

REN GROUP CORPORATE GOVERNANCE REPORT 2007



REN 

Redes Energéticas Nacionais







This is a CarbonoZero report.

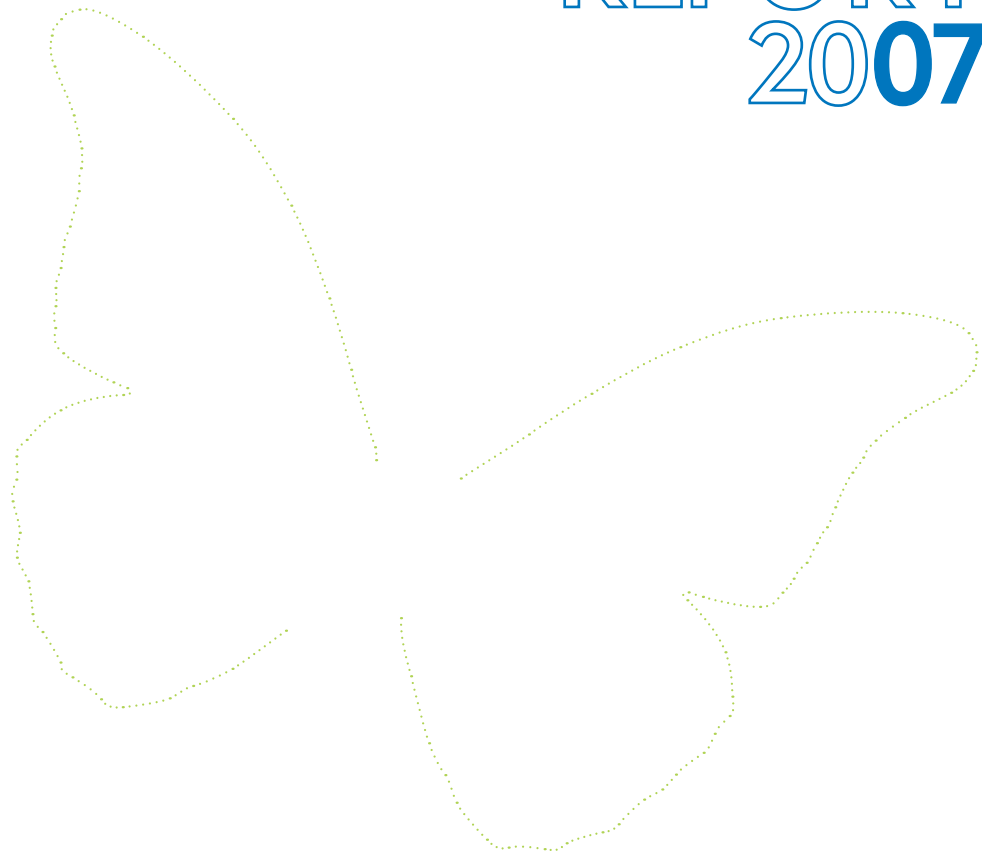
The greenhouse gas emissions related to its production and their effect on the climate were offset through the carbon sequestration capabilities of 3 trees in a new indigenous forest area in Herdade da Pernada for one year.

The emissions regarding the pulp and paper manufacturing as well as those related to print all issues of the report were taken into consideration, amounting to 0.09 tonnes of CO₂eq.

Unofficial Translation

This is an unofficial translation of the proposal indicated below and it has been prepared for information purposes only. In the case of any discrepancy between this translation and the Portuguese version, the Portuguese version will prevail.

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CONTENTS



4	STATEMENT OF COMPLIANCE
10	CORPORATE GOVERNANCE STRUCTURE
12	Corporate governance model of REN - Redes Energéticas Nacionais, SGPS, S.A.
13	The Group's corporate bodies
13	General Meeting
14	Membership of the Board of Directors
14	Responsibilities of the Board of Directors
16	Executive Committee
18	Audit Committee
18	Remuneration Committee
18	Statutory Auditor
18	Company Secretary
19	Organization chart
20	MARKET RELATIONS
22	Obligation to provide information
22	Investor Relations Office (IRO)
22	Online company information
23	DIVIDEND POLICY
28	SHAREHOLDER PARTICIPATION
28	Voting and voting rights
28	Vote by correspondence
29	The principle of "one share one vote"
29	General meetings and participation therein
29	Deposit or blocking of shares
29	Supporting human and logistics resources
29	Constitutive or deliberative quorum
29	Minutes and records of general meetings
30	MANAGEMENT AND SUPERVISION SYSTEM
32	Structure, organization and functioning
32	Structure, organization and functioning of the Board of Directors
33	Structure, organization and functioning of the Executive Committee
34	Organization and functioning of the Audit Committee
34	Publication of regulations of managing and supervisory bodies
34	Specialized committees
34	Internal control systems
35	Absence of defensive measures that automatically cause serious erosion of the company's assets in the event of transfer of control
35	Policy on the Reporting of Irregularities
35	External auditors
36	REMUNERATION OF THE CORPORATE BODIES
36	Compensation of the officers of the General Meeting
36	Compensation of the Board of Directors
36	Performance-based and variable component and fixed amount
36	Statement on pay policy
36	Proposal on approval of share or share option allocation plans or plans based on changes in share prices
36	Annual disclosure of individual compensation of members of the managing and supervisory bodies
36	Fees of the statutory auditor
38	SUSTAINABILITY AND SOCIAL RESPONSIBILITY
40	Sustainability
43	Social responsibility
47	Codes of conduct
48	ANNEXES
51	Annex I
57	Annex II
58	Annex III
59	Annex IV

STATEMENT OF COMPLIANCE

REN - Redes Energéticas Nacionais, SGPS, S.A., hereinafter referred to as REN, adopts in full all Portuguese Stock Exchange Commission recommendations on matters of corporate governance in the CMVM Corporate Governance Code, with the exception of those in points I.3.2, and II.1.5.5 of Chapter II of the code, which have only been partially adopted, and in point I.4.1, which was not adopted.

Regarding the recommendations that have only been partially adopted, the Board of Directors is of the opinion that, in view of its collegial nature and the fact that its members are jointly responsible for the running of the company, their compensation should not be broken down individually.

The Board of Directors is also of the opinion that, in this regard, what is important for the shareholders and other stakeholders is total transparency in publicising policy on directors' compensation, including a clear indication of the overall amount paid to the Board of Directors for its work, the rules governing the way in which it was determined, the way in which it was divided between the executive and non-executive members of the board and the overall remuneration paid to the members of the Audit Committee.

Recommendation / Chapter ¹	Degree of compliance	Description in this report
I. GENERAL SHAREHOLDERS' MEETINGS		
I.1 Officials of General Meeting		
I.1.1 The Chairperson of the general meeting shall have the necessary human and logistical resources, considering the company's economic situation.	Total	4.6
I.1.2 The compensation paid to the Chairperson of the general meeting shall be disclosed in the annual corporate governance report.		6.1
I.2 Participation in the General Meeting		
I.2.1 The period for depositing or blocking shares prior to participating in a general meeting imposed by the Articles of Association shall not exceed five business days.	Total	4.5
I.2.2 If a general meeting is suspended, the company shall not oblige shareholders to block shares for the whole period until the session is resumed. The ordinary period required for the first convening date shall suffice.		
I.3 Votes and Voting Rights		
I.3.1 Companies shall not impose any restrictions on postal votes.	Parcial (Recommendation I.3.2 was not adopted in 2007.	4.2
I.3.2 The time limit for receiving postal votes shall not be more than three business days prior to the meeting.	It was only published in September 2007 and REN expects its Articles of Association to be amended to reflect this recommendation at the first general meeting after its publication.)	
I.3.3 Companies' Articles of Association shall indicate that one share is entitled to one vote.		4.3
I.4 Quorum and Decisions		
I.4.1 Companies shall not establish a constitutive or deliberative quorum greater than that laid down by law.	Not complied (The constitutive and deliberative quorum for a first convening date general meeting is 51% and the deliberative quorum at a second session for decisions on amendments to the Articles of Association, demerger, merger, restructuring or dissolution is two-thirds of the votes cast in order to ensure that the shareholders are properly represented.)	4.7

¹ Any chapters mentioned are those in the CMVM Corporate Governance Code.



Recommendation / Chapter ¹	Degree of compliance	Description in this report
I.5 Minutes and Information on Decisions		
I.5.1 The minutes of general meetings shall be made available to shareholders on the company's website within five days, even if they are not inside information, as required by law, and a history of attendance lists, agendas, and decisions made shall be maintained on the site for meetings of at least the previous three years.	Total	4.8
I.6 Company Control Measures		
I.6.1 Measures adopted to prevent successful takeover bids shall respect the interests of the company and its shareholders.	Total (Due to the legal prohibitions to the ownership of share interests higher than 5% or 10% of REN's share capital, depending on the cases, that are provided for under items e) and f) of no.2 of Article 25 of Decree-Law no. 29/2006, of February 15 th , and in items e) and f) of no.4 of Article 21 of Decree-Law 30/2006, of February 15 th , the by-laws establish in Article 12, no.3, that until the invalidity of the shareholdings held in violation of said legal rules is declared, the votes belonging to category A shares cast by shareholders on their own behalf or in representation of others exceeding 10% or, in the case of entities with activities or interests in the energy sector, 5% of all votes representing the share capital are not taken into account.)	5.8
I.6.2 Companies' Articles of Association that, respecting the principle set forth in the previous paragraph, limit the number of votes that can be held or exercised by a single shareholder, individually or jointly with other shareholders, shall also set forth that, at least every five years, the maintenance or not of this provision shall be put to the vote by the general meeting – without the need for a quorum larger than the legal quorum – and that all the votes cast shall count in this decision without the limitation.		4.1
I.6.3 Defensive measures shall not be taken if they have the effect of automatically causing serious erosion of the company's assets in the event of transfer of control or a change in the membership of the Board of Directors thereby affecting the free transferability of shares and the free appreciation by shareholders of the performance of the members of the Board of Directors.		
II. MANAGING AND SUPERVISORY BODIES		
I.1. General Matters		
II.1.1. Structure and Powers		
II.1.1.1 The management body's corporate governance report shall evaluate the model adopted, identify possible constraints on its functioning and propose measures that it considers appropriate for overcoming them.	Total	1.1 5.1 5.2 5.3 5.4
II.1.1.2 Companies shall set up internal control systems for effective detection of risks associated with the company's business activity to safeguard its assets and ensure the transparency of its corporate governance.		5.7
II.1.1.3 The managing bodies and supervisory bodies shall have their own operating regulations that must be posted on the company's website.		5.5
II.1.2 Incompatibilities and Independence		
II.1.2.1 The Board of Directors shall include a number of non-executive members guaranteeing an effective capacity to oversee, supervise and evaluate the work of the executive members.	Total (In 2007, REN abided in full by the recommendation, in that the Board of Directors had three independent members. Due to the resignation in early 2008 of an independent member of the Board of Directors, only two are now independent. This situation will be resolved at the next General Meeting.)	1.7 5.1 5.4
II.1.2.2 The non-executive directors shall include an appropriate number of independent directors, taking into account the company's size and shareholder structure. Under no circumstances shall there be fewer than one quarter of the total number of directors.		5.4

Recommendation / Chapter ¹	Degree of compliance	Description in this report
II.1.3 Eligibility and Appointment		
II.1.3.1 Depending on the applicable model, the Chairperson of the supervisory board, audit committee or financial committee shall be independent and have the appropriate competences for the job.	Total	5.4
II.1.4 Policy on the Reporting of Irregularities		
II.1.4.1 The company shall adopt a Policy on the Reporting of Irregularities for reporting alleged irregularities, with the following indications: i) the means by which whistle-blowing reports can be made within the company, including the people qualified to receive them; ii) the treatment to be given to reports, including confidentiality if the whistleblower so requires	Total	5.9
II.1.4.2 The general lines of this policy shall be described in the corporate governance report.		
II.1.5 Compensation		
II.1.5.1 The remuneration of the members of the Board of Directors shall be aligned with the interests of the shareholders. Thus: i) The remuneration of Directors carrying out executive duties should be based on performance and a performance assessment shall be carried out periodically by the competent body or committee; ii) the level of remuneration shall be consistent with the maximization of the long term performance of the company, and shall be dependent on sustainability of the levels of the adopted performance; iii) when the remuneration of non-executive members of the Board of Directors is not legally imposed, a fixed amount should be set. The general meeting shall also approve the main characteristics of the retirement benefit system of the members of the managing and supervisory bodies and of other managers, as set forth in Article 248-B.3 of the Portuguese Securities Code.	Partial (We are of the opinion that, in view of its collegial nature and the fact that its members are jointly responsible for the running of the company, their remuneration should not be broken down individually. Recommendations II.1.5.2 and II.1.5.3 are not considered applicable due to the absence of Chairman of the Remuneration Committee.)	6
II.1.5.2 The remuneration committee and management body shall submit to the AGM a declaration on the compensation policy of the managing and supervisory bodies and other managers as set forth in Article 248-B.3 of the Securities Code. In this context, the criteria and main parameters for assessing performance in order to determine the variable component, be it in the form of shares, share options, annual bonuses or other components shall be explained to the shareholders.		
II.1.5.3 At least one representative of the remuneration committee shall attend the agms.		
II.1.5.4 A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the Management and Supervisory Boards and other Directors within the context of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's general conditions. The main characteristics of the retirement benefit plans for members of the Management and Supervisory Boards and other Directors within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting.		

