REN

ANNUAL REPORT 2013

THE FUTURE INSPIRES US

MANAGEMENT REPORT
SUSTAINABILITY AT REN
FINANCIAL ACCOUNTS
CORPORATE GOVERNANCE

ANNUAL REPORT 2013

REN

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THE FUTURE INSPIRES US

WE WORK TO ANTICIPATE TOMORROW WITH THE AIM OF STRENGTHENING TRANSMISSION CAPACITY,

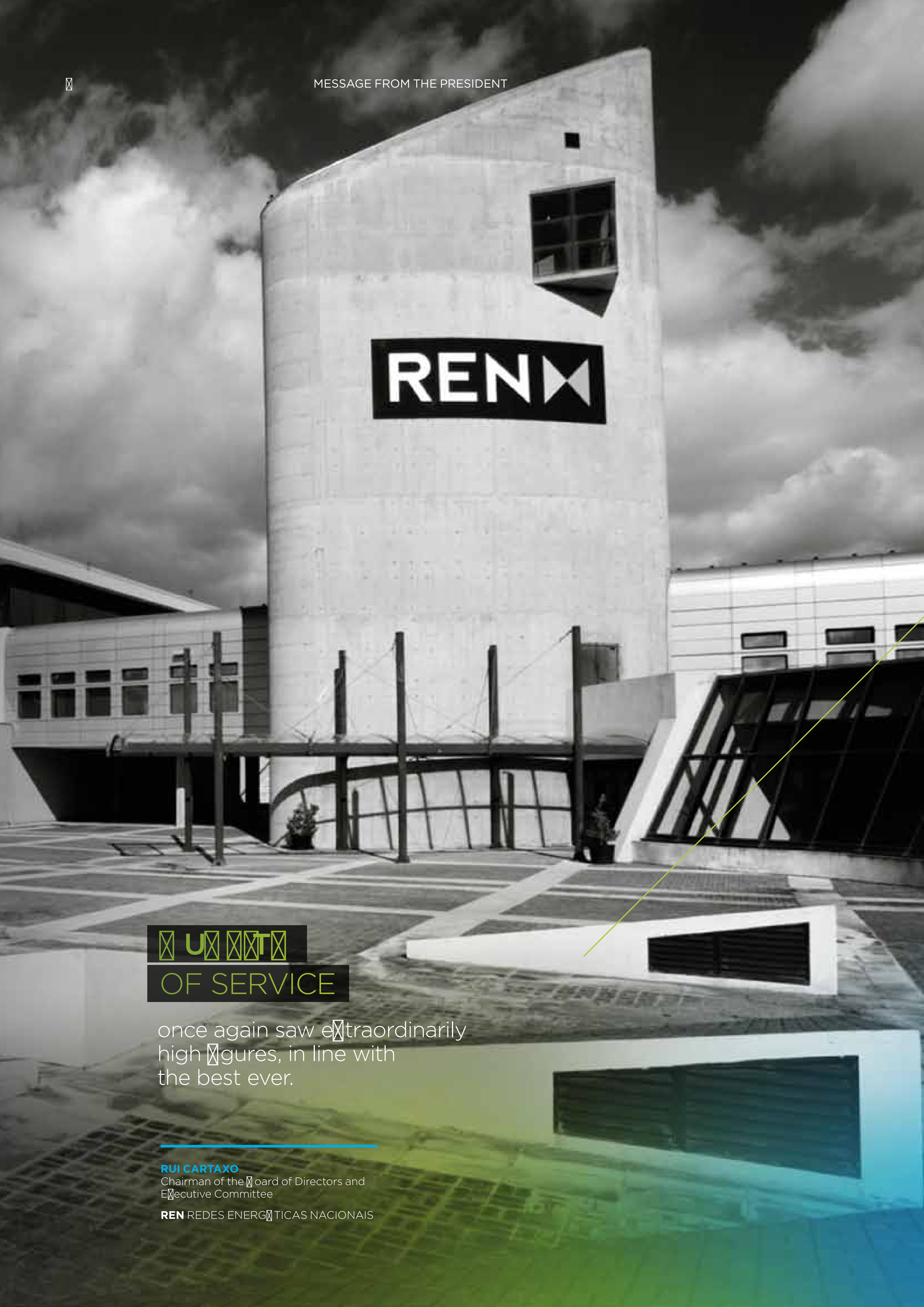
the quality to ensure energy supply to a world in constant evolution. to continue at the forefront of innovation, promoting new solutions and approaches for smart, clean and efficient growth and a more sustainable energy system.

The future inspires us to do more and better.

04 **SUSTAINABILITY** AT REN

05 **FINANCIAL** ACCOUNTS

06 **CORPORATE** GOVERNANCE



QUALITY OF SERVICE

once again saw extraordinarily high figures, in line with the best ever.

RUI CARTAXO
Chairman of the Board of Directors and Executive Committee

REN REDES ENERGÉTICAS NACIONAIS

01 MESSAGE FROM THE PRESIDENT

"IN A PARTICULARLY DIFFICULT YEAR, OUR COMPANY CLEARLY DEMONSTRATED THE RESILIENCE OF ITS BUSINESS MODEL."

Dear Shareholders,

The financial year of [illegible] was one of the most difficult in recent times with regard to the REN economic-financial environment and where the main difficulty lay in the asymmetry caused to REN's results by financial market fluctuations.

While the rapid reduction in interest rates on sovereign debt was good news for the country and for REN, it also produced a temporary negative effect on company accounts. This is due to the ERSE regulatory model: regulated income immediately complies with rate changes in the sovereign debt market, but REN's financing costs lag behind these changes to some extent, because of the rigidity of costs built in to some older loans. As a consequence, as was to be expected – and confirmed – in [illegible], the reduction in income would be faster than the reduction in the average cost of debt. However, in [illegible] the reduction in REN's financing costs will be significant and impact positively on pre-tax profits.

