05/2010
Acquisition	Euronext Lisbon	1,214	2.538	07/05/2010
Acquisition	Euronext Lisbon	1,217	2.545	07/05/2010
Acquisition	Euronext Lisbon	1,337	2.524	07/05/2010
Acquisition	Euronext Lisbon	1,500	2.515	07/05/2010
Acquisition	Euronext Lisbon	1,500	2.525	07/05/2010
Acquisition	Euronext Lisbon	1,500	2.525	07/05/2010
Acquisition	Euronext Lisbon	1,500	2.525	07/05/2010
Acquisition	Euronext Lisbon	1,500	2.533	07/05/2010
Acquisition	Euronext Lisbon	1,500	2.545	07/05/2010
Acquisition	Euronext Lisbon	1,552	2.515	07/05/2010

Transaction	Local	Quantity	Price	Date
Acquisition	Euronext Lisbon	1,645	2.515	07/05/2010
Acquisition	Euronext Lisbon	1,929	2.515	07/05/2010
Acquisition	Euronext Lisbon	2,097	2.540	07/05/2010
Acquisition	Euronext Lisbon	2,730	2.540	07/05/2010
Acquisition	Euronext Lisbon	2,761	2.540	07/05/2010
Acquisition	Euronext Lisbon	3,225	2.535	07/05/2010
Acquisition	Euronext Lisbon	3,500	2.525	07/05/2010
Acquisition	Euronext Lisbon	5,695	2.540	07/05/2010
Acquisition	Euronext Lisbon	160	2.570	21/05/2010
Acquisition	Euronext Lisbon	330	2.575	21/05/2010
Acquisition	Euronext Lisbon	903	2.575	21/05/2010
Acquisition	Euronext Lisbon	1,500	2.575	21/05/2010
Acquisition	Euronext Lisbon	1,033	2.575	21/05/2010
Acquisition	Euronext Lisbon	547	2.580	21/05/2010
Acquisition	Euronext Lisbon	574	2.580	21/05/2010
Acquisition	Euronext Lisbon	893	2.580	21/05/2010
Acquisition	Euronext Lisbon	125	2.580	21/05/2010
Acquisition	Euronext Lisbon	3,000	2.580	21/05/2010
Acquisition	Euronext Lisbon	2,314	2.580	21/05/2010
Acquisition	Euronext Lisbon	6,000	2.580	21/05/2010
Acquisition	Euronext Lisbon	967	2.575	21/05/2010
Acquisition	Euronext Lisbon	720	2.575	21/05/2010
Acquisition	Euronext Lisbon	3,313	2.580	21/05/2010
Acquisition	Euronext Lisbon	2,089	2.580	21/05/2010
Acquisition	Euronext Lisbon	500	2.580	21/05/2010
Acquisition	Euronext Lisbon	4,107	2.580	21/05/2010
Acquisition	Euronext Lisbon	4,500	2.580	21/05/2010
Acquisition	Euronext Lisbon	5,000	2.577	21/05/2010
Acquisition	Euronext Lisbon	2,253	2.577	21/05/2010
Acquisition	Euronext Lisbon	1,000	2.580	21/05/2010
Acquisition	Euronext Lisbon	2,000	2.580	21/05/2010
Acquisition	Euronext Lisbon	4,186	2.580	21/05/2010
Acquisition	Euronext Lisbon	10	2.570	21/05/2010
Acquisition	Euronext Lisbon	212	2.576	21/05/2010
Acquisition	Euronext Lisbon	4,500	2.570	21/05/2010
Acquisition	Euronext Lisbon	1,564	2.575	21/05/2010
Acquisition	Euronext Lisbon	1,290	2.580	21/05/2010
Acquisition	Euronext Lisbon	3,000	2.580	21/05/2010
Acquisition	Euronext Lisbon	2,000	2.580	21/05/2010
Acquisition	Euronext Lisbon	3,000	2.580	21/05/2010
Acquisition	Euronext Lisbon	5,000	2.577	21/05/2010
Acquisition	Euronext Lisbon	4,788	2.577	21/05/2010
Acquisition	Euronext Lisbon	1,622	2.580	21/05/2010
Acquisition	Euronext Lisbon	50,000	2.595	01/06/2010
Acquisition	Euronext Lisbon	610	2.566	09/06/2010
Acquisition	Euronext Lisbon	785	2.567	09/06/2010
Acquisition	Euronext Lisbon	66	2.576	09/06/2010
Acquisition	Euronext Lisbon	3,608	2.576	09/06/2010
Acquisition	Euronext Lisbon	40	2.579	09/06/2010
Acquisition	Euronext Lisbon	1,399	2.588	09/06/2010
Acquisition	Euronext Lisbon	831	2.588	09/06/2010
Acquisition	Euronext Lisbon	2,071	2.593	09/06/2010
Acquisition	Euronext Lisbon	524	2.593	09/06/2010
Acquisition	Euronext Lisbon	353	2.577	09/06/2010
Acquisition	Euronext Lisbon	100	2.577	09/06/2010
Acquisition	Euronext Lisbon	1,276	2.578	09/06/2010
Acquisition	Euronext Lisbon	271	2.575	09/06/2010
Acquisition	Euronext Lisbon	1	2.580	09/06/2010
Acquisition	Euronext Lisbon	5,339	2.593	09/06/2010
Acquisition	Euronext Lisbon	4,661	2.593	09/06/2010
Acquisition	Euronext Lisbon	5,339	2.593	09/06/2010