Recommendation / Chapter ¹	Degree of compliance	Description in this report
<p>II.1.5.5 The compensation of the individual members of the managing and supervisory bodies shall be disclosed annually, indicating, if applicable, the different components received as fixed and variable compensation and compensation received from other group companies or companies controlled by shareholders with qualifying holdings.</p>		
<p>II.2. Board of Directors</p>		
<p>II.2.1 Within the limits of the law for each managing and supervisory body and unless the company is very small, the Board of Directors shall delegate the day-to-day running of the company. The powers delegated shall be indicated in the annual corporate governance report.</p>	<p>Total (Recommendation II.2.5 is not applicable due to the fact that the Board of Directors was only elected in March, 2007.)</p>	<p>1.6 5.3</p>
<p>II.2.2 The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its powers to: i) define the company's general strategy and policies; ii) define the group's corporate structure; iii) take decisions that are considered strategic due to their amount, risk or special characteristics.</p>		<p>1.5</p>
<p>II.2.3 If the Chairperson of the Board of Directors has executive duties, the Board shall find efficient mechanisms for coordinating the work of the non-executive members, so as to ensure that they can make independent, informed decisions and shall explain these mechanisms to the shareholders in the corporate governance report.</p>		<p>5.2</p>
<p>II.2.4 The company's annual report shall include a description of the work done by the non-executive directors and mention any constraints encountered.</p>		<p>5.2</p>
<p>II.2.5. The management body must ensure rotation of the financial director at the end of at least every two terms of office.</p>		<p>n.a.</p>



Recommendation / Chapter ¹	Degree of compliance	Description in this report
II.3 CEO, Executive Committee and Executive Board of Directores		
<p>II.3.1 When asked to do so by other members of the corporate bodies, executive directors shall provide the information requested in a timely fashion and appropriate form.</p>	<p>Total (Recommendation II.3.3 does not apply to the corporate governance model adopted by REN.)</p>	<p>5.3</p>
<p>II.3.2 The Chairperson of the executive committee shall send the invitations to and minutes of its meetings to the Chairperson of the Board of Directors and, as applicable, the Chairperson of the supervisory board or audit committee.</p>		<p>5.3</p>
<p>II.3.3 The Chairperson of the executive Board of Directors shall send the invitations to and minutes of its meetings to the Chairperson of the general supervisory board and Chairperson of the financial committee.</p>		<p>5.2</p>
II.4. General Supervisory Board, Financial Committee, Audit Committee and Supervisory Board		
<p>II.4.1 In addition to its supervisory duties, the general supervisory board shall act, advise, monitor and continuously assess the management of the company by the Executive Board of Directors. The matters on which the general supervisory board shall give opinions include: i) the company's general strategy and policies; ii) the group's corporate structure; iii) decisions that are considered strategic due to their amount, risk or special characteristics.</p>	<p>Total (Recommendation II.4.1 does not apply to the governance model adopted by REN.)</p>	
<p>II.4.2 The annual reports on the activities of the general supervisory board, financial committee, audit committee and supervisory board shall be published on the company's website, along with the financial statements.</p>		
<p>II.4.3 The annual reports on the activities of the general supervisory board, financial committee, audit committee and supervisory board shall include a description of their supervisory activities and mention any constraints encountered.</p>		<p>5.4</p>
<p>II.4.4 The financial committee, audit committee and supervisory board, depending on the applicable model, shall represent the company for all purposes in dealings with the external auditors. It is responsible for proposing providers for these services and their remuneration, ensuring that the right conditions exist in the company for the services to be performed and acting as the company's interlocutor and first recipient of their reports.</p>		
<p>II.4.5 The financial committee, audit committee and supervisory board, depending on the applicable model, shall evaluate the external auditors every year and move that the general meeting dismiss them in the event of just cause.</p>		
II.5. Specialized Committees		
<p>II.5.1 Unless the company is very small, the Board of Directors and the general supervisory board, depending on the model adopted, shall set up any necessary committees to: i) perform a competent, independent assessment of the executive directors' performance and evaluate their own overall performance and that of the other committees; ii) reflect on the adopted system of governance, check its effectiveness and propose measures aimed at improving it to the competent bodies.</p>	<p>Total (In view of REN's small Board of Directors, the duties carried out by the Audit Committee and its number of independent members, there are no specialized committees other than the Audit Committee.)</p>	<p>5.6</p>

Recommendation / Chapter ¹	Degree of compliance	Description in this report
II.5.2 The members of the remuneration committee or equivalent shall be independent from the members of the management body.		1.8 5.3
II.5.3 All committees must keep minutes of their meetings.		5.4
III. INFORMATION AND AUDITING		
III.1 General Obligations to Provide Information		
III.1.1 Companies shall ensure permanent contact with the market, respect the principle of equality of shareholders and prevent imbalance in access to information by investors. In order to do this, the company shall have an investor relations office.	Total	2.1 2.2
III.1.2 The following information on the company's website must be published in English:		2.3
<ul style="list-style-type: none"> a) The company's name, status as a listed company, registered office and the other information mentioned in Article 171 of the Securities Code; b) Its Articles of Association; c) Names of the members of its corporate bodies and market relations representative; d) Investor Relations Office, its functions and forms of access to it; e) Financial statements; f) Six-monthly calendar of company events; g) Motions submitted for discussion and voting at general meetings; h) Invitations to the general meeting. 		







Corporate Governance
Structure

CORPORATE GOVERNANCE STRUCTURE

CORPORATE GOVERNANCE MODEL OF REN - REDES ENERGETICAS NACIONAIS, SGPS, S.A.

REN's corporate governance structure, as a form of organizing and running the company, is a relevant, stimulating factor in the pursuit of the goals and objectives of the company and its business group, in line with its social and economic position in the energy sector and the public service status of most of its activities under the concessions granted to it.

The recent public offer for sale of REN's share capital in mid-2007 in the first phase of its reprivatization and consequent admission to trading of 49% of this capital, thereby making REN a listed company, was a reason and particularly important opportunity to foster reflection on the company's corporate organization model.

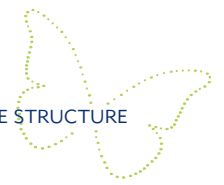
The different organizational models in the company's life in Portugal and abroad and the best practices recommended by the capital market regulators were monitored and considered. The purpose was to define a model that would not only abide by legal and regulatory criteria and requirements applicable to companies with shares quoted on a regulated market but would also take into account the specificities of REN's positioning in the energy sector.

REN's shareholders therefore decided to approve amendments to the company's Articles of Association prior to its acquisition of the status of a listed company. This involved adopting the basic principles of good corporate governance, such as transparency, separation of functions, prevention of conflicts of interest and specialization of supervision and control.

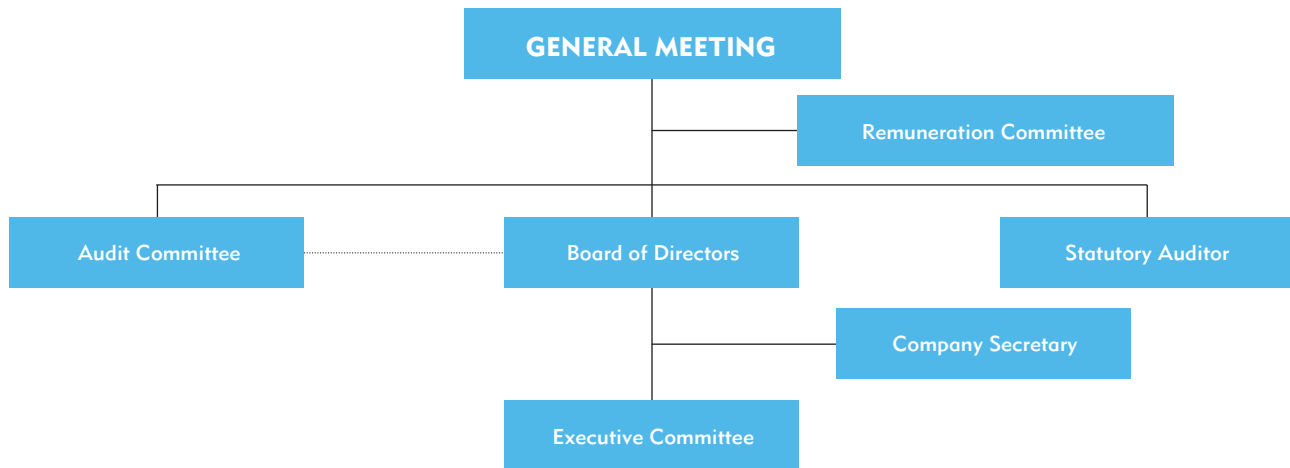
These amendments resulted in a corporate governance model by which the Board of Directors is responsible for directing the company, the Executive Committee is in charge of its management and the Audit Committee is charged with supervising and monitoring its activity. The statutory auditor examines the company's financial statements.

The model is based on a corporate balance that takes into account the shareholders' role in choosing the management body and supervisory bodies and the need for efficient, professional management that will enable the company's business to thrive. The shareholders are jointly responsible for electing the Board of Directors, from which the Audit Committee is chosen, and for appointing the Chairperson of the managing and supervisory bodies. The Board of Directors is responsible for appointing the members of the Executive Committee, including its.





THE GROUP'S CORPORATE BODIES



GENERAL MEETING

The General Meeting is the company's maximum authority and is made up of all the shareholders. The General Shareholders' Meetings is responsible for electing and dismissing its Chairperson and Vice-Chairperson, the members of the managing and supervisory bodies, the statutory auditor and the members of the Remuneration Committee. It also approves the annual report and accounts, the proposal for appropriation of profits and the Audit Committee's opinion, decides on amendments to the company's Articles of Association, authorizes the Board of Directors to purchase or sell assets, rights or shareholdings of considerable value and authorizes the management body to obtain medium- or long-term loans. Nonetheless, the 2008 AGM will decide on amending Article 12 of the Articles of Association in order to dispense with the management body's need for authorization to obtain medium- or long-term loans. In general, the General meeting also decides on any matters for which it has been convened, all matters for which it is responsible by law or under the company's Articles of Association and those that do not fall within the remit of the company's other bodies.

For the General Meeting to be able to meet and make decisions, shareholders owning at least 51% of the share capital must be present or represented at the first con-

vening date. At the first or second session, amendments to the company's Articles of Association, demerger, merger, transformation or winding-up of the company are only deemed to be approved if they obtain two-thirds of the votes cast.

The officers of the General Meeting elected for 2007-2009 are currently without a Chairperson, due to the resignation of Eduardo de Almeida Catroga. Nonetheless, the 2008 AGM is expected to elect the Chairperson of the General Meeting. Its Vice-Chairperson is Paulo Miguel Garcês Ventura and its secretary is Óscar Emanuel de Magalhães Ribeiro, Company Secretary.



MEMBERSHIP OF THE BOARD OF DIRECTORS

The Board of Directors consists of 11 members, three of whom are on the Audit Committee.

The members of the Board of Directors elected at the REN General Meeting on March 28th, 2007 for 2007-2009 are as follows:

Nome	Age	Position	Year first elected	End of term
José Rodrigues Pereira dos Penedos	62	Chairperson	2001	2009
Aníbal Durães dos Santos	60	Executive director	2001	2009
Vitor Manuel da Costa Antunes Machado Baptista	55	Executive director	2001	2009
Rui Manuel Janes Cartaxo	55	Executive director	2007	2009
Fernando Henrique Viana Soares Carneiro	58	Executive director	2007	2009
Luís Maria Atienza Serna	50	Director	2007	2009
Gonçalo José Zambrano de Oliveira	37	Director	2007	2009
Manuel Carlos Mello Champalimaud	61	Director	2007	2009
José Luis Alvim Marinho	55	Director/ Chairperson of Audit Committee	2007	2009
José Frederico Vieira Jordão	62	Member of Audit Committee	2007	2009



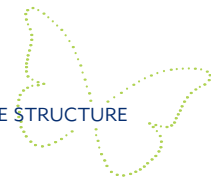
Carlos Manuel Baptista Lobo was also elected to the Board of Directors and Audit Committee but submitted his resignation on January 31st, 2008. The 2008 AGM is expected to elect a new director to sit on the Audit Committee.

Annex I contains a more detailed description of the management body.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is responsible, particularly, for:

- setting the company's management goals and policies
- drafting annual financial and business plans and submitting and approving investment plans and budgets and forming partnerships with all subsidiaries
- managing our business affairs and performing all the acts and operations relating to the corporate purpose that do not fall within the functions of other corporate bodies of REN
- representing REN in or out of court, as plaintiff or defendant, in which capacity it may discontinue, reach a compromise or accept liability in any legal proceedings, and execute arbitration agreements
- acquiring, selling or by any manner transferring or creating encumbrances over rights or real state and any other types or assets



- incorporating companies and subscribing for, acquiring, creating encumbrances over and transferring stakes
- presenting to the general meeting proposals on long and medium term financing
- presenting to the general meeting proposals on the acquisition of treasury stock, in accordance with the applicable legal restrictions
- establishing our technical and administrative organization and the standards for our internal operation, notably concerning personnel and their remuneration
- appointing the Company Secretary and substitute
- granting powers of attorney, as deemed appropriate, including those of sub-delegation
- performing any other duties conferred on it by law or by the general shareholders' meeting.

Under Article 15 no. 2 of REN's Articles of Association, The Board of Directors shall submit to the prior approval of the general shareholders' meeting the acquisition and transfer of assets, rights or shareholdings of significant economic value.

The Chairperson of the Board of Directors is chosen by the general shareholders' meeting, among the elected directors, and holds casting vote. The Board of Directors designates which of its members replaces the Chairperson, in case of absence or impairment. The director that acts in replacement of the Chairperson also holds casting vote.

Under Article 17 of REN's Article of Association, the Chairperson of the Board of Directors shall in particular:

- represent the Board of Directors;
- coordinate the activity of the board and convene and preside the respective meetings;
- oversee the correct execution of the approved resolutions.



EXECUTIVE COMMITTEE

The Executive Committee is REN's management body. Its membership and management powers are established by the Board of Directors. Under Article 407.3 and 407.4 of the Portuguese Securities Code and Article 16 of REN's Articles of Association, the Board of Directors decided on April 4th, 2007 to delegate the company's day-to-day management to a five-member executive committee. The members of the Executive Committee for 2007-2009 are as follows:

José Rodrigues Pereira dos Penedos	Chairperson
Anibal Durães dos Santos	Member
Vitor Manuel da Costa Antunes Machado Baptista	Member
Rui Manuel Janes Cartaxo	Member
Fernando Henrique Viana Soares Carneiro	Member

Under the decision to set up and delegate powers to the Executive Committee, the everyday management powers, within the limits fixed every year in the operating budget and strategic plan submitted by the Executive Committee and approved by Board of Directors, include the following:

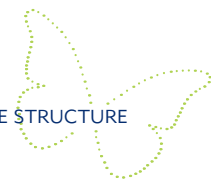
- Establishing the company's functional and administrative organization, in-house rules, including those governing human resources and their compensation, and internal control systems and procedures;
- Implementing operating budgets and medium- and long-term investment and development plans;
- Negotiating, signing, amending and terminating any contracts, including, among others, contracts for the purchase or sale of assets or rights, service contracts, employment contracts and bank contracts, such as those for finance for REN or group companies (except for medium- or long-term loan contracts);
- Purchasing, selling or encumbering (except in the case of real guarantees) the company's fixed assets;
- Leasing or letting any property or parts thereof;
- Coordinating the activity of REN's subsidiaries and issuing binding instructions under the law to those owned 100%;
- Managing the shareholdings owned by REN, including appointing representatives to management bodies and laying down guidelines for their actions;
- Representing the company actively and passively in and out of court, proposing and pursuing lawsuits or arbitration, with the power to concede, acquiesce and plead in any suits and to sign arbitration agreements

- Opening, using and closing bank accounts and;
- Appointing proxies with the powers that it sees fit.

Under the terms provided for in article 407, no. 4 and 407, no. 8 of the Portuguese Companies Code and the mentioned resolution, delegation of powers to the Executive Committee does not, exclude the power of the Board of Directors to resolve in delegated matters, nor does it cover the following matters:

- appointment of the Chairperson of the Board of Directors,
- co-optation of directors;
- the request of notice to convene of the general shareholders' meetings;
- the approval of the report and annual accounts to submit to the general shareholders' meeting;
- the approval of semi-annual and quarter accounts to be published under the terms applicable by law;
- the lodging of securities and personal or in *rem* guarantees by the Company;
- the transfer of the registered office and the performance of social capital increases;
- the approval of merger, demerger and transformation of REN.





In view of the optimization of the management efficiency, the members of the Executive Committee distributed among themselves the responsibility by the direct accompaniment of specific performance areas of the company, under the terms presented in the following graphic:



AUDIT COMMITTEE

The supervision of the company's business is the responsibility of an Audit Committee with three members who also belong to the Board of Directors.

The current members of the Audit Committee are:

Chairperson: José Luís Alvim Marinho

Member: José Frederico Vieira Jordão

Carlos Manuel Baptista Lobo was also elected to the Audit Committee but resigned on January 31st, 2008 to take up a government position. As mentioned above, however, the 2008 AGM will decide on the election of a new director, who will also sit on the Audit Committee.