In order to mitigate the fall in earnings on regulated assets in [illegible], REN accelerated the reduction in operating costs by streamlining operations and the organizational structure. As a result, OPEX costs fell by [illegible], while the so called OPEX core costs (i.e. excluding costs arising from legislative or regulatory requirements and which are recovered in tariffs) decreased by [illegible]. At the end of the year, the number of company employees stood at [illegible], against [illegible] for the previous year. Through these efforts to improve efficiency, REN managed to cancel out most of the short-term negative impact brought about by the fall in interest rates. As such, the reduction in net profits was limited to [illegible] million euros, or [illegible] less than the result achieved in [illegible].

Quality of service once again saw extraordinarily high figures, in line with the best ever. Interruption time for the transmission of electricity was the equivalent of five seconds nationally, the second lowest ever. Natural gas interruption time was once again zero. It should also be noted that this year, our gas infrastructures recorded several maximums of use, despite the economic crisis. On [illegible] December, peak demand on the national transmission network hit record highs. The Sines terminal also had historic maximums for tanker loading as well as vessel unloading operations ([illegible] ships in [illegible]). Other maximums were seen in transhipment for exports (six ships).

On Investor Day, we presented our strategic plan to the market, which is based on three pillars to create value in coming years. The first of these pillars is to optimize the operation of our electricity and natural gas concessions in Portugal. The second is the reduction of financial charges along with an improvement in credit terms. The third is the start up of an internationalisation process which will allow REN to improve its business risk profile and find profitable sources of growth, overcoming the limitations of the domestic market.

In relation to the first pillar, the efficiency gains achieved in OPEX in recent years placed REN among the most efficient energy transmission operators in Europe at the end of [illegible]. As such, with regard to EBITDA per employee, REN is is second place, while in terms of kilometres of line per employee we are first among European TSOs. In relation to CAPEX, REN also managed to meet the demanding efficiency targets set by the regulator through standard costs.

As regards the second pillar, in [illegible] REN was able to significantly reduce the cost of new financing and the average costs of debt started to fall, a drop which will accelerate throughout [illegible]. Debt maturity and the diversification of sources of financing also improved substantially, both through bond issues on the Eurobond Market as well as through financing contracts signed with the China Development Bank and ICBC.

Finally, the third pillar of internationalisation started to

[illegible]
LONG-DISTANCE RACE THAT REN WILL WIN.'

become a reality at REN. In ' " "•, the company received the first dividends from holdings in the Cahora Bassa Hydroelectric Plant and the invitation was formalised from the government of the Republic of Mozambique to participate in the capital of the Sociedade de Transporte de Electricidade (STE) in a partnership with State Grid Corporation of China, ESKOM (South Africa) and EDM (Electricidade de Moçambique). Moreover, in Latin America, REN presented a proposal for an important project for a very high tension line concession in Peru, which despite not winning, represented an important step forward on the learning curve which will allow us to be successful in coming opportunities. On Investor Day we explained that internationalisation is a long-distance race that REN will win.

In a particularly difficult year, our company clearly demonstrated the resilience of its business model. We managed to navigate this year with an increase in EBITDA, due mainly to efforts to reduce costs. In ' " ", the rapid reduction in the average cost of debt will be in our favour, while we also continue to reduce operating costs. Our greatest challenges will be to take steps to grow outside Portugal as well as to minimize the possible impact of the extraordinary contribution on the energy sector as set out in the ' " " State Budget. This will be achieved through additional efforts to improve operating efficiency.

I do not wish to conclude this address without emphasising that sustainability is playing an ever more important role in all of REN's activity. In ' " "•, company initiatives increased significantly in this area. Our aims were to improve the quality of life of local communities throughout Portugal, minimize the environmental impact of lines in areas close to urban centres, support more vulnerable segments of Portuguese society and contribute to cultural life, especially among young people. Once again we were recognised on a global level for several of these initiatives. Internationally, we also maintained our support for the United Nations Global Compact Initiative.

Building infrastructures which are part of a global effort to reconcile the world's growing energy needs with environmental sustainability and minimize climate change is a source of satisfaction for all REN employees, who feel that the benefits of their work will be enjoyed by the youth of today as well as future generations.

" Sustainability is playing an ever more important role in all of REN's activity. "

02 REN AT A GLANCE

[illegible]

AT [illegible]

IMPORTANT FIGURES, MILESTONES, AREAS OF BUSINESS AND MAIN FINANCIAL INDICATORS

2.1 PROFILE

Brief description of company business

REN's core business consists of the management of energy transmission systems and we are present in the electricity and natural gas markets, one of the few operators in Europe with this characteristic:

- Electricity – the transmission of very high voltage and the overall technical management of the national electricity system through REN – Rede Eléctrica, S.A., a company wholly owned by REN and the public service concession holder. The concession is for a period of [illegible] years and started in [illegible]; and
- Natural gas – the high pressure transmission and the overall technical management of the national natural gas system, the reception, storage and regasification of liquefied natural gas and the underground storage of gas, REN Gasodutos, S.A., REN Atlântico – Terminal de GNL, S.A. and REN Armazenagem, S.A. (respectively), companies from the REN Group, have been public service concession holders since [illegible], and the licence is for a period of [illegible] years.

Through REN Trading, S.A., REN manages the energy to be acquired from two electrical power plants, as part of energy acquisition contracts which were not subject to early termination.

Since [illegible], REN has also been present in the telecommunications sector through REN Telecom – Comunicações, S.A., established with the aim of using the surplus capacity of the safety telecommunications networks which are vital to electricity and natural gas transmission.

In October [illegible], the Portuguese state awarded Enondas, Energia das Ondas, S.A., a company wholly owned by REN, a concession for wave energy production in a pilot area to the north of S. Pedro de Moel. The concession has been granted for a period of [illegible] years and includes authorization to build the infrastructures required to connect to the public power grid.

Group business functions are conducted by REN Serviços, S.A. ("REN Serviços"). More specifically, this includes support for the concession holders and back-office services. In addition to this support work, REN Serviços also operates as a commercial extension

SINES LNG TERMINAL

of REN, providing consultancy and/or engineering services to third parties within the energy sector.

With the aim of improving the Group's operational efficiency and to extend the object of REN Serviços and develop the important role that this company has come to play in the REN Group, a two-stage corporate and functional restructuring has been planned.

The first stage of this restructuring was concluded in 2011, with the constitution of REN Gás, S.A. This company is responsible for the management and coordination of activity in the natural gas sector and is now held directly by REN Serviços.