Transaction	Local	Quantity	Price	Date
Acquisition	Euronext Lisbon	835	2.593	09/06/2010
Acquisition	Euronext Lisbon	500	2.567	09/06/2010
Acquisition	Euronext Lisbon	5	2.568	09/06/2010
Acquisition	Euronext Lisbon	100	2.577	09/06/2010
Acquisition	Euronext Lisbon	707	2.575	09/06/2010
Acquisition	Euronext Lisbon	275	2.579	09/06/2010
Acquisition	Euronext Lisbon	14	2.593	09/06/2010
Acquisition	Euronext Lisbon	2,376	2.593	09/06/2010
Acquisition	Euronext Lisbon	200	2.593	09/06/2010
Acquisition	Euronext Lisbon	4,476	2.593	09/06/2010
Acquisition	Euronext Lisbon	485	2.567	09/06/2010
Acquisition	Euronext Lisbon	383	2.567	09/06/2010
Acquisition	Euronext Lisbon	1,934	2.576	09/06/2010
Acquisition	Euronext Lisbon	1,414	2.576	09/06/2010
Acquisition	Euronext Lisbon	580	2.578	09/06/2010
Acquisition	Euronext Lisbon	2,272	2.578	09/06/2010
Acquisition	Euronext Lisbon	2,000	2.575	09/06/2010
Acquisition	Euronext Lisbon	1334	2.588	09/06/2010
Acquisition	Euronext Lisbon	100	2.565	09/06/2010
Acquisition	Euronext Lisbon	610	2.566	09/06/2010
Acquisition	Euronext Lisbon	785	2.567	09/06/2010
Acquisition	Euronext Lisbon	66	2.576	09/06/2010
Acquisition	Euronext Lisbon	3,608	2.576	09/06/2010
Acquisition	Euronext Lisbon	40	2.579	09/06/2010
Acquisition	Euronext Lisbon	1,399	2.588	09/06/2010
Acquisition	Euronext Lisbon	831	2.588	09/06/2010
Acquisition	Euronext Lisbon	2,071	2.593	09/06/2010
Acquisition	Euronext Lisbon	524	2.593	09/06/2010
Acquisition	Euronext Lisbon	353	2.577	09/06/2010
Acquisition	Euronext Lisbon	100	2.577	09/06/2010
Acquisition	Euronext Lisbon	1.276	2.578	09/06/2010
Acquisition	Euronext Lisbon	271	2.575	09/06/2010
Acquisition	Euronext Lisbon	1	2.580	09/06/2010
Acquisition	Euronext Lisbon	5,339	2.593	09/06/2010
Acquisition	Euronext Lisbon	4,661	2.593	09/06/2010
Acquisition	Euronext Lisbon	5,339	2.593	09/06/2010
Acquisition	Euronext Lisbon	835	2.593	09/06/2010
Acquisition	Euronext Lisbon	500	2.567	09/06/2010
Acquisition	Euronext Lisbon	5	2.568	09/06/2010
Acquisition	Euronext Lisbon	100	2.577	09/06/2010
Acquisition	Euronext Lisbon	707	2.575	09/06/2010
Acquisition	Euronext Lisbon	275	2.579	09/06/2010
Acquisition	Euronext Lisbon	14	2.593	09/06/2010
Acquisition	Euronext Lisbon	2,376	2.593	09/06/2010
Acquisition	Euronext Lisbon	200	2.593	09/06/2010
Acquisition	Euronext Lisbon	4,476	2.593	09/06/2010
Acquisition	Euronext Lisbon	485	2.567	09/06/2010
Acquisition	Euronext Lisbon	383	2.567	09/06/2010
Acquisition	Euronext Lisbon	1,934	2.576	09/06/2010
Acquisition	Euronext Lisbon	1,414	2.576	09/06/2010
Acquisition	Euronext Lisbon	580	2.578	09/06/2010
Acquisition	Euronext Lisbon	2,272	2.578	09/06/2010
Acquisition	Euronext Lisbon	2,000	2.575	09/06/2010
Acquisition	Euronext Lisbon	1,334	2.588	09/06/2010
Acquisition	Euronext Lisbon	100	2.565	09/06/2010