The audit committee has the powers and the duties provided for in law and in the articles of association. The audit committee shall in particular be responsible:

- to supervise the management of the company and oversee the compliance with the law and the articles of association;
- to verify the accuracy of the accounting documents and auditing the respective revision;
- to supervise the preparation and disclosure of financial information;
- to propose to the general shareholders' meeting the appointment of the single auditor;
- to call the general shareholders' meeting whenever the Chairperson of the board of the general shareholders' meeting does not do it, despite being its obligation.

The audit committee shall prepare annually the activity report and shall give opinion concerning the Board of Directors' report.

REMUNERATION COMMITTEE

The Remuneration Committee proposes to the Shareholders' the principles of the remuneration policy of the corporate bodies, as well as to establish the respective annual remunerations, including the respective remuneration supplements.

The members of the Remuneration Committee elected for 2007-2009 were Eduardo de Almeida Catroga, Chairperson, João Manuel de Castro Plácido Pires and Vítor José Lilaia da Silva. The Chairperson resigned on June 27th, 2007. The 2008 AGM will elect the new Chairperson of the Remuneration Committee.

Considering the current absence of Chairman of the Remuneration Committee, the submission to the general shareholders' meeting of a declaration about the man-

agement and supervision bodies' remuneration policy and the remaining directors in the meaning of no. 3 of Article 248-B of the Portuguese Securities Code may only occur at the general shareholders' meeting referring to the financial year of 2008.

The Remuneration Committee's members are independent from the management. It therefore does not include any members of the corporate bodies for which it sets compensation. The two current members have no family ties, up to three times removed, with members of the other bodies.

STATUTORY AUDITOR

The statutory auditor is responsible for conducting the necessary examinations and checks for the legal auditing and certification of the accounts.

The company's current statutory auditor is J. Monteiro e Associados, SROC, a certified auditing firm registered with the Statutory Auditors Association under no. 169 and at the CMVM under no. 9155, represented by José Manuel Carlos Monteiro (licence no. 592), appointed on May 30th, 2007.

The substitute statutory auditor appointed on May 30th, 2007 was Salvador Figueiredo Vás e Lima, registered with the Statutory Auditors Association under no. 543.

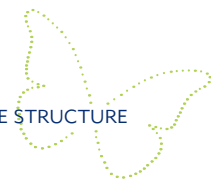
COMPANY SECRETARY

The Company Secretary and his/her substitute are appointed by the Board of Directors and their office ceases with the term of office of the members of the Board of Directors that designated him. The Secretary keeps the minutes of the meetings of the corporate bodies, certifies their acts and the powers of their members, answers shareholders' requests for information and certifies copies of the minutes and other company documents.

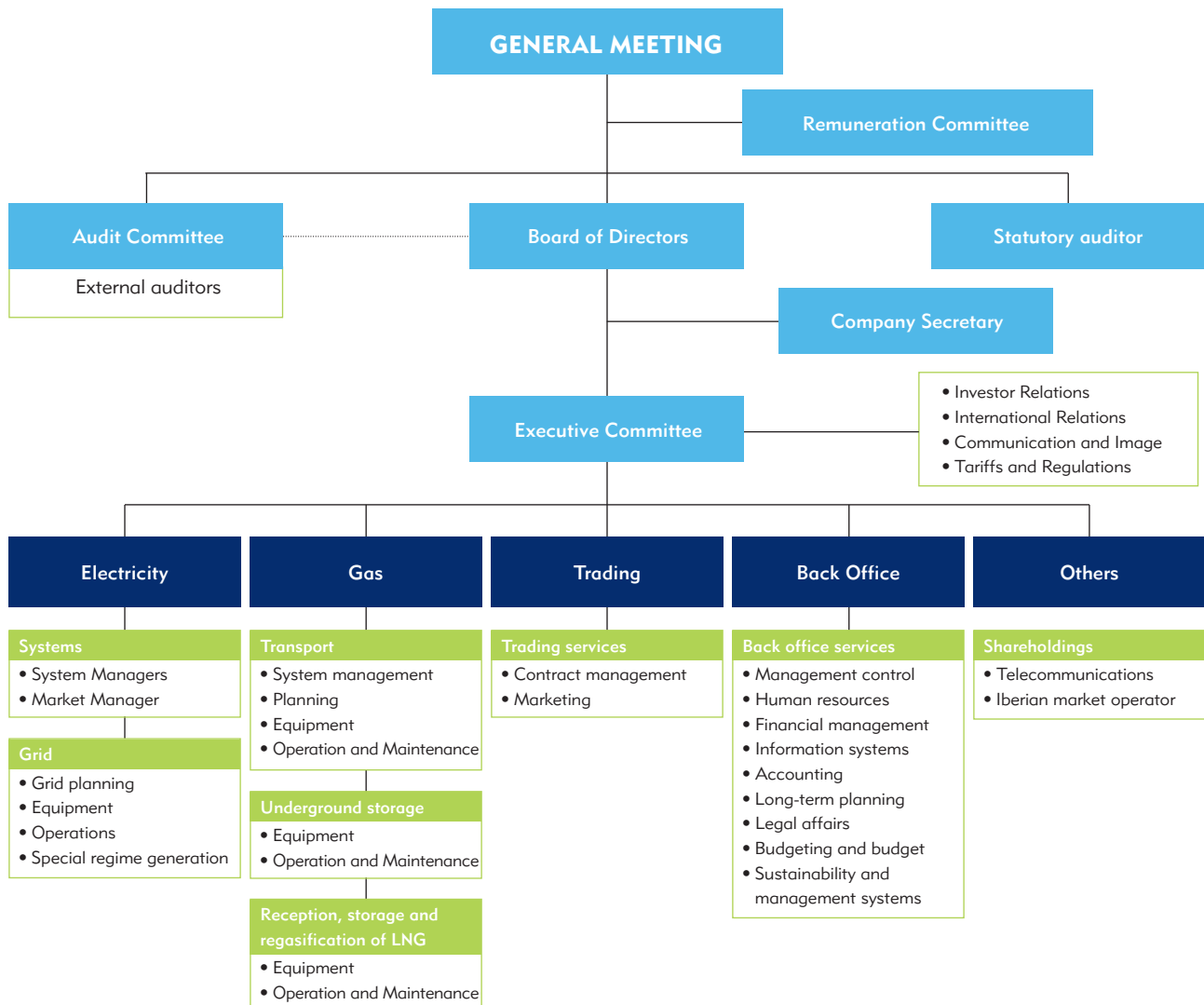
The Secretary and substitute for 2007-2009 are:

Secretary: Óscar Emanuel de Magalhães Ribeiro

Substitute: Daniela Alexandra Pinto Pizarro de Sá



ORGANIZATION CHART





REN

Redes Energéticas Nacionais

Sessão Especial de
Mercado Regulamentado
Julho.2007



REN
Redes Energéticas Nacionais

Sessão Especial de
Mercado Regulamentado
9. Julho. 2007

 **NYSE Euronext**

Market Relations

MARKET RELATIONS

OBLIGATION TO PROVIDE INFORMATION

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

REN therefore endeavours to provide all relevant information on the progress of its activities and results achieved transparently and consistently through constant contact with shareholders, capital market investors and financial analysts.

REN pays particular attention to the criteria used when providing periodic information so that it can easily be compared for different reporting periods.

INVESTOR RELATIONS OFFICE (IRO)

The Investor Relations Office (IRO) was set up in July 2007, following REN's IPO. It is solely responsible for relations with investors and the market in general, under the coordination of the representative for the relationships with the market, Rui Manuel Janes Cartaxo, the financial director (CFO) of the Company.

The office reports directly to the CFO and its main duties are:

- To guarantee punctual fulfilment of obligations to the Portuguese Stock Exchange Commission and other financial authorities;
- To coordinate, prepare and release all information provided by the REN Group, in the form of disclosure of relevant circumstances and other market communications or the publication of periodic financial statements;
- To pass on feedback to the Executive Committee from institutional investors on operational or strategic issues and potential implementation;
- To systematically monitor analysts' research to ensure a correct assessment of the company's strategy and results;
- To prepare and constantly monitor competitors' and the peer group's financial and operating benchmarks;
- To attract potential institutional investors and more financial analysts;
- To develop and maintain the investor relations page on the company's website.

ACTIVITY IN 2007

Although the IRO was officially set up at the time of the IPO, its activity began beforehand. It worked intensively on the prospectus and on assisting the Executive Committee during the Group's roadshow. In 2007, some 70 meetings were held with more than 90 Portuguese and foreign investors in Lisbon, London, Madrid, Paris, Frankfurt, Geneva and Zurich.

REN regularly releases information before the opening or after the closing of Euronext Lisbon² via the CMVM information system and on the REN website's investor relations page. Information is also provided by email to all those asking to be placed on the IRO mailing list, be they shareholders, investors, analysts, to news agencies or international mass media, such as Reuters or the Financial Times, or anyone requesting it via the email address posted on the website and indicated in all IRO publications. It is also possible to ask the IRO for all public information on the REN Group on the website contact page, by telephone, email, fax or post.

The results published in 2007 included six-monthly and nine-monthly results. Analysts and investors were able to discuss the group's results with the CFO in conference calls moderated by IRO or, on request, at meetings at the company's offices.

ONLINE COMPANY INFORMATION

REN has a website, www.ren.pt, devoted entirely to the disclosure of public information about the group. It is available in Portuguese and English and contains a section devoted entirely to investors, including:

• Institutional

This contains a description of the company's activity, recent history, organization, shareholder structure and the regulations on the electricity transmission and gas concessions. It also includes information on REN's quality, environment and safety certification, REN's investments in projects designed to improve the management and operation of the national power transmission grid, its Sustainability Report and job opportunities.

² A regulated NYSE Euronext market

- **Corporate governance**

This contains the membership of the corporate bodies and Board of Directors, the company's regulations and Articles of Association and full information on general meetings, such as invitations, motions and participation and voting conditions. It also contains information on general meetings in previous years and the corporate governance report.

- **Shareholder information**

This contains all announcements of relevant circumstances and other communications (after publication in the CMVM information system), key indicators, annual, semi-annual and quarterly results and a list of the analysts who regularly monitor REN's activity.

- **Share prices**

Information on REN shares' stock exchange performance, including a daily analysis of the session, performance versus PSI20, post-IPO changes in prices and volumes and Excel downloads of share prices.

- **Calendar**

A list of the main dates for presentation of results and conference calls.

- **Investor Relations Office**

Information on the IRO team, department's functions and market relations representative.

REN's website abides by all CMVM recommendations on the use of the internet to disclose institutional information. From July 1st to December 31st, 2007 it had around 203 000 visitors, which represents an average of 1 105 a day, and a total of 512 000 page viewings.

In order to stay in close contact with the financial community, REN's site makes it possible to receive announcements on REN's performance or subscribe to its mailing list to receive updated information on REN, which can be emailed to ir@ren.pt.

DIVIDEND POLICY

DESCRIPTION OF THE IPO (INITIAL PUBLIC OFFERING)

Decree-Law 228/2006 of November 22nd (Decree-Law 228/2006) laid down the general rules governing the reprivatization of 19% of REN's share capital.

Council of Ministers Resolutions 74/2007 of June 1st and 87/2007 of July 6th laid down a series of conditions on the initial public offering and direct placing during reprivatization and particularly on the inclusion of a block of shares to be sold by EDP - Energias de Portugal, S.A. and the determination of a price interval between €2.35 and €2.75 for the operation. The final share price was fixed at €2.75. The reprivatization of REN - Redes Energéticas Nacionais, SGPS, S.A. was completed on July 9th, 2007.

The following shares were placed on the market during a special regulated market session for the initial public offering:

- 80 100 000 shares representing 15% of the share capital of REN for the IPO;
- 48 060 000 shares for direct placing with institutions, including a greenshoe of 9 223 636 shares representing 9% of the company's share capital.

This first phase to reprivatise 24% of the share capital of REN included a batch of 1 700 000 for employees and another of 25 000 000 for small subscribers and emigrants who were granted a 5% discount on the price fixed for the general public; i.e. the share price was €2.61.

DESCRIPTION OF SHARES

The shares of REN total 534 000 000 with a face value of €1.00. Before the IPO they were divided as follows: class A, with 160 200 000 shares owned by EDP, and class B, with 373 800 000 shares owned by Parpública and Caixa Geral de Depósitos.

The class A shares are ordinary shares granting their holders no special rights.



Their main rights are as follows:

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

Holders of this class of shares are also subject to the limitation on voting rights set forth in Article 12.3 of the Articles of Association of REN³.

The class B shares grant the same rights to their holders as class A shares plus a single special right, the fact that they are not subject to the limitation on voting rights set forth in Article 12.3 of the Articles of Association of REN.

REN shares have the following ISIN codes:

ISIN codes – July 9th, 2007

ISIN	no. of shares	Description	Type
PTRELXAM0009	373 800 000	Parpública + CGD	B
PTRELOAM0008	133 500 000	Shares previously held by EDP	A
PTRELTAM0005	1 700 000	Employees	A
PTRELQAM0008	25 000 000	Small investors and emigrants	A

The class B shares that had been reprivatized during the offering were automatically converted to class A shares. This conversion did not require the approval of the share owners or a decision by any REN body under Article 4.4 of the Articles of Association⁴.

On December 31st, 2007, code PTRELOAM0008 shares traded under the RENE symbol had been admitted to trading at Euronext Lisbon, to a total of 261 660 000 shares, i.e. 49% of the share capital of REN.

ISIN codes – On December 31st, 2007

ISIN	no. of shares	Description	Type
PPTRELXAM0009	272 340 000	Parpública + CGD	B
PTRELOAM0008	261 660 000	Shares admitted at Euronext Lisbon	A



PRICES AND TRANSACTIONS

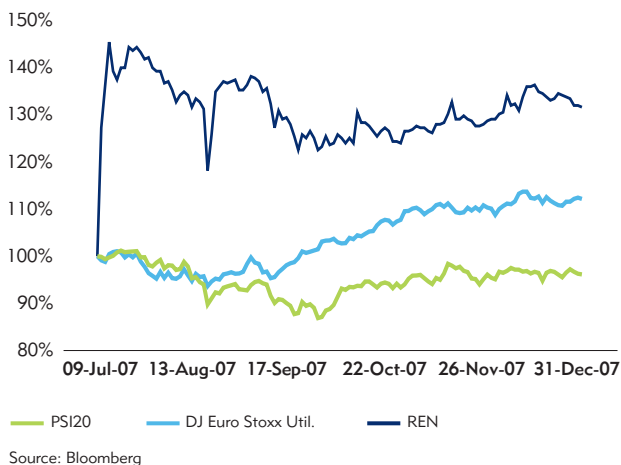
From the IPO on July 9th, 2007 to December 31st, 2007, the price of REN shares rose around 32%, from €2.75 to €3.62. The maximum price of € 4.08 per share occurred on July 20th, 2007. The highest volume was on the first day of trading, with more than 40.5 million shares.

³ "...the votes pertaining to class A shares cast by any shareholder on his own behalf or in representation of others are not counted if they exceed 10% or, in the case of entities with activities or interests in the energy sector, 5% of all the votes corresponding to the share capital."

⁴ "The transfer by reprivatization of class B shares shall result automatically in conversion into class A shares. This conversion does not require the approval of the share owners or a decision by any company body."