In the second stage of the reorganization, a company will be formed which will have identical functions to assist the concessions in the electricity sector.

Holdings

Further to the agreement between Portugal and Spain on the forming of an Iberian electrical power market, REN has capital holdings of 35% in OMIP, SGPS, S.A. and 10% in Operador del Mercado Ibérico de Energía, Polo Español, S.A., a company operating under Spanish law and counterpart of OMIP SGPS, S.A..

Through these holdings in OMIP SGPS, S.A. and Operador del Mercado Ibérico de Energía, Polo Español, S.A. – whose subsidiaries OMIP, SGMR, S.A. and OMI, Polo Español S.A support the Iberian electricity market – REN is able to develop the energy market in the Iberian peninsula.

In addition to the abovementioned partnerships with the new shareholders, also of note are other important strategic partnerships, such as those which have been developed with Red Elétrica Corporación, S.A. (a company with holdings in REN) and with Enagás, S.A. REN has holdings of 1% in these companies.

2.2 GOVERNING BODIES

Members of the Governing Bodies

[illegible] – *chairman*
[illegible] – *vice-chairman*

Board of Directors

[illegible] – *chairman*
[illegible] – *member*
[illegible] – *member*
[illegible] – *vice-chairman* [1]
[illegible] – *member*
[illegible] – *member*
[illegible] – *member*
[illegible] – *member* [2]
[illegible] – *member* [3]
[illegible] – *member* [4]
[illegible] – *member* [5]
[illegible] – *member* [6]
[illegible] – *member*
[illegible] – *member*
[illegible] – *member*

Executive Committee

[illegible] – *chairman*
[illegible] – *member*
[illegible] – *member*

Audit Committee

[illegible] – *chairman*
[illegible] – *member*
[illegible] – *member*

Statutory Auditor

[illegible] SROC, S.A.
[illegible] ROC – *substitute*

Company Secretary

[illegible]
[illegible] – *substitute*

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[1] Representing State Grid International Development Limited

[2] Designated by Parpública – Participações Públicas (SGPS), S.A. on [illegible] March [illegible]

[3] Designated by EGF, Gestão e Consultoria Financeira, S.A. on [illegible] June [illegible]

[4] Designated by Gestmin, SGPS, S.A. on [illegible] March [illegible]

[5] Designated by Red Eléctrica Corporación, S.A.

[6] Appointed by co-optation by the Board of Directors on [illegible] June [illegible]

Remuneration Committee

[illegible], *chairman*

[illegible], *member*

[illegible], *member*

COMPANY GO[illegible]ERNANCE GENERAL MANAGERS AND MANAGERS

Company Governance

[illegible] [7]

[illegible] [7]

[illegible] [7]

[illegible] [7]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Support Services for concessions

[illegible]

[illegible]

[illegible]

Support Duties

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[7] Description in "Corporate [illegible]odies"

Business Unit - Electricity

Planning and engineering: João Afonso

Investment: António Albino Marques

Operation: Albertino Meneses

System management: José Amarante dos Santos

SDC – System Development Committee: João Ricardo

Business Unit - Natural Gas

System management: Rui Marmota

Asset planning and management: Rui Marmota

Investment and operation: Luís Ferreira

LNG Terminal: Paulo Mestre

Other Business

Enondas: Tiago Andrade e Sousa

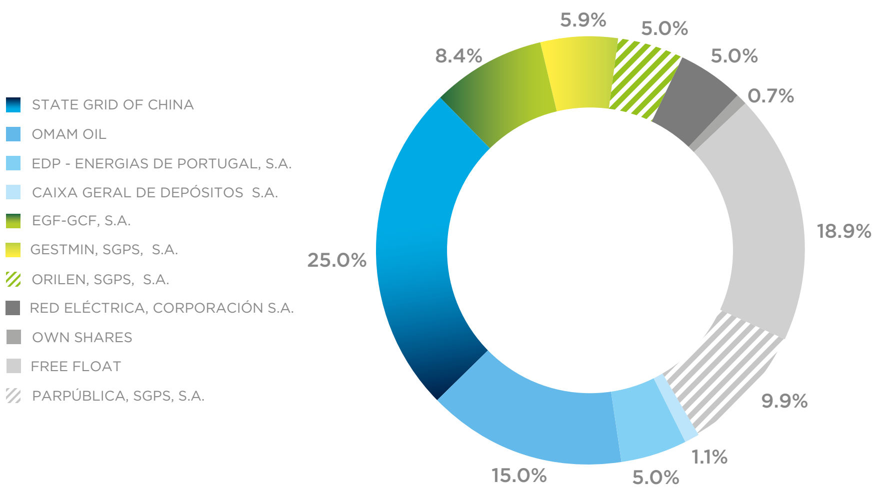
REN Trading: Nelson Cardoso

REN TELECOM: Rui Franco

R&D: Nuno Souza e Silva

2.3 VOTING RIGHTS

REN VOTING RIGHTS AT 31ST DECEMBER 2013




REN

2 4 MILESTONES IN ’ “ ”.

[illegible] RE[illegible] [illegible]R[illegible] U[illegible] EVENTS

€300 million
ON THE EURO BOND MARKET

REN issues 300 million euros on the euro bond market in the EMTN (European Medium Term Notes) programme, with a maturity of five years and an interest rate corresponding to a 5 year mid swap rate, plus 3.20%

Fitch ratings agency starts coverage of REN with a rating of BBB, the highest given to a Portuguese company and two levels above the country’s rating

R&D NESTER
AGREEMENT SIGNED WITH CEPRI

Agreement signed with CEPRI - China Electric Power Research Institute (representing State Grid International Development) to establish a Research and Development Centre for energy in Portugal

RATING BB+
STANDARD & POOR´S

Standard & Poor´s (S&P) ratings agency raises REN’s outlook from ‘negative’ to ‘stable’ and maintains BB+ rating

First use of the Sines Liquefied Natural Gas Terminal by a foreign operator after the conclusion of the REN Terminal expansion

“[illegible] FE[illegible] [illegible]R

“U[illegible] [illegible]U[illegible] [illegible]E[illegible]