GESTMIN SGPS, S.A. an entity related (pursuant to Article 447 of the Portuguese Companies Code and to Article 248-B of Portuguese Securities Code) with the member of

REN's Board of Directors, Manuel Carlos de Melo Champalimaud, Chairman of the Board of Directors of the mentioned company, has performed during 2010 the following transactions:

Transaction	Local	Quantity	Price	Date
Acquisition	OTC	180,000	2.515	27/05/2010
Acquisition	Euronext Lisbon	137	2.470	30/11/2010
Acquisition	Euronext Lisbon	459	2.465	30/11/2010
Acquisition	Euronext Lisbon	773	2.459	30/11/2010
Acquisition	Euronext Lisbon	1,000	2.459	30/11/2010
Acquisition	Euronext Lisbon	1,459	2.464	30/11/2010
Acquisition	Euronext Lisbon	16,172	2.470	30/11/2010

GESTMIN, SGPS, SA announced, on September 21, 2010, that GESTFIN SGPS, SA entered into a merger process with a global transfer of assets with GESTMIN, SGPS, SA.

Transaction	Local	Quantity	Price ⁴	Date
Merger	OTC	27,877,179	2.70	21/09/2010

In the context of said merger process the shares held by GESTFIN SGPS, S.A. became property of GESTMIN SGPS, S.A.

Consequently on December 31, 2010, the shareholder GESTMIN SGPS, S.A. held a total of 28,077,179 shares representing 5.26% of share capital and voting rights of REN.

Logoplaste Gestão e Consultoria Financeira, S.A., an entity related (pursuant to Article 447 of the Portuguese Companies Code and to Article 248-B of Portuguese Securities Code) with the member of REN's Board of Directors, Filipe Maurício Botton, Chairman of the Board of Directors of the mentioned company, has performed during 2010 the following transactions:

Transaction	Local	Quantity	Price	Date
Acquisition	OTC	28,189,792	2.699	28/12/2010

LOGOFINANCE, S.A., an entity related (pursuant to Article 447 of the Portuguese Companies Code and to Article 248-B of Portuguese Securities Code) with the member of REN's Board of Directors, Filipe Maurício Botton, member of the Board of Directors of the mentioned company, has performed during 2010 the following transactions:

Transaction	Local	Quantity	Price	Date
Sale	OTC	28,189,792	2.699	28/12/2010

⁴ Indicative price regarding the market session closure on 21/09/2010.

ANNEX IV

Annual remuneration of the auditor

Fees of Delloite in 2010:

	Amount (€)	Percentage
Audit and Legal review of accounts services	235,800.00	31.25%
Other guarantee of accuracy services	338,650.00	44.89%
Tax consultancy services	38,500.00	5.10%
Non audit services	141,520.00	18.76%
Draft and implementation of Sales Dept.	37,620.00	
Purchasing Manual	30,000.00	
Purchase Model	28,000.00	
Translation	10,900.00	
Procurement procedures	35,000.00	
Total	754,470.00	100,00%

Pursuant to sub-paragraph o) of Article 423-F of the Portuguese Companies Code, the Audit Committee is responsible for supervising and evaluating the activity and the independence of the Chartered Accountant of REN, as well as to approve the respective fees for the audit services and the contracting of additional services.