Euronext Lisbon		From IPO to 31-12-07
Price	Close	3.62 €
	Maximum	4.08 €
	Minimum	2.75 €
	Average	3.57 €
Transactions	Volume (millions)	239.8 €
	Average daily volume (millions)	1.9 €
	Turnover	855.2 M€
Value	Daily turnover (average)	7.0 M€
	Market capitalization (31 Dec 07)	1 933.1 M€
	Enterprise Value (31 Dec 07)	3 871.2 M€
Variation since IPO		
△ %	PSI20	(3.85%)
	REN	31.64%

REN vs PSI20 and Dow Jones Euro Stoxx Utilities

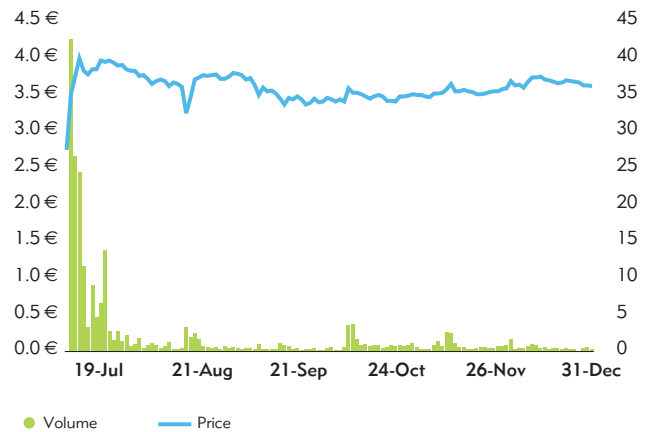


During the year, REN traded a total of 239.8 million shares, which corresponds to an average of 1.9 million shares a day. If we exclude the transactions in July, which showed above-average liquidity, the daily average number of shares was around 800 000.

The liquidity of REN shares resulted in NYSE Euronext including them in the PSI20, the Portuguese stock index, in an extraordinary revision. REN was included on September 3rd, 2007.

On October 9th, at the end of the three-month period of unavailability of REN shares owned by employees, small subscribers and emigrants, 261 660 000 shares became available for trading, with an immediate effect on their liquidity. There was an average increase of around 18% in stock market trading⁵.

REN prices and trading in 2007



In 2007, several announcements were made to the market regarding important events and other circumstances affecting REN's share price. The graph and table below summarise the most important.

REN – market announcements and other information



⁵ Comparison between the average transaction volume from the IPO to October 8th, 2007, excluding the first month of trading, and the period between October 9th and December 31st, 2007.

List of events

Event no.	Date of document	Description
1	23-06-07	Prospectus of initial public offering by Parpública and EDP of 80 100 000 shares in REN - Redes Energéticas Nacionais, SGPS, S.A. during the first phase of reprivatization
2	11-07-07	Initial public offering by Parpública and EDP of 80 100 000 shares in REN - Redes Energéticas Nacionais, SGPS, S.A. during the first phase of reprivatization
3	13-07-07	REN - Redes Energéticas Nacionais, SGPS, S.A. announces admission to trading in Eurolist by Euronext Lisbon of 9 223 636 ordinary, nominative, book-entry class A shares with a face value of €1 each in REN - Redes Energéticas Nacionais, SGPS, S.A. during a greenshoe exercise - prospectus
4	26-07-07	Announcement of half year results of REN - Redes Energéticas Nacionais, SGPS, S.A.
5	03-09-07	Admission to PSI20
6	08-10-07	REN - Redes Energéticas Nacionais, SGPS, S.A. announces admission to listing in Eurolist by Euronext Lisbon of 26 700 000 ordinary, nominative, book-entry, class A shares with a face value of €1 each after the end of the period of unavailability
7	30-10-07	Announcement of nine-monthly results of REN - Redes Energéticas Nacionais, SGPS, S.A.

SHAREHOLDER STRUCTURE

The shareholder structure of REN underwent a number of changes in 2007 as a result of Decree-Law 228/2006 of November 22nd (Decree-Law 228/2006), which set forth the general rules governing the reprivatization of 19% of REN's share capital.

On December 31st, 2006, around 70% of the share capital of REN, Rede Eléctrica Nacional S.A. was owned by public entities or those with public shareholders, through shareholdings belonging to the Treasury Department (20%), Parpública (30%) and Caixa Geral de Depósitos (20%).

The remaining shares were owned by EDP - Energias de Portugal, S.A., which had a 30% shareholding but, on December 22nd, 2006, sold 15% of its share capital divided into three blocks, each one representing 5% of REN's share capital during REN's reprivatization. They were bought by Gestmin, SGPS, S.A., Logoenergia, SGPS, S.A. and Oliren, SGPS, S.A.

On January 2nd, 2007, Parpública - Participações Públicas (SGPS) S.A. bought a 20% shareholding in REN, 106 805 340 shares, from the Portuguese state and stayed with 50% of the share capital of REN - Rede Eléctrica Nacional, S.A.

On January 5th, 2007, REN - Rede Eléctrica Nacional, S.A. was transformed by public deed into a holding company and changed its name to REN - Redes Energéticas Nacionais, SGPS, S.A.

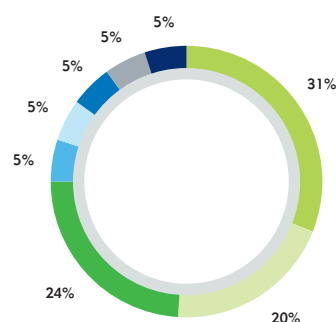
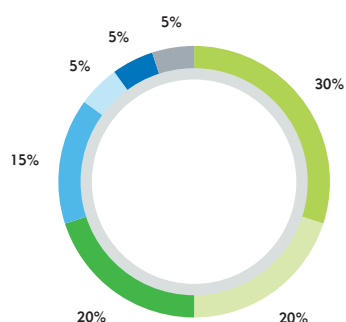
In order to do this, it was first necessary, on the same date, to transfer the assets and liabilities constituting the business unit responsible for the public service concession for the management and operation of the national electricity transmission grid (NTG), and those pertaining to other businesses, to REN - Serviços de Rede, S.A., by an increase in capital in kind. This company changed its name to REN - Rede Eléctrica Nacional, S.A.

On March 6th, 2007, EDP signed a new contract by which it sold 5% of the share capital of REN - Redes Energéticas Nacionais, SGPS, S.A. (previously called REN - Rede Eléctrica Nacional, S.A.) ("REN") to Red Eléctrica de España, S.A. the Spanish electricity grid operator.

On June 9th the initial public offering (IPO) took place as part of the first phase of the reprivatization of REN - Redes Energéticas Nacionais, SGPS, S.A. In this context, Parpública - Participações Públicas (SGPS), S.A. offered 101 460 000 nominative, book-entry, class A shares with a face value of one euro each, representing 19% of the share capital of REN - Redes Energéticas Nacionais, SGPS, S.A. and EDP - Energias de Portugal, S.A. offered 26 700 000 nominative, book-entry, class A shares with a face value of one euro each, representing 5% of the share capital of REN - Redes Energéticas Nacionais, SGPS, S.A.

After the IPO, the shareholder structure was made up by the above entities plus the share capital on the stock exchange, as shown in the table below.

Shareholder structure			
	On 31-12-06	After IPO	
Parpública	30%	Parpública	31%
D.G. Tesouro	20%	CGD	20%
CGD	20%	EDP	5%
EDP	15%	Logoenergia	5%
Logoenergia	5%	Gestmin	5%
Gestmin	5%	Oliren	5%
Oliren	5%	REE	5%
Free float	0%	Free float	24%
Total	100%		100%



Qualified holdings in REN's share capital as of December 31th are identified in Annex III, which also includes the identification of the shares held by members of the management and supervision bodies and by the Vice-Chairman of the General Shareholders' Meeting Board, as well as the transactions performed by these members of the corporate bodies.

DIVIDEND POLICY

REN has been distributing annual dividends of between 50% and 70% of its net profits to shareholders. Its dividend policy depends on a number of factors, including REN's profits, financial situation, funding needs (in particular capital expenditure and investment plans) and prospects and other factors deemed relevant at time of distribution. Although REN has no reason to believe that there will be any significant change in the trends of recent years, it plans to maintain an attractive dividend in line with those of its peers.

Dividend History

For year	Amount (M€)	Type	Year of payment	Net profit Year (M€)	Payout ratio	Dividend per share (€)
2005	66.4	Ordinary	2006	110.7	60%	0.124
2006	87.0	Ordinary/ early	2006	550.1	33%	0.3
	97.0	Ordinary	2007			
2006	78.9	Extraordinary	2006	550.1	52%	0.5
	209.7	Extraordinary	2006			

Note: The dividends per share in the above table are based on the share capital consisting of 534 million shares with a face value of 1 euro each.

In 2005, REN distributed to shareholders dividends totalling €66.4 million, corresponding to €0.1243 per share (calculated on the basis of the current number of shares. REN declared a stock split in early 2007 raising the number of shares from 106.8 million to the present 534 million). 2006 saw several extraordinary events that were reflected by the net profit and therefore the amount of the dividends distributed. The net profit reflects not only the company's normal activity but also dividends from its shareholding in GALP and the capital gain obtained from its later sale of a shareholding. As a result, in addition to ordinary dividends totalling €184 million, extraordinary dividends of €207.7 million were also distributed.

SHAREHOLDER PARTICIPATION

VOTING AND VOTING RIGHTS

Owners of shares with voting rights can be represented at a general meeting by power of attorney granted to persons with full legal capacity. Powers of attorney must arrive by 5 p.m. on the second day before the general meeting at the latest. Powers of attorney must be signed and are only valid for a single meeting.

In accordance with the provisions of paragraphs (e) and (f) of number 2 of article 25 of the Decree-law no. 29/2006, of February 15th, and of paragraphs (e) and (f) of number 4 of article 21 of Decree-law no. 30/2006, of February 15th, as long as it is not declared the invalidity of the holding of shares in contradiction with those legal provisions and without prejudice of other consequences legally applicable, the votes inherent to the category A shares shall not be cast if issued by any shareholder, on their behalf or as representative of another, which exceed 10%, or, in case of entities with activities or interests in the energetic sector, 5% of the totally of the votes corresponding to the share capital.

Holders of class B shares or their representatives have a single special right in that they are not subject to the above limitation on voting rights.

In order to calculate the votes corresponding to the percentage of share capital owned by participants in a general meeting, in addition to the voting rights inherent in the shares they own or use, the following are added:

- 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 a subsidiary of or in the same group as the participant;
- c) Those held by owners of the voting right with

which the participant has signed an agreement to exercise them, unless the agreement binds him to follow a third party's instructions;

d) Those held, if the participant is a company, 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 ownership or in any other way constitute an instrument of concerted influence over the company in question;

i) Those belonging 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.

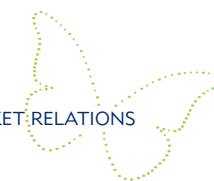
Under Article 13 of the Articles of Association, shareholders must provide the Board of Directors with all the information it requests truthfully and objectively for the purpose of calculating the percentage of share capital that they own. If shareholders do not abide by this obligation, the voting rights belonging 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.

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 voting rights.

VOTE BY CORRESPONDENCE

Under Article 22 of the Portuguese Securities Code and Article 12 of the Articles of Association, REN shareholders are allowed to submit vote by correspondence. Under Article 377.5f) of the Company Code, public invitations to general meetings must mention the possibility of submitting vote by correspondence and specify the procedures that shareholders must follow in order to do so, including a postal address and the deadline for receipt of votes.

Presently, the possibility of exercise of vote by correspondence through electronic means is not established.



Under Article 12 of the Articles of Association, shareholders may submit vote by correspondence on each matter on the agenda, provided that they do so at least five business days prior to the date of the General Meeting by registered letter with recorded delivery addressed to the Chairperson of the General Meeting at REN's registered office, signed with the same signature as on their identity card, enclosing a legible photocopy of the identity card of the signatory. In order to adapt its Articles of Association to CMVM Recommendation I.2.1 on the Corporate Governance, a reduction in the time limit for the delivery of postal votes to three business days is expected to be proposed.

Under Article 12.6 of the Articles of Association, the Chairperson of the General Meeting is responsible for verifying the authenticity and conformity of vote by correspondence and ensuring that they remain confidential until the vote takes place. These votes are considered to be votes against for motions submitted after the date on which they were cast.

In order to facilitate postal votes, REN provides a voting slip on www.ren.pt and also sends shareholders a voting slip, envelope and additional information, on request.

THE PRINCIPLE OF "ONE SHARE ONE VOTE"

Following recommendations and best practices regarding shareholder participation in listed companies, Article 12.2 of REN's Articles of Association enshrines the principle of one share one vote.

GENERAL MEETINGS AND PARTICIPATION THEREIN

A corollary of this principle is the right to attend, participate and intervene in general meetings of any person holding one or more shares registered in his or her name at least five business days prior to the date of the meeting.

DEPOSIT OR BLOCKING OF SHARES

Shareholders must send to the Chairperson of the General Meeting, at least five business days in advance of the date of the meeting, a certificate issued by a financial intermediary confirming that the shareholder owns the shares as on the date five days prior to the meeting and that the shares will be blocked from that date until that of the meeting.

Considering that no obligation in this respect is provided for in the Articles of Association provided for in the Articles of Association, and without prejudice to



the General Meeting Chairperson's decision in each case, the understanding set forth in CMVM Recommendation I.2.2 on the Corporate Governance Code that, in the event of suspension of a general meeting, shares do not need to be blocked for the whole period until it is reconvened, is accepted. The shares need only be blocked for the time required for the first convening date.

SUPPORTING HUMAN AND LOGISTICS RESOURCES

The officers of the General Meeting have at their disposal the human and logistics resources that they need, considering the company's economic situation, using for such purpose the support of the Company's secretary, legal counsel from the internal cabinet and from an external law firm, as well as the voting counting services made available by a financial institution.

CONSTITUTIVE OR DELIBERATIVE QUORUM

The constitutive and deliberative quorum of a general meeting when first called to order is 51% of the share capital. When called to order for the second time, a general meeting may be constituted and deliberate irrespective of the number of shareholders present or represented. Nonetheless, when called to order for the first or second time, decisions on amendments to the Articles of Association must be approved by two-thirds of the votes cast.

MINUTES AND RECORDS OF GENERAL MEETINGS

Considering that in July 2007 REN became a listed company with shares admitted to trading and taking into account CMVM recommendation in the Corporate Governance Code, the www.ren.pt website will carry, in a 5 days period, the minutes and other documentation from general meetings as of the 2008 AGM in order to maintain records of attendance lists, agendas and decisions made.



Management and Supervision System



MANAGEMENT AND SUPERVISION SYSTEM

STRUCTURE, ORGANIZATION AND FUNCTIONING

OVERVIEW

Within the framework of corporate governance models authorized by the Securities Code, REN has adopted an Anglo-Saxon management and supervision model with a Board of Directors and Executive Committee to manage the company's affairs and 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 competences of each body, thanks to the meticulous, objective delegation of powers by the Board of Directors on April 13th, 2007, as mentioned above. The fact that the Chairman of the Board of Directors is the same as the Executive Committee's Chairman ensures the coherence and transparency necessary to the company's management and its supervision by other members of the management body.