RATING AAA
IN CORPORATE GOVERNANCE

REN’s AAA rating in corporate governance from the Catholic University of Portugal renewed

Start of the natural gas regulatory period of July 2013 – June 2016

REN takes on presidency of the System Development Committee, one of the four committees in the European Network of Transmission System operators for electricity ENTSO-E

REN Website receives silver trophy in the category of best website of the year at the Best in Biz Awards 2013

Standard & Poor’s changes the outlook for REN’s rating from ‘stable’ to ‘negative’

BEST
ANNUAL REPORT

REN Annual Report receives Silver Award in the category of Best Annual Report at the International Business Awards

The press announce that REN guarantees 14% holdings in the consortium which is to build the VHM connection between Tete and Maputo

REN Website receives gold award in the categories of best energy company website and best website for investor relations, and bronze award for best website design at the International Business Awards

ENERGY
ACADEMY

Launch of Energy Academy, a REN programme to develop leadership and management skills

Standard & Poor’s places REN’s long-term rating on ‘credit watch’

REN WEBSITE
BEST INSTITUTIONAL WEBSITE

REN Website wins bronze award in category of best institutional website at the XV Festival of the Clube de Criativos de Portugal (CCP)

REN renews partnership with the ECO movement – Companies against fires

REN signs a contract with Jibei Electric Power Company, a State Grid Corporation of China (SGCC) company, for technical consultancy relating to the integration of wind energy into the Chinese grid

Publication of the tariff regulations for the natural gas sector for the new regulatory period of 2013-2016

Launching of Share – REN Corporate Volunteer Programme

GNL DE SINES
RECEIVES 300TH VESSEL

Sines LNG Terminal receives 300th vessel

REN signs financing contract with China Development Bank (CDB) for 400 million euros

REN General Meeting held and the 2012 Annual Report approved

REN AWARD
PRESENTATION OF NEW JURY

Presentation of new jury and regulations for the REN Award

[illegible]R [illegible] “U[illegible]

[illegible]T [illegible] [illegible]E[illegible]

REN
CONCLUSION OF PRIVATIZATION IN 2014

The Portuguese Government announces the 2014 draft budget which includes a series of measures impacting on REN activities, including the energy sector contribution, a reduction in the Corporation Tax rate and an announcement of the conclusion of REN privatization in 2014

Conclusion of the 1st expansion stage to 400kV for the Vermoim substation in the municipality of Maia. An investment of around 20 million euros which reinforced the Greater Porto electricity network

REN issues debt instruments with a value of 400 million euros, issued on the euro bond market as part of the EMTN Programme, with seven year maturity and an interest rate corresponding to a 7 year mid swap rate, plus 3.05%

€160 million
FINANCING CONTRACT

Signing of five year financing contract for 160 million euros with ICBC – Industrial and Commercial Bank of China

Moody's maintains REN's rating at "Ba1" and reviews outlook from 'negative' to 'stable'

REN TELECOM concludes 1st stage of project to provide telecommunications services to most of Iberdola's operations in Portugal

NATURAL GAS
CONCLUSION OF THE 1ST PHASE OF THE 3RD INTERCONNECTION TO SPAIN

Conclusion of the 1st stage of the 3rd interconnection with Spain (Zamora) for the gas pipeline connecting Mangualde, Celorico and Guarda, an investment of around 42 million euros

Renewal of the Valdigem – Recarei 220 kV double line and conclusion of the Falagueira – Castelo Branco line, an investment totalling around 21 million euros

REN holds the first auction for Financial Transmission Rights (FTR) between Portugal and Spain

REN reimburses bond holders with 850 millions of euros

Conclusion of the 220kV/30kV substation for the National Steelworks in Maia, a total investment of around 11 million euros, increasing the quality of service for industrial companies

Conclusion of the Santa Maria da Feira, substation a total investment of around 33 million euros, with the aim of reinforcing the power of the 60 kV regional network

2.5 MAIN PERFORMANCE INDICATORS

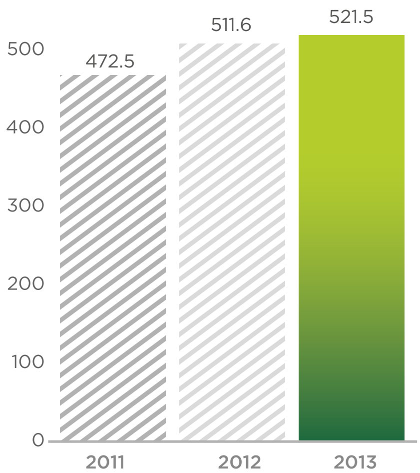
2 5 1 FINANCIAL INDICATORS

OPERATING PROFITS (MILLIONS OF EUROS)	'09	'10	'11	'12	'13
EBITDA[8]	384.1	431.4	472.5	511.6	521.5
EBIT	258.7	250.5	283.2	314.2	320.3
FINANCIAL PROFITS	-73.8	-83.9	-103.4	-136.0	-142.2
PRE-TAX PROFITS	184.9	166.6	179.8	178.5	178.0
NET PROFIT	134.0	110.3	120.6	123.6	121.3
RECURRENT NET INCOME[9]	**108.2**	**119.8**	**131.0**	**120.2**	**120.7**

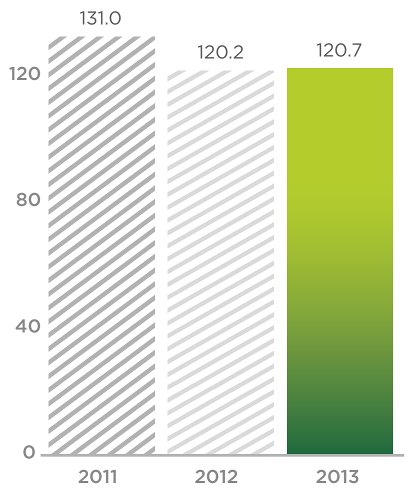
[8] In 2013, there was a small change in the methodology used to calculate EBITDA, and the value for 2012 was adjusted for comparison purposes, using the same criteria.