In this sense, the Audit Committee carried out in 2010 a regular monitoring of the activities of the external auditor/statutory auditor by analyzing its periodic reports and overseeing the audit and revision processes. It has also assessed any changes in procedures recommended by the external auditor or Statutory Auditor.

Within the scope of the compliance with the independence rules established in relation to the external auditor, REN's Audit Committee accompanied, during the course of 2010, the rendering by Deloitte of non-audit services, in order to ensure that situations of conflict of interests would not arise. The Audit Committee approved the provision of these services by the external auditor, since it considered that they respected to matters regarding which the specific knowledge of the Company in what concerns audit or its complementarity via-à-vis the audit services would justify such services being rendered by the external auditor, based on the associated cost control.

DECLARATION OF THE REMUNERATION COMMITTEE ON THE REMUNERATION POLICY OF THE MANAGEMENT AND SUPERVISORY BODIES OF REN - REDES ENERGÉTICAS NACIONAIS, SGPS, S.A.

1. Under the terms of paragraph 1 of Article 2 of the Law 28/2009 of June 18, the managing body or the remuneration committee, if any, shall annually submit to the approval of the General Meeting a statement on the remuneration policy for the members of the management and supervisory bodies.
2. In turn, Recommendation II.1.5.2. of the Code of Corporate Governance approved in 2010 by the Portuguese Securities Market Commission (“CMVM Recommendations”), recommends that the statement referred to in the preceding paragraph should also contain the additional information described thereto, particularly in relation to the benchmarking used to fix the remuneration as well as any payments relating to dismissal or termination by agreement of the offices of directors;
3. Under the terms of Article 26 of the Articles of Association of REN - Redes Energéticas Nacionais, SGPS, S.A. (“REN” or the “Company”), the Remuneration Committee of REN is competent and responsible for determining the fixed and variable remunerations of each of the directors, as well as determining the remuneration to be attributed to the members of other corporate bodies.
4. Under the applicable legal and statutory terms, the Remuneration Committee was appointed by the General Meeting on March 15, 2010, being composed by three members which are independent in regard to the members of the managing and supervisory bodies of REN and with adequate experience regarding remuneration issues.
5. Therefore, on the one hand, in the interest of transparency and legitimacy of the fixing of remuneration and, on the other hand, for purposes of compliance with the legal and recommendatory provisions described above, the Remuneration Committee submits to the appraisal of the annual General Meeting, the following

declaration on the remuneration policy, which terms were subject to prior resolutions of this Committee.

Accordingly, considering that:

- (i) The present economic and financial situation has motivated significant legislative, regulative and recommendatory amendments regarding, *inter alia*, the remuneration of corporate bodies members, which affect REN in its strands of, on the one hand, a company issuer of shares admitted to trading and, on the other hand, a company of the corporate sector of the State;
- (ii) We highlight, due to its importance and impact on the remuneration policy of REN, the following instruments:
 - (a) As an issuer of shares admitted to trading, REN is subject to Law 28/2009 and to Regulation 1/2010 of CMVM as well as to CMVM's Recommendations;
 - (b) On the other hand, as a company of the corporate sector of the State, the Company is subject to (i) Council of Ministers Resolution 49/2007 of March 28, regarding the principles of corporate governance, and (ii) the Dispatch 11420/2009 of May 11, which develops that Resolution in what concerns to remuneration matters;
 - (c) Due to the implemented exceptional measures of budgetary consolidation, temporary restrictions on the remuneration of members of its corporate bodies are applicable to REN, particularly, Law 12-A/2010 of June 30, Dispatch 5696-A/2010 of March 29 and Law 55-A/2010 of December 31.
- (iii) REN intends to adopt a transparent and fair system regarding remuneration, which, on one hand, respect the restrictions applicable to the public sector and, on the other hand, remaining flexible to adopt CMVM's Recommendations, including the remuneration based on the positive performance and aligned with the strategic objectives of the Company, once it ceases to be subject to those restrictions.