The Audit Committee acts as an internal control mechanism, independently supervising and monitoring the company's management.

These functions are laid down by law (Article 423F of the 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, the preparation and release of financial information, the effectiveness of internal control systems and risk management. It monitors the work and ensures 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 management body, renders the control process even more transparent, in view of the special access afforded.



STRUCTURE, ORGANIZATION AND FUNCTIONING OF THE BOARD OF DIRECTORS

Under Article 14 of the Articles of Association, the Board of Directors consists of a minimum of seven and maximum of 15 members fixed by the general meeting that elects them.

The Board of Directors currently has 11 members. It includes six non-executive members, which guarantees its effective capacity to monitor and evaluate the work of the executive members.

The non-executive directors include three independent directors, which is an appropriate number considering the company's size and shareholder structure, as it is no lower than one quarter of the total number of directors.

The supporting documentation for meetings of the Board of Directors and decisions taken by the Executive Committee is passed on to the management body's non-executive members and there are no constraints on access to information by these members.

When the directors are elected, the Articles of Association 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.

In accordance with its regulations, the Board of Directors holds ordinary meetings at least bimonthly, on dates fixed by agreement among its members for each calendar year, and extraordinary meetings whenever convened by its Chairperson, any two directors or the statutory auditor. During the financial year of 2007, the Board of Directors had 7 meetings, from which 6 took place after the election of the current corporate bodies of March, 2007.

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





The executive directors may not be represented by members of the Audit Committee and Audit Committee members may not be represented by executive directors.

Under Article 19 of the Articles of Association, REN's Board of Directors may not take decisions unless a majority of its members is present or represented. Under Article 20 of the Articles of Association, the Board of Directors' decisions are passed by a majority of votes cast by directors present or represented.

The Chairperson of the Board of Directors has the deciding vote. The Board of Directors appoints one of its members to stand in for the Chairperson when s/he is unable to attend. The director replacing the Chairperson also has the deciding vote.

Under Article 7 of the Board of Directors' regulations the minutes of its meetings are kept by the Company Secretary and must be submitted to the Board of Directors for approval at the following ordinary meeting.

The Board of Directors acts in line with its objectives, which is why it does not delegate its powers to define the company's general strategy and policies or the group's corporate structure. In the same way, the Board of Directors does not delegate its power to approve strategic decisions if they involve added value or risks or have special characteristics.

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

STRUCTURE, ORGANIZATION AND FUNCTIONING OF THE EXECUTIVE COMMITTEE

The Board of Directors can delegate the day-to-day running of the company to an Executive Committee, under Article 407.3 and 407.4 of the Portuguese Securities Code and Article 16 of the Articles of Association, naming its directors and appointing its Chairperson.

The Executive Committee has five members.

Under Article 8 of the Board of Directors' regulations and Article 407.4 of the Securities 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 performance bonds and personal or real guarantees for 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 restructuring of REN.

The decision by the Board of Directors delegating powers to the Executive Committee must fix the limits thereof and the committee's membership, appoint its Chairperson and establish the way it operates.

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 Chairperson of the Executive Committee or of the majority of its members and end of the term of office of the Board of Directors that delegated the powers.

The Chairperson of the Executive Committee appointed by the Board of Directors may choose one of the committee members to replace him or her when s/he is unable to attend.

In accordance with the Executive Committee regulations, its meetings are convened and presided over by its Chairperson and must be held once a week. Minutes are kept of each meeting.

The Executive Committee may only make decisions when the majority of its members are present or represented. They can appoint a representative at meetings by another member of the committee in a simple letter addressed to its Chairperson. The representation of more than one director is not allowed at any meeting.

If the executive directors are unable to attend an Executive Committee meeting and if the Chairperson considers that the decision is urgent, they are allowed to address a letter with their vote to him/her, valid only for the meeting in question.

The Executive Committee's decisions are approved by majority vote of members present or represented. The Chairperson and his/her substitute have the deciding vote in case of a tie.

Under the Executive Committee's regulations, at each meeting a member is appointed to monitor the implementation of each decision and take any necessary additional measures.



The Chairperson of the Executive Committee sends invitations to and minutes of meetings to the Chairpersons of the Board of Directors and of the Audit Committee. The Executive Committee provides timely, appropriate information to members of other corporate bodies on request.

The Executive Committee also prepares and proposes to the Board of Directors draft decisions on matters falling within its remit and submits important matters requiring its approval.

ORGANIZATION AND FUNCTIONING OF THE AUDIT COMMITTEE

The Audit Committee must have three members elected by the General Meeting. Its Chairperson is appointed at the time of the election.

The Chairperson of the Audit Committee, José Luís Alvim Marinho, and the incumbent member, José Frederico Vieira Jordão, are independent and appropriately qualified for their functions.

The Audit Committee has its own regulations on its organization and functioning. In particular, they lay down that it must hold monthly meetings at the company's registered office and that the Chairperson must send out the invitation to the meeting with the agenda and supporting documents three days in advance. In addition to its ordinary meetings, the Audit Committee may meet whenever convened by its Chairperson or two members. Minutes are kept of each meeting.

The Audit Committee is the company's main interlocutor and 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. The Audit Committee can also have access to any REN resources required to do its duties.

Annual reports on the audit committee's activities are posted on the company's www.ren.pt website.

PUBLICATION OF REGULATIONS OF MANAGING AND SUPERVISORY BODIES

The regulations of the Board of Directors, Audit Committee and Executive Committee of the Board of Directors are available on www.ren.pt.

SPECIALIZED COMMITTEES

As there is an Audit Committee with the aforementioned competences and REN's Board of Directors is relatively small, no need has been felt to form specialized committees.

INTERNAL CONTROL SYSTEMS

We feel that a control system should meet the following goals, among others:

- Guaranteeing and overseeing fulfilment of the goals set by the Board of Directors;
- Ensuring that information is reliable and complete;
- Producing and reporting complete, reliable, timely financial and accounting information and having an appropriate management information system;
- Safeguarding assets;
- Ensuring prudent, appropriate appraisal of assets and liabilities;
- Promoting the rational, efficient use of resources.

As a result, 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;
- Fraud risks;
- Control of risks arising from the Group's activity in areas with the most substantial operating risks;
- Compliance of the Group's operations and transactions with the law and applicable regulations and the company's general rules and policies.

The internal control and the accompanying of the control systems is carried out by the Executive Committee and, in last instance, by the Board of Directors. On the other hand, the Audit Committee contemplated in its plan of activities for the financial year of 2008, the performance of several diligences to accompany the control systems.

From the organic point of view, the coordination of the control systems is carried out by a general director that reports the results of his activity to the Executive Committee and to the Audit Committee.



ABSENCE OF DEFENSIVE MEASURES THAT AUTOMATICALLY CAUSE SERIOUS EROSION OF THE COMPANY'S ASSETS IN THE EVENT OF TRANSFER OF CONTROL

REN has not adopted any defensive measures aimed at serious, automatic erosion of company assets in the event of transfer of control or a change in the membership of the management body preventing the free transferability of shares and shareholders' free appraisal of the performance of the members of the management bodies.

As far as the Board of Directors is aware, there are no significant agreements to which REN is a party to and that would come into effect, be amended or terminated in case of change of control of the company following a public tender offer for its shares, neither there are no agreements between REN and the members of the management body or employees that would establish indemnifications in case of employees' resignation requests, dismissal without fair cause or termination of the working relationship following a public tender offer for its shares.

POLICY ON THE REPORTING OF IRREGULARITIES

REN's employees are required to report to any of the managing or supervisory bodies, particularly 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.

Reports must be submitted in writing and contain all the information that the employee has and considers necessary to assess the irregularity. Employees may also ask for their identity to be kept confidential.

Recipients of these reports must appraise the situation and decide what action should be taken.

EXTERNAL AUDITORS

The Audit Committee represents the company in all dealings with the external auditors. It is responsible for proposing providers for these services and their remuneration, ensuring that the right conditions exist in the company for the services to be performed.

In accordance with Article 3.2.2 of the Audit Committee's regulations, it monitors the activities of the external auditors and statutory auditor by analysing their periodic reports and overseeing audits. It also assesses any changes in procedures recommended by the external auditors or statutory auditor.

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.

REMUNERATION OF THE CORPORATE BODIES

COMPENSATION OF THE OFFICERS OF THE GENERAL MEETING

The officers of the General Meeting are remunerated on the basis of attendance slips. As the Chairperson of the General Meeting resigned, only the work of the Vice-Chairperson was remunerated. He received EUR 1 500 and the secretary received EUR 1 000.

COMPENSATION OF THE BOARD OF DIRECTORS

The Remuneration Committee is the company body responsible for determining the annual compensation to be paid to the members of REN's corporate bodies.

The compensation paid to the executive directors at REN includes a fixed and a variable component, as decided by the Remuneration Committee on April 23rd, 2007. The non-executive directors received fixed compensation. It is made available to the Executive Directors the use of a vehicle and a cell phone for the performance of their functions. The non-executive directors receive a fixed remuneration. No complementary pension regime or anticipated retirement plans are available for directors.

The fixed and variable compensation were designed to come into effect as of the beginning of their term of office and included the following considerations, among others:

- (i) Policies of other companies in the sector, while taking different specificities and sizes into account;
- (ii) the need to adopt a model that encourages improvements in performance and the creation of value, with a fixed and a variable component.

The members of the Board of Directors do not receive extra compensation for their positions as directors of other REN Group companies.

PERFORMANCE-BASED AND VARIABLE COMPONENT AND FIXED AMOUNT

The maximum variable compensation paid to the Chairperson of the Board of Directors/Executive Committee and the executive directors is the same as the fixed component.

STATEMENT ON PAY POLICY

Annual variable compensation will be calculated on the basis of a study and a model including parameters, a goal achievement grid, i.e. creation of value for share-

holders, efficient management of the Group, uninterrupted electricity and gas services and ongoing favourable image and sustainability.

PROPOSAL ON APPROVAL OF SHARE OR SHARE OPTION ALLOCATION PLANS OR PLANS BASED ON CHANGES IN SHARE PRICES

There are no variable compensation plans consisting of the allocation of shares or share options or any other incentive system with shares.

ANNUAL DISCLOSURE OF INDIVIDUAL COMPENSATION OF MEMBERS OF THE MANAGING AND SUPERVISORY BODIES

In 2007, the fixed and variable compensation paid to the executive and non-executive directors was as follows:

Remuneration

	Un: euros		
	Fixed ³	Variable	Total
Executive directors ¹	1 266 160	7 846	1 274 006
Non-executive directors ²	186 483	-	186 483
Total	1 452 643	7 846	1 460 489

Notes:

1) Compensation received for positions occupied not only at REN SGPS, but also in all REN subsidiaries and group companies.

2) Includes compensation received by members of the Audit Committee to the amount of EUR 118 258.00.

3) Includes only compensation paid by REN SGPS, S.A. at the beginning of the term of office of the present Board of Directors, i.e. since March 28th, 2007.

FEES OF THE STATUTORY AUDITOR

The fees of the statutory auditor are based on the tariff of the Statutory Auditors Association.

In its supervisory activities, the REN Group uses the services of two statutory auditors, one for REN SGPS, REN Trading and REN Serviços and the other for the remaining companies. The statutory auditors were paid a total of EUR 226 249 in 2007.







Sustainability
and Social Responsibility

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

SUSTAINABILITY

INTRODUCTION

There follows a brief description of REN's recent contribution to and involvement in sustainable development and of some of the most important aspects of its economic, environmental and social performance in 2007 and future prospects.

In the first half of this year, REN will be publishing its 2007 Sustainability Report containing much more detailed information. This report continues an initiative included in the Group's communication policy in 2004/2005. It initially covered only Rede Eléctrica Nacional but, as of 2006, also included the natural gas companies that were set up and placed under the REN umbrella. Our Sustainability Report abides by the Global Reporting Initiative guidelines and is checked by an independent body.

COMMUNICATION AND STAKEHOLDER INVOLVEMENT

The success and sustainability of a company like REN, which plays a leading role in a strategic sector of the Portuguese economy, cannot be achieved without effective management of its most valuable asset – its employees.

The company is aware of this and has adopted a human resource management policy aimed at constantly improving and motivating its employees by investing in raising their qualifications and constantly enhancing their working conditions.

There was a slight increase in the number of REN employees in 2007 to 802 (+1%). There were no significant changes in academic qualifications, given low outside recruitment, 45% of employees have at least a university degree.

REN makes a point of maintaining an environment of high stability and harmony based on regular, fruitful dialogue with employees on its main management decisions at meetings with their representatives. The meetings held in late 2007 to discuss the methods and legal framework governing the move of employees to REN Serviços are an example of this climate of openness and dialogue.

At the internal level, as part of its compensation package, the company gave its employees the opportunity to participate in conferences and seminars and sports events such as the Lisbon and Oporto Bike Tours and cultural events like the election ceremony of the Seven New Wonders of the World and the Seven Wonders of Portugal, which received considerable publicity.

Where suppliers are concerned, the company has been making great efforts to meet the challenges posed by



REN's ambitious investment plan, making a decisive contribution to the high quality of service provided by the Group's companies.

Where the accident rate is concerned, 2007 was sadly marked by four serious accidents that resulted in seven fatalities among contractors' workers in construction or remodelling of lines (six) or substations (one).

In addition to the legal formalities required in these situations, there were internal enquiries into these accidents to ascertain the circumstances and causes with a view to preventing similar occurrences in the future.

These enquiries were followed by a reflection and discussion process and the following main steps were taken:

- A seminar entitled "Safety in the Construction of Lines and Substations" was organised. It was attended by safety experts, other representatives of many of the companies qualified by REN for construction



or safety supervision and coordination services and many REN experts and managers. This seminar, which will be repeated regularly, gave these stakeholders the opportunity to present their views and make suggestions, which deserved the attention of those present.

- Two annual prizes were introduced to distinguish and encourage companies with good occupational health and safety records in the construction of lines or substations.
- A series of preventive measures were immediately implemented. They included the contractors placing more safety experts on site, safety supervision on REN's behalf and the introduction of an accreditation process for the safety experts.

In addition to the aforementioned stakeholders, employees and suppliers, who are considered strategic partners and whose competence and performance are critical factors to REN's success, the company maintains a close relationship in different forms with other groups of stakeholders, such as shareholders, customers, authorities, the community and the financial sector.

Recognising the need to systematise and improve forms of relationship and stakeholder engagement in REN's decision-making process, a project was launched in late 2006, in which the AA1000SES - Stakeholder engagement standard was adopted. This Institute of Social and Ethical Accountability standard, which is part of the AA1000 series, sets forth a framework for relations with stakeholders detailing the main phases: thinking and planning, preparing and engaging, and responding and measuring.

Under this project, in 2007 we prepared a survey to assess the expectations and satisfaction of REN's customers using a method compatible with the ECSI - European Customer Satisfaction Index. Our customers, in the broad sense of the word, are not just consumers but also others involved in the electricity market: generators, distributors, suppliers, market operators and similar bodies.

In its first stage, this method, which an independent body (ADISEGI - Associação para o Desenvolvimento do Instituto Superior de Estatística e Gestão de Informação da Universidade Nova de Lisboa) is applying only to customers of REN - Rede Eléctrica Nacional, will be extended to the other Group companies and, with the necessary adaptations, to other stakeholder groups.