[9] Recurring net profit in 2013 reflects the carry cost of the pledge to the European Investment Bank, considered as a non-recurring item. The figure for 2012 has been adjusted for purposes of comparison, applying the same criteria.

EBITDA
M€



RECURRENT NET INCOME
M€



NET DEBT EBITDA
M€

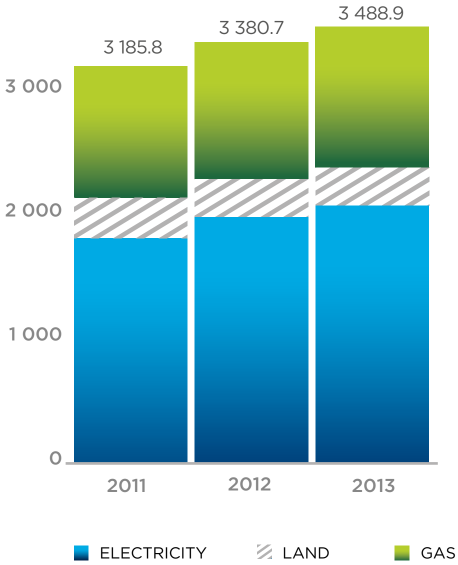
ASSETS, INVESTMENT AND DEBT

(MILLIONS OF EUROS)	'11	'12	'13
RAB AVERAGE REMUNERATION RATE, %	7.61%	8.79%	7.97%
INVESTMENT (CAPEX), MILLIONS OF EUROS	349.4	201.1	187.8
NET DEBT, MILLIONS OF EUROS	2 311.3	2 512.3	2 402.3
NET DEBT/EBITDA, X	**4.89X**	**4.91X**	**4.61 X**

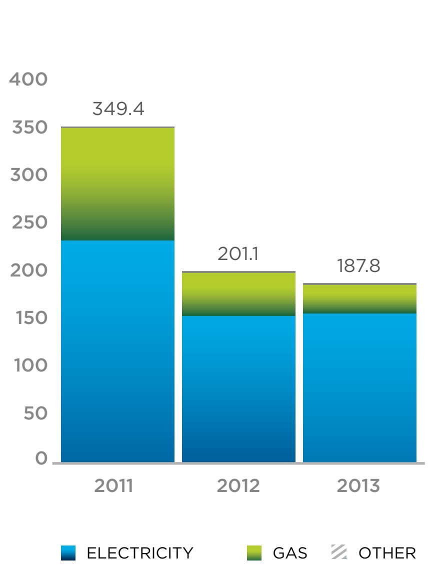
[illegible]

[illegible]

A ERAGE RAB M€



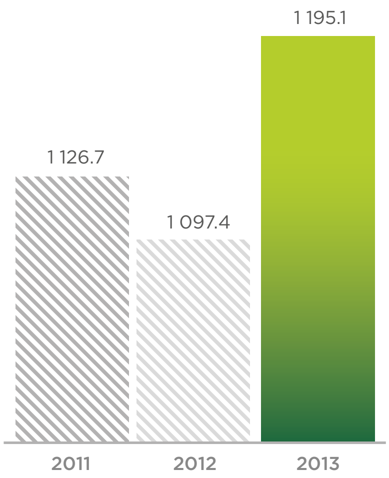
IN ESTMENT M€



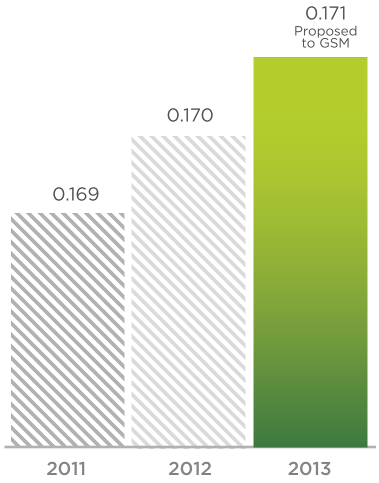
REN SHARES

	'11	'12	'13
END OF YEAR SHARE PRICE. EUROS	2.110	2.055	2.238
TOTAL RETURN TO SHAREHOLDER (YTD), %	-12.6%	5.0%	17.2%
STOCK MARKET CAPITALIZATION. MILLION EUROS	1 126.7	1 097.4	1 195.1
NET PROFIT PER SHARE. EUROS	0.226	0.231	0.227
DIVIDEND PER SHARE. EUROS	0.169	0.170	0.171
PAYOUT RATIO. %	74.8%	73.4%	75.3%
DIVIDEND YIELD. %	***8.0%***	***8.3%***	***7.6%***

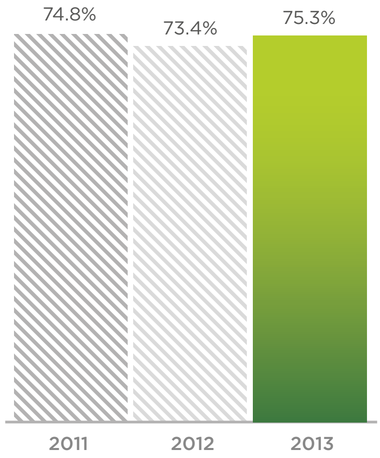
STOCK MARKET CAPITALISATION (M€)



DIVIDEND PER SHARE (EUROS)