Based on the grounds presented herein, the remuneration policy to the members of the management and supervisory bodies of REN, in the financial years of 2010 and 2011, follows the subsequent principles and rules:

1. Fixed component of Director's remuneration and plans of options and shares

The Remuneration Committee shall determine the value of the fixed component of the members of the management body of REN remuneration, taking into account (i) the policies pursued on other companies of the sector, including other domestic issuers, as well as (ii) to its European counterparts, save from the different characteristics and dimensions of the relevant companies.

Given the current economic and financial situation, without prejudice of temporary reductions on the remunerations provided for on Law 12-A/2010 and Law 55-A/2010, the fixed remunerations will be maintained under the terms fixed on the previous term, as decided by the Remuneration Committee.

Non executive director's remuneration is exclusively composed by a fixed component, not being connected to the performance or value of REN, meeting the applicable recommendation on this matter. Their remuneration is paid in twelve fees during the year, in cash.

The remuneration of Company's Directors does not include any mechanism of allocation or acquisition of shares or any other options or rights over company's shares or its affiliates.

2. Remuneration of the members of the Executive Committee

a) General principle

Notwithstanding the mentioned on c) below, it is intended that the remuneration of the members of the Executive Committee is composed by a fixed component, paid in twelve monthly payments during the year, and by a variable component. There should be an adequate proportionality between both components as well as the establishment of a maximum limit for each one.

The remuneration of the members of the Executive Committee is mainly determined based on four general criteria: (i) competitiveness, taking into account the practices of

the Portuguese market; (ii) fairness, being that the remuneration practice must be based on uniform, consistent, fair and balanced criteria; (iii) performance evaluation, in accordance with the functions and level of responsibility of each person and with the assumption of adequate levels of risk and compliance with rules governing the activities of REN; and (iv) the alignment of Director's interests with the Company's interests and its sustainability and wealth creation in the long term.

b) Variable component

The annual value of the variable component of the members of the Executive Committee remuneration is limited to an amount equal to six months of the fixed component of the remuneration and is based on an evaluation of its members, which considers key performance indicators on an individual and corporate basis and it is carried out after the approval of each financial year's accounts.

Moreover, this value is calculated based on technical study and a model including parameters and the grid to be applied in accordance with the adoption of pre-defined strategic objectives, individually tailored for each Director, both on a corporate level as at an individual level, respecting, in particular, the verification of the following performance evaluation criteria:

- (i) the creation of shareholder value;
- (ii) the efficiency and the level of the results obtained;
- (iii) uninterruptedness of electricity and gas services;
- (iv) the development of non regulated businesses and the respective pro-rata increase in the consolidated results;
- (v) the maintenance and development of a favorable image and corporate reputation;
- (w) demonstration of long-term sustainability.

The abovementioned criteria are mechanisms intended to promote a proper alignment with medium and long term interests of the Company and shareholders and shall be determined for all financial years regardless the existence of variable remuneration.

The variable component of the remuneration of the Executive Committee members, when and if determined, will be paid in two stages:

- (i) 50% after the approval of the respective financial year's accounts;
and
- (ii) the remaining 50% will be deferred for a period of 3 years and will be dependent on the continued positive performance of REN over this period.
The payment must be preceded by a new resolution of this Committee.

c) Exceptional restrictions on the remuneration by a variable component

Considering the prohibition on the remuneration of management body members with variable remunerations regarding performance, set out on Dispatch 5696-A/2010 and Article 29 of Law 55-A/2010, the Remuneration Committee, similarly to what was determined for the financial year of 2009, does not forecast the allocation of any variable remuneration or management bonuses for the financial year of 2010.

3. Term of office

In the event of term of office of management functions by agreement or by dismissal without fair grounds ("*justa causa*"), no indemnification will be paid if the term of office or dismissal is due to inadequate performance of the Director.

4. Remuneration of supervisory bodies members

Taking into account the nature of their duties, as well as the rules in force in this regard, the members of the Audit Committee receive a fixed remuneration, which is paid in twelve monthly payments during the year. Such remuneration shall be fixed based on the criteria described in 1.

The Company's Statutory Auditor will be remunerated under the terms and conditions agreed on the services agreement entered into between the Statutory Auditor and REN, according to the market practices and to the legal and regulatory framework.



THE REMUNERATION COMMITTEE

(José Emílio Castelo Branco)

(Francisco Manuel Marques Bandeira)

(José Alexandre Oliveira)