This project became even more apt and opportune with the public protests against the installation of REN's infrastructures that broke out mainly in the second half of 2007. The events, which are described below, show the

need for REN to continue to improve its communication, the amount and quality of information provided and mechanisms for engaging some stakeholders in decision-making processes.

The following initiatives were also undertaken in the field of communication in 2007:

- Introduction of a special investor relations channel on REN's website during the initial public offering (IPO) and listing of part of its share capital;
- Posting an online questionnaire on the 2006 Sustainability Report;
- Publication for the first time of a short version of the report on the implementation of the Environmental Performance Plan;
- Dissemination of new modular technical specifications covering all REN's outsourcing and indicating environmental requirements for service providers;
- Internal distribution of posters on good practices in reducing water, electricity and paper consumption and separation of waste produced in office buildings.



CORPORATE CITIZENSHIP

Since September 2004, REN has been a member of BCSD Portugal - Business Council for Sustainable Development, an organization set up in October 2001 by some members of the WBCSD, World Business Council for Sustainable Development to disseminate and share knowledge and foster articulation between companies and organizations in terms of sustainability.

REN has been participating actively in the different council initiatives, particularly through high-potential managers in the Young Managers Team programme. In recognition of the quality of REN's work in the field of sustainable development, the Director of REN's Operations Division was elected delegate of the year by BCSD Portugal on June 21st.

After joining the United Nations Global Compact in January 2005, REN became one of the founding members of its Portuguese network in 2006. The Global Compact is an initiative that contributes to the construction of a more sustainable global economy based on the universal principles of human rights, labour practices, preservation of the environment and the fight against corruption. In 2007 membership of this movement was extended to all the REN Group's companies, as REN - Redes Energéticas Nacionais, SGPS took over the membership of REN - Rede Eléctrica Nacional.

In view of its concern for a fair balance between its activity in the public interest and the population's well-being and environmental preservation, in early 2007 REN published a social responsibility policy statement applicable to all group companies.

Reporting on its action plans for implementing or furthering its policies is one of REN's commitments to social responsibility.

Where cooperation is concerned, in order to contribute to the development of transmission systems and improve their technical performance, the electricity grid belongs to different national and international organizations, especially in the European Union.

In 2007, REN continued to sponsor cultural, social, sporting and heritage initiatives and activities promoted by civil society organizations and public bodies.

A special word should go to REN's sponsorship of an international cultural initiative, which included an exhibition in Washington DC and Brussels entitled *Encompassing the Globe: Portugal and the World in the 16th and 17th Centuries* showing the history of global interculturality that began with the Portuguese voyages to India, China, Japan, Africa and Brazil from the 15th century onwards.

The company continued to sponsor young university students in a number of technical, scientific and academic initiatives, including the REN Award, which was extended to include gas, as a reflection of its new image and identity.

As part its sponsorship of initiatives promoted by civil society organizations and public bodies, REN continued to pursue its lasting partnerships, such as that with Teatro Nacional de S. João in Oporto, of which it has been the sole patron since 2003 due to its importance and merit in society's cultural panorama which has merited the praise of critics. Another example is its agreement with Centro de Estudos da Avifauna Ibérica, which was signed in March. It will remain in effect until December 31st, 2010 and replaces one established in 2005.

MANAGEMENT SYSTEMS

Where internal organization is concerned, since the late 1990s REN has been implementing and developing quality, environment, health and safety management systems.

At Rede Eléctrica Nacional, the first milestone in the official recognition of these systems was NP EN ISO 9001 certification by APCER - Associação Portuguesa de Certificação [Portuguese Certification Association] of the quality management system in the planning and construction of extra-high voltage lines and substations in April 2000.

This was followed by NP EN ISO 14001 certification by APCER of REN's environmental management system, also covering the concession, in December 2003.

The next project was beginning the implementation of an OHSAS 18001-compliant occupational health and safety management system in 2004. At the same time, the quality management system was extended to all the company's activities and the environmental management system was transferred to a new edition of the standard of reference.

Finally, in December 2005 the three wings of the integrated quality, environment and safety management system were certified. Since then regular audits for renewal (environment) and monitoring (occupational quality, safety and health) have been performed.

In 2007 employees' representatives for occupational safety, health and hygiene were elected, making it possible to reactivate the National Electricity Grid's Safety, Health and Hygiene Committee.

The REN Group's gas companies also have these management systems, in spite of the loss of certification resulting from their split from GALP and inclusion in REN



in September 2006. Work was done in 2007 on adapting the main processes and procedures to the restructuring carried out.

For 2008 REN has set the goal of creating an integrated quality, environment and safety management system covering all the Group's companies. The remaining relevant aspects of social responsibility will be progressively incorporated into the system.

With this goal in mind, several committees were set up in early 2008 to assist the management in these fields:

- a REN SGPS Corporate Responsibility Committee;
- a Quality, Environment and Safety Committee at each of the following companies: REN - Rede Eléctrica Nacional, REN Gasodutos, REN Armazenagem, REN Atlântico and REN Serviços.

The Corporate Responsibility Committee is an advisory body that assists the Executive Committee of REN SGPS on strategic issues of quality, environment, safety and social responsibility. It is chaired by the member of the Executive Committee in charge of these matters and representatives of the Group's companies sit on it.

The Quality, Environment and Safety Committees are also advisory bodies assisting the Boards of their companies in the following:

- Setting the company's overall quality, environment, safety and social responsibility targets and goals, in line with its corporate objectives, and drafting and monitoring their plans of activities;
- Examining the results of management system audits conducted at the company and monitoring corrective action;
- Issuing opinions on performance reports and other management system documents affecting the whole company.



SOCIAL RESPONSIBILITY

SOCIOECONOMIC ASPECTS

The energy sector is, by nature, the basis of development in modern societies. As holder of four concessions granted by the Portuguese state, REN shoulders a huge responsibility because of its strategic positioning in the sector.

The activity of the Group's companies acts as a catalyst in the economy and therefore generates wealth and creates direct and indirect employment in the whole value chain.

REN's investment plan has been quite ambitious in recent years, particularly in its subsidiary REN - Rede Eléctrica Nacional where the outlay was once again over the 200 million euro mark. This investment will continue, with the amount of EUR 290 million per year earmarked for the coming three years. This amount includes a sum for the development of natural gas infrastructures, including the third regasification tank at the Sines terminal, the construction of two more gas storage caverns at Carricho and the gas pipelines connecting to the new combined-cycle power stations.

However, the largest part of the investment has been, and will continue to be in the coming years, channelled into the construction of new infrastructures and improvement of existing one, with a view to:

- Ensuring access to the electricity grid for power generated from renewable sources so that at least 45% of gross national electricity consumption comes from renewable sources by 2010, in accordance with the national energy strategy's targets;
- Reinforcing the interconnection of the transmission grid with Spain in order to develop the MIBEL - Iberian Electricity Market and improve the system's safety;
- Satisfying the increasing demand for electricity.

The socioeconomic development resulting from the construction of new infrastructures or reinforcing existing ones has a positive impact not only on the country as a whole but also on the regions where they are located. The benefits are the result of:

- An improvement in service quality, as the better quality of supply and service continuity from new or reinforced infrastructures with more modern characteristics and better performance have immediate repercussions on customers and creates more attractive conditions for the establishment of new corporate and private customers, thereby helping to revitalise social and economic activity;

- Increase in the capacity to receive new power, as the ability to connect a new electric power station also helps to increase activity in the region during the construction and the operating phases and should be given due consideration in economic agents' investment decisions;
- Increase in the capacity to exchange power with the Spanish grid, as this helps improve the operation of the MIBEL, since it opens access to more agents and broadens each customer's choice of possible suppliers in accordance with market opportunities;
- Creation of conditions for supplying customers with special needs or characteristics, such as railways or major industries, thereby constituting a factor of development by improving means of transport and facilitating the establishment of companies and people.

Part of the value created by REN is retained to finance its activity, while the remainder is distributed among:

- Employees and management bodies, in the form of salaries, profit sharing and a variety of benefits;
- Shareholders, in the form of dividends;
- Financial institutions, in payment of interest and financial costs;
- The state, in the form of taxation;
- The community, through cultural patronage and sponsorship of cultural, scientific, technological and social activities of importance to society.

The activities of the largest subsidiaries of REN - Redes Energéticas Nacionais, SGPS, S.A. are regulated by law, the public service concession contract with the state and the regulations established by the Directorate-General of Geology and Energy (DGGE) or the Energy Service Regulator (ERSE).

In 2007, as required by the new Framework Law on the sector published in 2006, substantial changes were made to the organizational framework of the National Electricity System, with repercussions on REN's regulated activities. It was therefore necessary to prepare the restructuring of some of the Group's companies. The ERSE and DGEG also had to conduct an in-depth revision of the electricity sector's regulations.

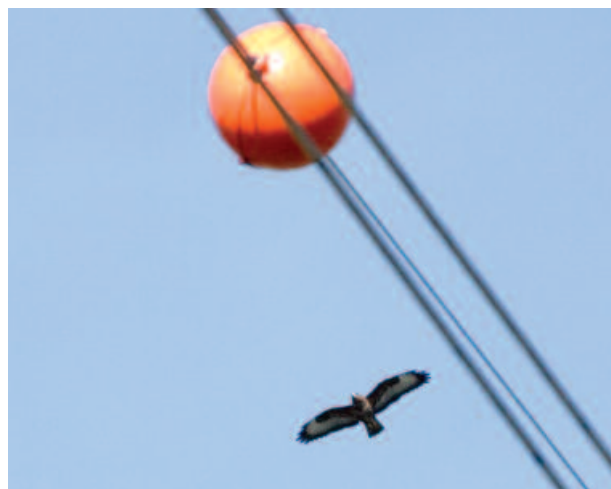
In the area of natural gas, 2007 saw the publication of the Regulations on the Operation of Infrastructures, regulating issues relating to technical access and its use, thereby completing the part of the sector's regulatory framework applying to REN companies. The sub-regulations are in their final stages and are expected to be published in the first quarter of 2008.

REN's capacity to create value is strictly conditioned by regulations. At the beginning of 2007, the balance of around EUR 650.2 million from all tariff differences was in REN's favour. Of this, some EUR 274.3 million related to the 2006 tariff deficit borne by REN and approximately EUR 164.5 million corresponded to the tariff difference between 1999 and 2003 related to payment for land occupied by power stations.

The prices fixed for 2007 underestimated the costs of REN - Rede Eléctrica Nacional by around EUR 48.3 million and, although they assume a recovery of differences from previous years of EUR 122.8 million, they resulted in a total balance in the tariff difference account of EUR 553 million at the end of 2007. EUR 152.3 million corresponds to payment for the land occupied by power stations with power purchase agreements and EUR 314 million to tariff deficits from 2006 and 2007.

In 2008, REN plans to propose changes to the regulator for the next regulatory period, making it possible to introduce efficiency incentives to be shared between the company and its customers, in line with the commitment made at the time of the initial public offering (IPO).

The incorporation of REN Serviços in June 2007 was part of our concern for greater economic rationality in the management of common back-office activities. When this company goes into operation, which should occur in the first quarter of 2008, a number of back-office activities at the different companies will be centralised in it, allowing economies of scale and range, the effects of which should be felt in the near future.





ENVIRONMENTAL PRESERVATION

Environmental assessment

REN is one of the main promoters of public utility infrastructure projects subject to environmental assessment, for which the Agência Portuguesa do Ambiente (APA – Portuguese Environmental Agency) is responsible.

REN began conducting environmental impact studies in the 1990s and has even received an award from the International Association for Impact Assessment (IAIA). This initiative was later enshrined in legislation in a Definition of Scope procedure.

REN is aware of the importance of environmental concerns when undertaking new projects and in 2005, in partnership with the APA, began to draw up a Guide on NTG Facilities (overhead and underground lines and substations). The guide, which was completed and published in late 2007, is a source of reference for environment impact assessments and studies of these facilities. Its main aims are:

- to compile in didactic form all relevant technical and environmental information for the general public and professionals involved in environmental impact studies and assessments, using the best practices and available technologies;
- explaining energy policy goals in a framework of sustainable development;
- adopting and improving know-how gained from previous environmental impact assessments;
- increasing the efficiency of environmental impact assessments.

Professional members of the Associação Portuguesa da Avaliação de Impactes (APAI - Portuguese Environmental Impact Association), of which REN is a member, helped coordinate the preparation of the guide.

In spite of their undeniable public interest, there are some negative impacts associated with the installation and operation of electricity transmission grids. The most important are effects on biodiversity, noise emissions, electromagnetic fields and impacts on the landscape. Another effect, of a socioeconomic nature, is also sometimes associated with these impacts – the real or potential depreciation in the value of assets (land and houses, for example).

As mentioned above, the National Transmission Grid infrastructures are planned, built and operated in strict compliance with the most stringent safety standards. REN conducts analyses of technical safety aspects for people and property, including health parameters, and they are then checked by the competent authorities. The



appropriateness of solutions at different levels of analysis is publicly documented and is the subject of opinion statements, authorizations and permits as required by law and in strict collaboration with the authorities. This assessment includes a public consultation conducted by MAOTDR during the environmental impact assessment, in which the local authorities participate as laid down by law.

In spite of continued efforts to find balanced solutions in proportion to the risks involved, in 2007 there was an increase in public protests against National Transmission Grid projects, which were reflected in the creation of civic movements opposing the installation of new extra high voltage lines in the municipalities of Silves, Sintra, Almada and Batalha.

This phenomenon, which receives considerable encouragement from the media resulting in an increase in the risk perceived by the public, is considered at international level to be essentially a problem of communication. This conclusion was confirmed in the European Commission Eurobarometer study published in June 2007. On the subject of electromagnetic fields (EMFs), which are responsible for most of the public protest against NTG infrastructures, it says that:

- 80% of citizens do not feel that there is a protection framework relating to EMFs;
- 33% say that they have no information;
- 60% of citizens have negative views on the action of the authorities in informing them on this matter.

The difficulties encountered, which happen to be compounded by spatial planning problems that are particularly acute in coastal areas where most of the infrastructures are built, have increased REN's motivation to maintain, strengthen and improve its policy of total openness to dialogue and cooperation with all stakeholders within reason and the limits of the law.

Under a strict plan for monitoring impacts, the intensity of electric and magnetic fields is regularly measured, particularly in the most unfavourable situations. The levels found are significantly lower than those recommended by the Committee on Epidemiology of the International Commission for Non-Ionizing Radiation Protection [ICNIRP], which are enshrined in the law and abide by the precautionary principle.

Nonetheless, as part of its social responsibility, in December 2004 REN signed an agreement with the Lisbon University Faculty of Pharmacy (FFUL) for a draft study on the possible effects on human health of electromagnetic fields and a programme of long-term scientific studies. The project was re-launched in December 2007 when a new agreement was signed also including monitoring work on EMFs in the National Environment and Health Action Plan [PNAAS] and the preparation of didactic documents for distribution to the general public.

Under this agreement, on January 23rd, 2008 the FFUL organised the Simpósio bioCEM – Campos Electromagnéticos e Sistemas Biológicos [BioCEM symposium – Electromagnetic Fields and Biological Systems], in which experts and representatives of national and international bodies with authority on the matter participated. They included representatives of the ICNIRP and WHO.