PAYOUT RATIO

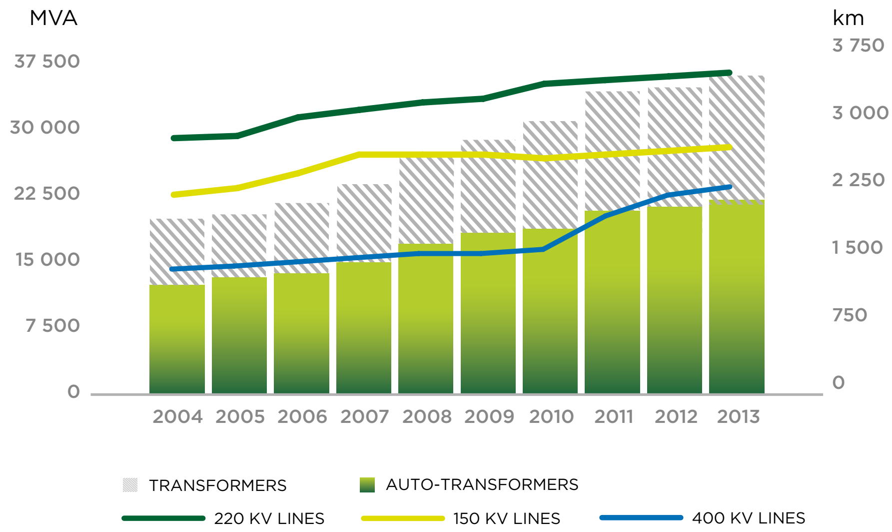


2.5.2 TECHNICAL INDICATORS – ELECTRICITY

	[illegible]	[illegible]	[illegible]	[illegible]	13
CONSUMPTION (*TWh*)	49.9	52.2	50.5	49.1	49.2
ANNUAL VARIATION IN ELECTRICITY CONSUMPTION (*%*)	[illegible]1.4[illegible]	4.6[illegible]	[illegible]3.3[illegible]	[illegible]2.8[illegible]	0.2[illegible]
INSTALLED POWER (*MW*)	16 519	17 806	18 801	18 494	17 792
POWER TRANSMITTED ON THE RNT (*TWh*)	42.5	42.6	42.2	41.0	41.5
ENERGY TRANSMISSION LOSSES (*%*)	1.37[illegible]	1.83[illegible]	1.54[illegible]	1.56[illegible]	1.75[illegible]
EQUIPMENT INTERRUPTION TIME (*MINUTES*)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

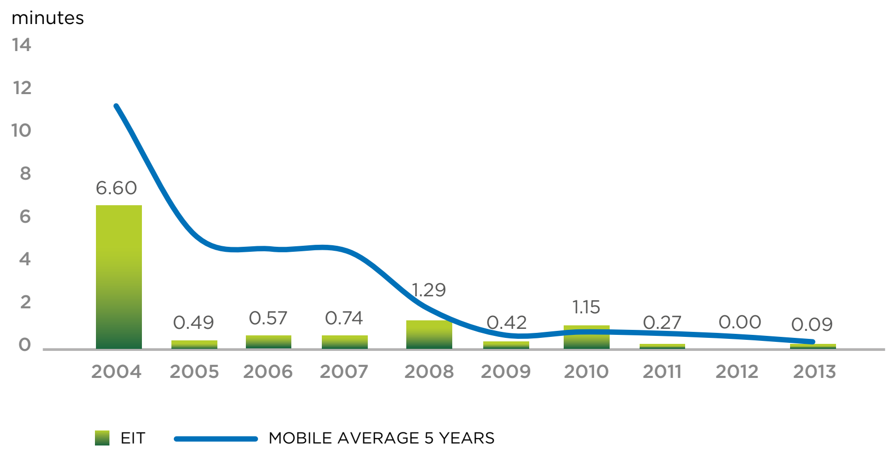
ERMOIM
Sub-station

LINE LENGT AND TRANSFORMATION PO ER



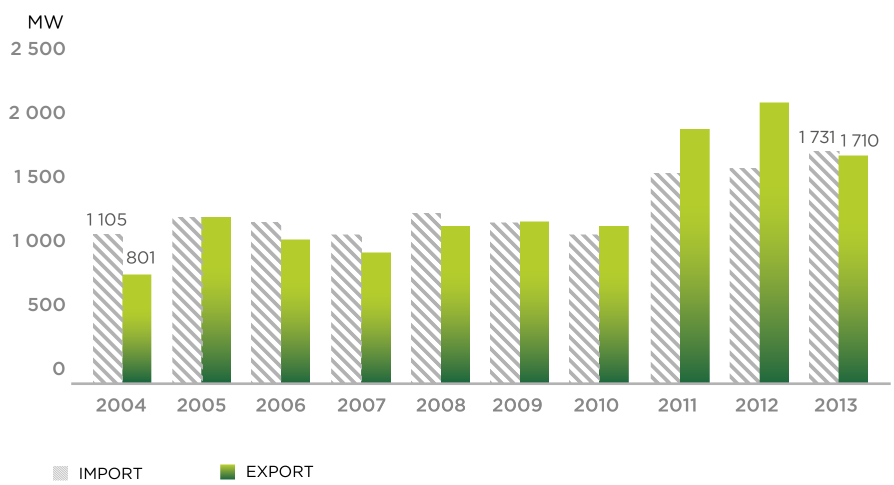
E U E T
TERRU T
T E
eletricity
minutes
in

E OLUTION OF E- UI ALENT INTERRUPTION TIME EIT MINUTES



CONSUMPTION
E E TR T
4

A ERAGE IMPORT AND EXPORT CAPACITY M

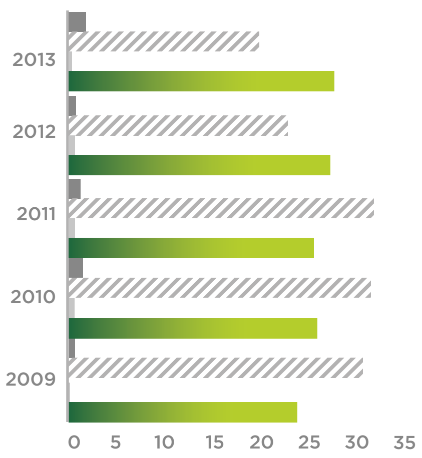


2 5 3 TEC NICAL INDICATORS NATURAL GAS

	[illegible]	[illegible]	[illegible]	[illegible]	13
ANNUAL VARIATION IN NATURAL GAS CONSUMPTION [illegible] %	[illegible]1.0[illegible]	9.1[illegible]	[illegible]0.5[illegible]	[illegible]13.0[illegible]	[illegible]5.0[illegible]
I€[illegible] RNTGN [illegible] *TWh*	54.3	58.3	58.1	50.3	48.8
O[illegible] RNTGN [illegible] *TWh*	54.4	58.3	58.2	50.3	48.9
E[illegible]-€[illegible] € [illegible]RNTGN [illegible] *km*	1 267	1 296	1 298	1 298	1 375
U[illegible] ER[illegible] R[illegible] U[illegible] T[illegible] R[illegible] E[illegible] T[illegible] *Mm³* (*)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

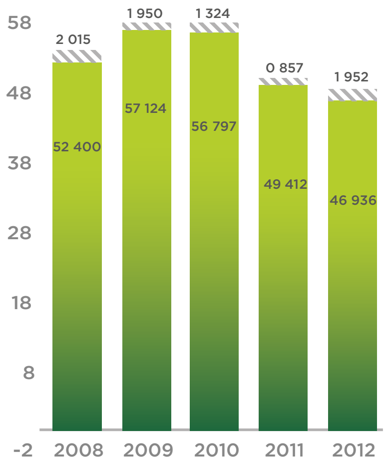
[illegible] The volume indicated e[illegible]presses the ma[illegible]imum capacity available for commercial purposes, which is conditioned by the speci[illegible]c thermodynamics of high-pressure, natural gas storage in salt caverns.