Other relevant events in 2007

- Following the transposition to Portuguese law of the European Directive on Strategic Environmental Assessment of Plans and Programmes, in 2007 REN signed an agreement with Instituto Superior Técnico, coordinator of the project, and several technical assistance contracts with specialized bodies for application of the strategic environmental assessment (SEA) process of the Plan for Development and Investment in the Transmission Grid (PDIRT) for 2009 – 2014 (2019).
- The first two phases of the agreement between REN and the Aveiro University Institute of the Environment and Development (IDAD) for a study of the acoustic conditioning on substations were completed.
- The activities scheduled for the second year of the National Transmission Grid Environmental Performance 2006-2008 were carried out:
 - Landscaping (Palmela, Fernão Ferro and Custóias substations) – measures with highly significant environmental and socioeconomic merit that help reconcile the installation of NTG infrastructures with the interests of local communities;
 - Signing of an agreement between REN and CEAL - Iberian Avifauna Study Centre on the LIFE - Nature Project Conservation of Tree-Dwelling Populations of Bonelli's Eagle in Portugal. The results of the project are expected to shed light on the impacts of the installation and expansion of the NTG in areas where populations of this protected species may be affected;
 - Control of nesting by white storks by setting up devices for storks on a number of lines and transferring nests located in hazardous areas to artificial platforms;
 - Signalling of sections of line identified under the REN-ICNB (Nature Conservation and Biodiversity Institute) agreement as having an actual or potential impact on avifauna;
 - Disassembling of lines with a long life span and resulting superficial deterioration of materials, thereby guaranteeing social benefits as a result of improvements in urban and social conditions in the areas in question.
- Establishment of the first Environmental Performance Plans of the three natural gas companies.
- Market consultation to improve the energy efficiency of REN's head office.
- Offsetting of greenhouse gas emissions associated with the publication of hard-copy reports in 2007 by reforestation of 60 ha at Herdade da Gâmbia under the Carbon Zero voluntary compensation mechanism.



CODES OF CONDUCT

The public service mission underlying the concession contracts with the Portuguese state requires REN to shoulder a vast number of responsibilities, not only in terms of guaranteeing supply and the reliability and safety of energy transmission and transport networks but also of its environmental and social performance.

In their relations with market agents, the Group's companies are bound to abide by the principles of impartiality, non-discrimination and guaranteed access to networks.

These principles, among others, and the ethical values governing the relationship among employees and between employees and third parties are set forth in a Code of Ethics and three codes of conduct applicable to specific jobs – system manager, commercial agent and account adjustment.

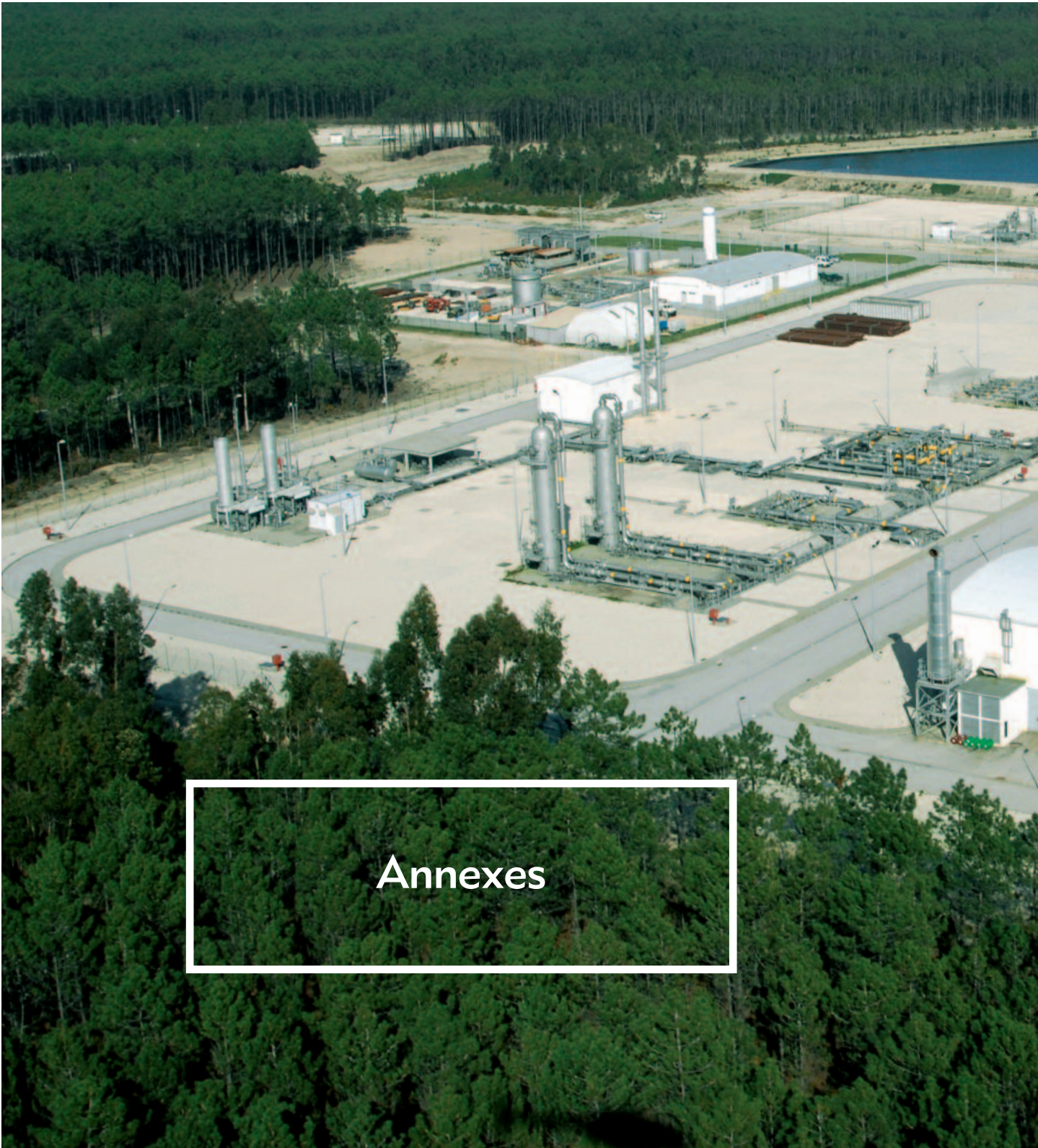
The first version of REN's Code of Ethics was published in 2003 and was now subject to a revision in order

to extend it to all the Group's companies. This revision will be carried out in the light of Portuguese standard NP 4460-1 of 2007, "Ethics in organizations Part 1: Guidelines on preparing and implementing codes of ethics in organizations". This process, which is following the Deming cycle (PDCA – Plan, Do, Check, Act) will involve the main groups of stakeholders more and introduce a number of regular mechanisms for monitoring, checking and ongoing improvement.

Operating Codes of Conduct are documents required by the energy sector regulations and were published for the first time in February 2000. They were last revised in 2006 and are currently being reviewed again in order to adapt them to the recent changes in the sector's legal framework.

The Code of Conduct in effect in the REN Group can be viewed or downloaded on www.ren.pt or obtained on request from the Investor Relations Office.





Annexes



ANNEXES

Annex I. Description of the Board of Directors: **a)** names 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, listing those in other companies in the same group; **c)** their qualifications, 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 end of their term of office.

Annex II. Description of the main details of the transactions and operations between the company and the members of its managing and supervisory bodies who own qualifying shareholdings or subsidiary or group companies, 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 but are also part of the company's current activity.

Annex III. Qualifying holdings in REN's share capital as of December 31st, 2007 and shares held by members of Board of Directors, Audit Committee and General Shareholders Meeting Board.

Annex IV. The annual fee paid to the auditor and other natural or legal persons belonging to the same network borne by the company or subsidiary or group companies and a breakdown of the percentage paid for the following services: **a)** legal audits, **b)** other services guaranteeing accuracy, **c)** tax consultancy services, **d)** services other than legal audits.



ANNEX I

THE BOARD OF DIRECTORS

At the time of writing of this report, the membership of the Board of Directors is as follows:

Name	Age	Function	First elected	Date of expiry of term
José Rodrigues Pereira dos Penedos	62	Chairperson	2001	2009
Aníbal Durães dos Santos	60	Executive director	2001	2009
Vítor Manuel da Costa Antunes Machado Baptista	55	Executive director	2001	2009
Rui Manuel Janes Cartaxo	55	Executive director	2007	2009
Fernando Henrique Viana Soares Carneiro	58	Executive director	2007	2009
Luís Maria Atienza Serna	50	Director	2007	2009
Gonçalo José Zambrano de Oliveira	37	Director	2007	2009
Manuel Carlos Mello Champalimaud	61	Director	2007	2009
José Luís Alvim Marinho	55	Chairperson of the Audit Committee (Independent)	2007	2009
José Frederico Vieira Jordão	63	Member of the Audit Committee (Independent)	2007	2009



José Rodrigues Pereira dos Penedos

Holds a degree in Electrotechnical Engineering from the Instituto Superior Técnico. Between 2003 and 2006, Mr. Penedos was a board member of Galp and between 2004 and 2006, board member of GDP S.A. Since 2004, Mr. Penedos has been Chairperson of the Portuguese National Committee in CIGRÉ - Conseil International des Grands Réseaux Électriques. Since 2006 Mr. Penedos has been Head of the Union for the Co-ordination of Transmission of Electricity ("UCTE"). Between 1995 and 1996, Mr. Penedos held government positions, as Secretary of State for the areas of "Energy", of "Industry and Energy", up to November 1997, and of "Defence", up to October 1999.

Aníbal Durães dos Santos

Holds a degree in Finance from ISCEF and a PHD in Economics from Universidade Católica Portuguesa ("UCP"). Professor 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 and a member of the Consultative Board of Portugal Telecom SGPS, S.A. Professor Santos has also been a board member of several companies, Director-General of European Affairs at the Ministry of Industry and Energy, President of the Portuguese Section of CEEP and European Vice-President. A former Director of the Department of Economics of the Universidade Católica Portuguesa (1987-1993), Professor Santos has been a Professor at the Economics Department of this University.

Vítor Manuel da Costa Antunes Machado Baptista

Holds a degree in Electrotechnical Engineering from Faculdade de Engenharia da Universidade do Porto ("FEUP"), as well as advanced studies in Energy Planning from the University of Chicago and the Argonne National Lab (USA) as well as advanced studies from USW Universitätsseminar der Wirtschaft Burg Disternich in Germany. Mr. Baptista has been working with us since January 2001, is one of the non executive members of the Board of Directors of OMIP, is member of the Board of Directors of ELECPOR and is our representative in ASAE - the Association of the External Agents of the Spanish Electric System and in IESOE - Interligação Eléctrica do Sudoeste da Europa.

Rui Manuel Janes Cartaxo

Holds a degree in Economics from the Universidade Técnica de Lisboa. Between 2002 and 2006, he was an executive director of Galp Energia, director of several companies of the GALP group, since 1997, and Chairperson 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 economist at Banco de Portugal, Director-General at the Ministry of the Treasury and consultant in the research department of OECD (in Paris).

Fernando Henrique Viana Soares Carneiro

Holds a degree in Mine Engineering from IST. Mr. Carneiro is an independent director of the board of PT SGPS, S.A., Mr. Carneiro has been Chairperson of the Board of Directors of Somincor, Sociedade Mineira de Neves-Corvo S.A. and of EDM, Empresa de Desenvolvimento Mineiro S.A. Mr. Carneiro was a member of the Board of Directors of The European Bank for Reconstruction and Development (EBRD) and of the World Bank group.

Luís Maria Atienza Serna

Mr. Serna has been Spanish Minister of Agriculture, Fishing and Food, General Secretary of Energy and Mineral Resources of the Spanish Ministry of Industry and Energy and General Secretary of Agriculture Structures of the Spanish Ministry of Agriculture, Fishing and Food. Currently, Mr. Serna is the Chairperson of the Board of Directors of Red Eléctrica de España, S.A. and member of the Board of Directors of Red Eléctrica Internacional Unipersonal, S.A. Mr. Serna also acted as Chairperson of the Spanish Institution for Energy Diversification and Investment. He holds a degree in Economic and Company Sciences from the Universidad de Deusto.

Gonçalo José Zambrano de Oliveira

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

Manuel Carlos de Mello Champalimaud

Is currently the Chairperson of the Board of Directors of Gestmin SGPS, S.A., of Prodimed, S.A. and of Sogestão, S.A., is Member of the Board of Directors of Winreacson, S.A. and Executive-Manager of the companies Da Praia - Promoção Imobiliária, Lda., Sogolfe - Empreendimentos Turísticos, Lda. and Agrícola São Barão, Lda.

José Luís Alvim Marinho

Holds a degree in Economics from the Faculdade de Economia do Porto and, since March 2007, has been a non-executive director of CUF-SGPS. Mr. Marinho was a director of the Banco Português de Negócios, S.A., 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

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 Chairperson of the boards of directors of Iberholding, RAR Imobiliária, RAR (Genève), and RAR (London). Mr. Jordão was Director of Finantipar (holding which controls the Finantia group) and Member of the General Counsel and Chairperson 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.

The professional address of each of these members of the Board of Directors is that of REN's registered office at no. 55 Avenida Estados Unidos da América, 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 managing or supervisory bodies in the last five years.