INPUTS TO RNTGN T



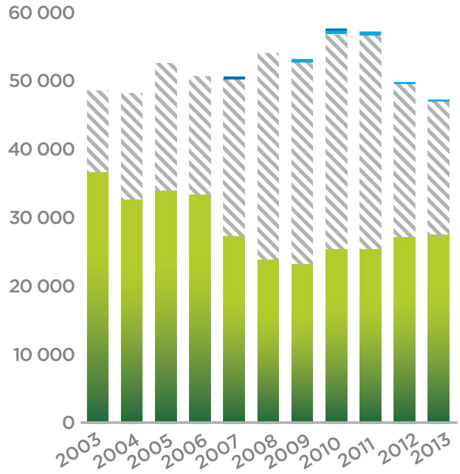
STORAGE - US WITHDRAWAL
LNG TERMINAL
VALENÇA DO MINHO
CAMPO MAIOR

OUTPUTS FROM RNTGN T



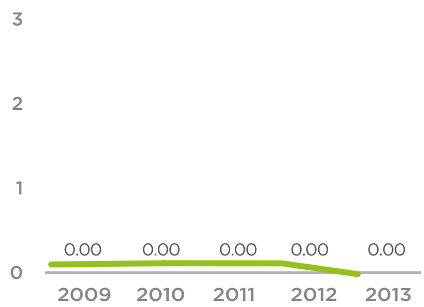
AP OUTPUTS
STORAGE - US INJECTION
VALENÇA DO MINHO

DEMAND BY ENTRY POINT RNTGN G



CAMPO MAIOR
LNG TERMINAL
VALENÇA DO MINHO
US - EFFECTIVE WITHDRAWAL

E- UI ALENT INTERRUPTION TIME EIT MINUTES



EIT (min) AVERAGE 5 YEARS

2.6 REGULATED ASSETS

2 6 1 ELECTRICITY

Electricity business

REN S.A. wor☒s in two regulated areas☒General System Management ☒GGS☒ and Transmission of Electrical Power ☒TEE☒ The revenue allowed from GGS and TEE is received by applying two regulated tari☒ s☒the tari☒ for the General System Use ☒UGS☒ and the tari☒ for Transmission Networ☒ Use ☒URT☒

☒oth tari☒ s are de☒ned annually by the Energy Services Regulatory Authority ☒ERSE☒ based on energy and economic forecasts for demand, costs, revenues and investment.

In ' " "' , a new regulation period was started and while no changes were made to the actual form of the regulation, the regulatory parameters were updated. The efficiency factor applied to operating costs for the TEE Power was altered to •.☒☒ ☒ " "• and ' " '☒☒ and the remuneration rate is now inde☒ed to the ☒ year Portuguese Republic Credit Default Swap rating. Also introduced were limits to the remuneration base rate for the ' " "' -' " '☒ period of between ☒.☒☒ and "" .☒☒ .

Regulation of activities

Activity relating to the GGS is regulated by a remuneration rate applied to the assets allocated to the activity, net of depreciations, subsidies and eligible operating costs.

☒☒ ☒☒☒☒THE ☒☒☒E RE☒ U☒ ER☒ T☒☒ ☒ R☒ TE WAS ☒." ☒☒

Activity relating to the TEE is regulated by incentives☒☒☒ incentive to efficient investment in the transmission networ☒☒☒i☒ incentive to efficiency in operating costs by establishing a ma☒imum limit for these costs plus a component based on the level of company activity☒☒iii☒ incentive to maintain equipment at the end of its service life in operation☒and ☒iv☒ incentive to increase the availability of the elements of the National Transmission Networ☒ ☒RNT☒The aim of the investment incentive is to reward, as additional remuneration, the efficiency obtained in investment sub☒ect to reference costs and which falls within set parameters.

The value of operating costs set for the "st year of the regulation period evolves in subsequent years in line with the variation rate of the Price Inde☒ implicit in GDP, and with an efficiency target determined by ERSE, which for ' " "• and ' " '☒ is •.☒☒ . Added to this amount is the change in OPE☒ due to the annual growth in the transmission networ☒ ☒in ☒ilometres of lines and in the number of panels at substations☒ calculated with the corresponding incremental costs, also set by ERSE.

The aim of the incentive to maintain equipment in service which has reached the end of its wor☒ing life is to stimulate continuity in service of certain assets which are at the end of their economic life but still technically viable in operational terms. For ' " "•, this incentive stood at ☒ millions of euros.