Name	Function
José Rodrigues Pereira dos Penedos	Chairperson of the Board of Directors of REN SGPS REN - Rede Eléctrica Nacional – Chairperson of the Board of Directors RENTELECOM – Chairperson of the Board of Directors Galp – Member of the Board of Directors GDP, S.A. – Member of the Board of Directors APE - Associação Portuguesa da Energia – Chairperson ETSO – Member of the Steering Committee CIGRE – Chairperson of the Portuguese National Committee UCTE – Chairperson Gasoduto Braga-Tuy – Chairperson of the Board of Directors Gasoduto Campo Maior-Leiria-Braga – Chairperson of the Board of Directors REN Trading – Chairperson of the Board of Directors REN Serviços – Chairperson of the Board of Directors REN Gasodutos – Chairperson of the Board of Directors REN Atlântico - Terminal de GNL – Chairperson of the Board of Directors REN Armazenagem – Chairperson of the Board of Directors
Aníbal Durães dos Santos	Member of the Board of Directors of REN SGPS REN - Rede Eléctrica Nacional – Member of the Board of Directors Member of the Management Board of ELECPOR Member of the Disciplinary Committee of the Association of Economists Member of the Advisory Board of Portugal Telecom, SGPS, S.A. REN Trading – Member of the Board of Directors RENTELECOM – Member of the Board of Directors REN Serviços – 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
Vítor Manuel da Costa Antunes Machado Baptista	Member of the Board of Directors of REN SGPS REN - Rede Eléctrica Nacional – Member of the Board of Directors Non-executive member of the Board of Directors of OMIP Representative of REN Rede Eléctrica at the ASAE - Asociación de Agentes Externos del Sistema Eléctrico Español Representative of REN Rede Eléctrica at IESOE - Electricity Interconnection in South-Western Europe Member of the Board of the FEUP Department of Computers and Electrotechnical Engineering Member of the Advisory Board of ISEP - Instituto Superior de Engenharia do Porto Chairperson of the Technical Follow-up Committee for the Operation of the Iberian Electricity System - CTSOSEI REN Trading – Member of the Board of Directors REN Serviços – Member of the Board of Directors REN Gasodutos – Member of the Board of Directors REN Armazenagem – Member of the Board of Directors

Name	Function
Rui Manuel Janes Cartaxo	<p>Member of the Board of Directors of REN SGPS REN - Rede Eléctrica Nacional – Member of the Board of Directors Executive director of Galp CEO of Galp Power Chairperson of the Board of Directors of GDP Distribuição, S.A. Chairperson of the Board of Directors of Lisboagás Chairperson of the Board of Directors of Água Solar Chairperson 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 REN Trading – Member of the Board of Directors REN Serviços – Member of the Board of Directors</p>
Fernando Henrique Viana Soares Carneiro	<p>Member of the Board of Directors of REN SGPS Independent director of Portugal Telecom, SGPS, S.A. Chairperson of the BD of Somincor, Sociedade Mineira de Neves-Corvo S.A. and EDM, Empresa de Desenvolvimento Mineiro, S.A. Director of the International Copper Organization (NY) Member of the Board of Directors of the EBRD (European Bank for Reconstruction and Development) in London and Chairperson of its Budget and Administration Committee Member of the Board of Directors of the World Bank Group REN Trading – Member of the Board of Directors REN Serviços – Member of the Board of Directors REN Gasodutos – Member of the Board of Directors REN Armazenagem – Member of the Board of Directors</p>
Luís Maria Atienza Serna	<p>Member of the Board of Directors of REN SGPS Chairperson and executive member of the Board of Directors of Red Eléctrica de España, S.A. Joint director of Red Eléctrica Internacional, S.A., <i>unipersonal</i> Chairperson of the Board of Directors of Red Eléctrica del Sur, S.A. (Peruvian company) Chairperson of the Board of Directors of Transportadora de Electricidad, S.A. (Bolivian company) Chairperson of Fundación Doñana 21, para el Desarrollo Sostenible del Entorno de Doñana</p>
Gonçalo José Zambrano de Oliveira	<p>Member of the Board of Directors of REN SGPS Director of Esconcessões - SGPS, S.A., Ipodec Portugal - Gestão de Resíduos, Lda. And Auto-Vila - Reciclagem de Resíduos, S.A. Director of Sociedade Central de Cervejas e Bebidas, S.A. and Sociedade da Água do Luso, S.A. Grupo Oliveira Executive director of Olinveste SGPS, Lda.</p>
Manuel Carlos Mello Champalimaud	<p>Member of the Board of Directors of REN SGPS General Manager – Agrícola São Barão - Unipessoal, Lda. Manager – Da Praia - Promoção Imobiliária, Lda. Chairperson of the Board of Directors of Gestmin, SGPS, S.A. Chairperson of the Board of Directors of Sogestão - Administração e Gerência, S.A. General Manager – Sogolfe - Empreendimentos Turísticos, Sociedade Unipessoal, Lda. Member of the board – Prodimed, S.A. Member of the board – Winreason, S.A.</p>

Name	Function
José Luís Alvim Marinho	Chairperson of REN SGPS Audit Committee Non-executive director of CUF-SGPS Coordinating Director of Banco Santander Portugal, S.A. and Banco Totta, S.A. Member of the Board of Directors of Banco Santander de Negócios Portugal, S.A. Member of the Board of Directors of Totta-Crédito Especializado, IFIC, S.A. Director of AENOR - Auto-Estradas do Norte, S.A.
José Frederico Vieira Jordão	Member of REN SGPS Audit Committee Consultant to the Chairperson of the Board of Directors of RAR, Sociedade de Controle (Holding), S.A.

Of the above positions, the following are currently held by REN's directors:

Name	Function
José Rodrigues Pereira dos Penedos	Chairperson of the Board of Directors of REN SGPS REN - Rede Eléctrica Nacional – Chairperson of the Board of Directors RENTELECOM – Chairperson of the Board of Directors REN Serviços – Chairperson of the Board of Directors REN Gasodutos – Chairperson of the Board of Directors REN Atlântico - Terminal de GNL – Chairperson of the Board of Directors REN Armazenagem – Chairperson of the Board of Directors Gasoduto Braga-Tuy – Chairperson of the Board of Directors Gasoduto Campo Maior-Leiria-Braga – Chairperson of the Board of Directors APE - Associação Portuguesa da Energia – Chairperson UCTE – Chairperson CIGRÉ – Chairperson of the Portuguese National Committee
Aníbal Durães dos Santos	Member of the Board of Directors of REN SGPS REN - Rede Eléctrica Nacional – Member of the Board of Directors Member of the Management Board of Elecpor Member of the Disciplinary Committee of the Association of Economists Member of the Advisory Board of Portugal Telecom, SGPS, S.A. REN Serviços – 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
Vítor Manuel da Costa Antunes Machado Baptista	Member of the Board of Directors of REN SGPS REN - Rede Eléctrica Nacional – Member of the Board of Directors Non-executive member of the Board of Directors of OMIP Representative of REN - Rede Eléctrica Nacional at ASAE - Asociación de Agentes Externos del Sistema Eléctrico Español Representative of REN - Rede Eléctrica Nacional at IESOE - Electricity Interconnection in South-Western Europe Board member of the FEUP Department of Computers and Electrotechnical Engineering Member of the Advisory Board of ISEP - Instituto Superior de Engenharia, Oporto Chairperson of the Technical Follow-up Committee for the Operation of the Iberian Electricity System - CTSOEI REN Serviços – Member of the Board of Directors REN Gasodutos – Member of the Board of Directors REN Armazenagem – Member of the Board of Directors

Name	Function
Rui Manuel Janes Cartaxo	Member of the Board of Directors of REN SGPS REN - Rede Eléctrica Nacional – Member of the Board of Directors REN Serviços – Member of the Board of Directors
Fernando Henrique Viana Soares Carneiro	Member of the Board of Directors of REN SGPS Independent director of Portugal Telecom, SGPS, S.A. REN Serviços – Member of the Board of Directors REN Gasodutos – Member of the Board of Directors REN Armazenagem – Member of the Board of Directors
Luís Maria Atienza Serna	Member of the Board of Directors of REN SGPS Chairperson and executive member of the Board of Directors of Red Eléctrica de España, S.A. Joint director of Red Eléctrica Internacional, S.A., <i>unipersonal</i> Chairperson of the Board of Directors of Red Eléctrica del Sur, S.A. (Peruvian company) Chairperson of the Board of Directors of Transportadora de Electricidad, S.A. (Bolivian company) Chairperson of Fundación Doñana 21, para el Desarrollo Sostenible del Entorno de Doñana
Gonçalo José Zambrano de Oliveira	Member of the Board of Directors of REN SGPS Director of Esconcessões - SGPS, S.A., Ipodec Portugal - Gestão de Resíduos, Lda. and Auto-Vila - Reciclagem de Resíduos, S.A. Director of Sociedade Central de Cervejas e Bebidas, S.A. and Sociedade da Água do Luso, S.A. Oliveira Group – Executive Director at Olinveste, SGPS, Lda.
Manuel Carlos Mello Champalimaud	Member of the Board of Directors of REN SGPS General Manager – Agrícola São Barão - Unipessoal, Lda. Manager – Da Praia - Promoção Imobiliária, Lda. Chairperson of the Board of Directors of Gestmin, SGPS, S.A. Chairperson of the Board of Directors of Sogestão - Administração e Gerência, S.A. General Manager, Sogolfe - Empreendimentos Turísticos, Sociedade Unipessoal, Lda. Chairperson of the Board of Directors of Prodimed, S.A. Member of the board – Winreason, S.A.
José Luís Alvim Marinho	Chairperson of REN SGPS Audit Committee Non-executive director of CUF-SGPS
José Frederico Vieira Jordão	Member of REN SGPS Audit Committee Consultant to the Chairperson of the Board of Directors da RAR (Holding)

ANNEX II

MAIN INFORMATION ON RELATIONSHIPS BETWEEN CONNECTED PARTIES

Transactions with related parties

On December 31st, 2007, the REN Group is quoted at Euronext de Lisboa. Its main shareholders are Parpública (state), EDP and Caixa Geral de Depósitos (Note 20).

Its related entities are as follows:

EDP Group

EDP - Energias de Portugal, S.A.
EDP Distribuição - Energia, S.A.
EDP Serviços Universal, S.A.
EDP Valor - Gestão integrada de serviços, S.A.
EDP Gestão da Produção da Energia Sãvida, S.A.
Labelec, S.A.

CGD Group

Caixa Geral de Depósitos
Caixa BI

During the financial year, the REN Group carried out the following transactions with these entities:

Transactions and balances with shareholders and their subsidiaries

There follows a detailed summary of the related entities that are subsidiaries of the REN Group:

Sale of products and services

	Un: Thousand euros	
	2007	2006
Sale of products		
Electricity – EDP	1 463 365	3 025 557
	1 463 365	3 025 557
Services rendered		
Other services – EDP	592	5 656
	592	5 656

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

Purchase of products and services

	Un: Thousand euros	
	2007	2006
Purchase of products		
Electricity – EDP	737 923	1 720 985
	737 923	1 720 985
Purchase of services		
Sundry services – EDP	4 272	5 303
Interest on commercial paper – CGD	23 550	15 628
Borrowing commissions – CGD	377	404
Other interest – CGD	3	
	28 202	21 335

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



ANNEX III

QUALIFYING HOLDINGS IN REN'S SHARE CAPITAL AS OF DECEMBER 31ST, 2007 AND SHARES HELD BY MEMBERS OF CORPORATE BODIES

With reference to December 31st, 2007, the shareholders that, in accordance with article 20 of the Portuguese Securities Code, held qualifying holdings representing at least, 2% of the share capital of REN – Redes Energéticas Nacionais, SGPS, S.A. were the following:

	No. of shares held	% Capital	% Vote
Parpública - Participações			
Públicas (SGPS), S.A.	165 545 340	31.00%	31.00%
Caixa Geral de Depósitos, S.A.	106 794 660	20.00%	20.00%
EDP - Energias de Portugal, S.A.	26 700 000	5.00%	5.00%
Gestmin, SGPS, S.A.	27 054 420	5.07%	5.07%
Logoennergia, SGPS, S.A.	34 853 562	6.53%	6.53%
Oliren, SGPS, S.A.	26 700 000	5.00%	5.00%
Red Eléctrica de España, S.A.	26 700 000	5.00%	5.00%

In accordance and for the purposes of article 447 of the Portuguese Companies Code, the number of shares held by the members of the Corporate Bodies at the end of the 2007 financial year was as follows:



	31.12.2007
	Number of shares held ⁶
General Shareholders Meeting Board	
Paulo Miguel Garcês Ventura (Vice President)	0 (zero)
Audit Committee	
José Luís Alvim Marinho	0 (zero)
José Frederico Vieira Jordão	0 (zero)
Board of Directors	
José Rodrigues Pereira dos Penedos	50 490 ⁷
Aníbal Durães dos Santos	10 250 ⁸
Vítor Manuel da Costa Antunes Machado Baptista	3 810 ⁹
Rui Manuel Janes Cartaxo	980 ¹⁰
Fernando Henrique Viana Soares Carneiro	0 (zero)
Luís Maria Atienza Serna	0 (zero)
Gonçalo José Zambrano de Oliveira	26 700 000 ¹¹
Manuel Carlos Mello Champalimaud	27 107 340 ¹²

During the financial year of 2007, the following members of the Corporate Bodies performed the following trade operations of shares of REN:

	No. of shares purchased ¹³	Date	Paid consideration for each share
General Meeting Board			
	0 (zero)		0 (zero)
Audit Committee			
	0 (zero)		0 (zero)
Board of Directors			
José Rodrigues Pereira dos Penedos	50 000	10/07/2007	€ 3.458
Levinda de Lourdes Martins			
Pereira dos Penedos ¹⁴	490	10/07/2007	€ 2.704
Aníbal Durães dos Santos	10 000	16/07/2007	€ 3.794
Raquel de Jesus Delgado dos Santos ¹⁵	250	09/07/2007	€ 2.711
Vítor Manuel da Costa Antunes Machado Baptista	3 330	10/07/2007	€ 2.624
Maria Isabel Rodrigues da Costa Baptista ¹⁶	480	10/07/2007	€ 2.706
Rui Manuel Janes Cartaxo	490	09/07/2007	€ 2.704
Ana Rosa Ferreira de Freitas ¹⁷	490	09/07/2007	€ 2.704
Manuel Carlos Mello Champalimaud	52 920	09/07/2007	€ 2.750

⁶ Comprises the shares of the members of the management and supervisory bodies of REN, as well as, if applicable, (i) the spouse not judicially separated, regardless of the matrimonial property regime applying; (ii) the descendants who are minors; (iii) the persons in whose names the shares or bonds are recorded, having been acquired on behalf of the persons referred to in no. 1 and items a) and b) of no. 4 of Article 447 of the Portuguese Companies Code; (iv) and the pertaining to a company in which the persons referred to in paragraph 1 and items a) and b) of the referred number are partners with unlimited liability, exercise the management thereof or any of the offices referred to in no. 1, or possess, individually or together with the persons referred to in items a), b) e c) of the referred number, at least half of the company's share capital or votes corresponding thereto.

⁷ Comprises 50 000 shares directly held and 490 shares held by the spouse.

⁸ Comprises 10 000 shares directly held and 250 shares held by the spouse.

⁹ Comprises 3 330 shares directly held and 480 shares held by the spouse.

¹⁰ Comprises 490 shares directly held and 490 shares held by the spouse.

¹¹ Corresponds to the shares held by the shareholder Oliren, SGPS, S.A., which are attributable for the purposes of article 447 of the Portuguese Companies Code pursuant to being Chairman of the Management body of that company.

¹² Comprises 52 920 shares held directly and 27 054 420 shares held by the shareholder Gestmin, SGPS, S.A., which are attributable for the purposes of article 447 of the Portuguese Companies Code pursuant to being Chairman of the Management body of that company.

¹³ Comprises the list of shares covered by no. 1 and 2 of Article 447 of the Portuguese Companies Code in relation to each of the persons referred to in no. 1 of such Article, with referral to the enumerated facts in said numbers and on no. 3 of the same Article 447 of the Portuguese Companies Code.

¹⁴ Spouse of José Rodrigues Pereira dos Penedos.

¹⁵ Spouse of Aníbal Durães dos Santos.

¹⁶ Spouse of Vítor Manuel da Costa Antunes Machado Baptista.

¹⁷ Spouse of Rui Manuel Janes Cartaxo.

ANNEX IV

ANNUAL AUDITOR'S FEE

Fees billed by PriceWaterhouseCoopers in 2007

	Amount	Percentage
Legal audits of accounts	122 735.00	20%
Other guarantees of accuracy	87 507.50	14%
Tax consultancy services	0.00	0%
Services other than legal audits (*)	405 297.91	66%
Total	615 540.41	100%

(*) Includes €329 498 for consultancy during IPO

Pursuant to Article 423-F), item o) 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.

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 2007, the rendering by PriceWaterhouseCoopers of non-audit services, in order to ensure that situations of conflict of interests would not raise.

In this context, all proposals for rendering non-audit services must be subject to the analyses and prior approval of the Audit Committee, with the purpose of safeguarding the External Auditor's professional independence.





Publication

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Photography

PLINFO
Photo Archive REN

Print Run

350 copies

ISSN

1647-0141

Legal Deposit

277682/08