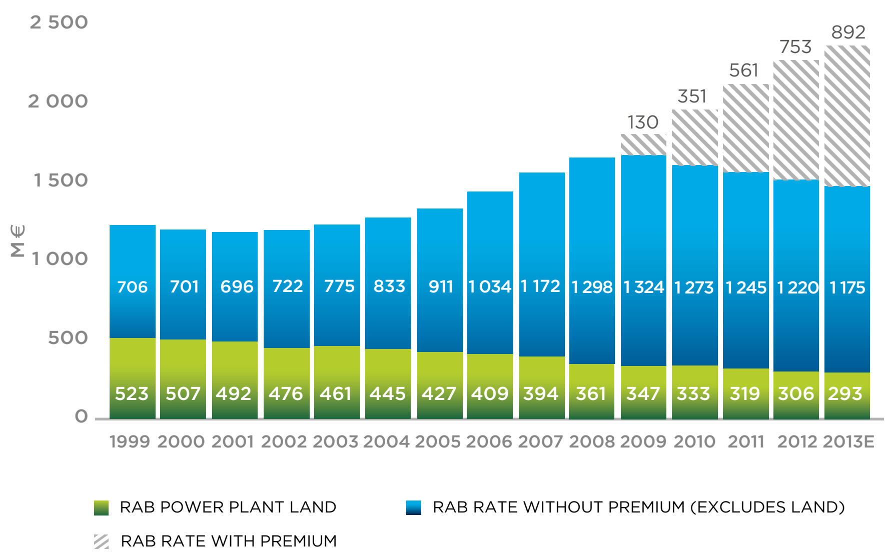
The aim of the incentive to increase the availability of the National Electricity Transmission Grid, which was introduced in ' " " ☒, is to promote more efficient operation and maintenance of the grid☒ infrastructure and is calculated based on values that have already occurred. For ' " "•, this incentive stood at appro☒imately " millions of euros.

The regulated assets base ☒RA☒☒ for electricity consists of the assets net of amorti☒ations and subsidies allocated to the activities of TEE and GGS. As already mentioned, through the publication of ERSE Official Order No '☒☒•"☒' " "" of '☒ September ' " "" , the assets base to be remunerated is based on the application of the valuation mechanism of new investment in the RNT, at reference costs with e☒ ect from " ☒anuary ' " " ☒. Therefore, in ' " "•, the average RA☒ on which the premium rate of ☒.☒☒☒ was applied, was ☒☒' million euros, while the remaining " "•' million euros was remunerated at a non premium rate of ☒." ☒☒ .

In the activity of GGS, the principle of RA▯ valuation is based on historic costs. In these cases, the remuneration rate of ▯." ▯▯ is applied. In ' " "•, the average RA▯ for the activity of GGS stood at ▯• million euros. Moreover, part of the assets allocated to this activity is public land used for hydro-electrical purposes, the remuneration for which is calculated through the interban▯ swap rate with the maturity closest to the remaining lifetime of each asset, calculated on the "st day of each period, as published by Reuters, plus ▯" base points, pursuant to Implementing Order ▯Portaria▯ No ▯▯' ▯' " "" of ' " ▯uly ' " "", which in ' " "• corresponded to a remuneration rate of ' .▯▯ applied to a sum of ' ▯• millions of euros.

The following graph shows the RA▯ for the di▯erent asset groups▯

RAB FROM 1 TO 2013



The tari▯s set by ERSE also re▯ect tari▯ di▯erences which, after two years, ▯to the e▯tent they are ▯usti▯ed and accepted by ERSE▯ reconcile the forecast and real values of income and costs and di▯erences in demand.

The ad▯ustments arising from the di▯erences are recovered or returned two years after they have occurred. This sum is remunerated at a regulated rate equal to the " year Euribor average seen each year, plus a spread published annually by ERSE for the year in question.

The di▯erence in ' " "• of "▯ million euros to be returned by REN, was mainly due to an underestimation of relative energy consumption by the asset remuneration rate regulator and the application of Implementing Order ▯Portaria▯ No ' "▯ A▯' " "• of " ▯uly ' " "• on interruptibility, which di▯ers by one year due to the repercussions on income allowed in GGS for sums paid in accordance with this system.

2.6.1.1 REN TRADING

REN Trading is responsible for the Purchase and Sale of Electrical Power from the Commercial Agent, which consists of trading in the Iberian Electrical Power Mar▯et ▯MI▯EL▯ resulting e▯clusively from the placing of production on this mar▯et from the remaining Power Purchase Agreements ▯CAE▯ from the Te▯o Energia and Turbog▯s power plants.

The revenue resulting from the purchase and sale of electrical power from the commercial agent comes from incentives de▯ned by ERSE which have an underlying sharing of the benefits from the optimisation and management of supply from these plants with electrical power consumers. The final value of the incentives is a result of company operations, both with regard to the optimisation of sales of power from the plants and in relation to the minimisation of fuel acquisition costs and CO’ emission licenses.

The difference between the contract cost within the scope of the CAE, plus the incentives to optimise its management and the efficient management of the CO’ emission licences, plus the income from the market sale of power and system services supplied by the respective power generators is reflected in the General System Use tariff.

In ’ “ ”•, the balance of the tariff difference account from the Purchase and Sale of Electrical Power was ’ ▯ million euros to be recovered from tariffs.

2 6 2 NATURAL GAS

Natural gas business

The natural gas activities listed below are subject to economic regulation by ERSE:

- The high-pressure transmission of natural gas – through REN Gasodutos
- General technical management of the SNGN – through REN Gasodutos
- Reception, storage and regasification of LNG – through REN Atlântico
- Underground storage of natural gas – through REN Armazenagem
- Management of the supplier switching process – through REN Gasodutos

EFFICIENCY TARGETS FOR THE CURRENT REGULATORY PERIOD VARY BETWEEN ”.▯▯ AND •▯ PER YEAR

In July ’ “ ”•, a new three year regulatory period started. The main changes introduced by the regulator were: (i) indexation of the remuneration rate to evolution in earnings on Portuguese Treasury Bonds, with a maturity of ”“ years and the introduction of limit to the remuneration rate for the ’ “ ”•-’ “ ”’▯ period of between ▯.••▯ and ”’▯, (ii) the introduction of a mechanism to attenuate tariff adjustments at the LNG terminal with the aim of reducing the impact of these adjustments on the tariffs defined annually for that activity and (iii) the extension of incentives based regulation to underground storage in a similar manner to that for the high-pressure transmission of natural gas and LNG reception, storage and regasification.

Currently, the level of eligible operating costs (cap) to calculate income on activities subject to incentives based regulation has a maximum permitted value and includes a fixed part, subject to a regulatory revenue cap approach and one or more parcels subject to a price cap approach, indexed to cost variables relating to the size of the infrastructures and the intensity of use.

The value approved for OPEX for the first year of the current regulation period, evolves in subsequent years in line with efficiency targets established and published by ERSE for these years and with the variation rate of the Price Index implicit in GDP. The variable for the consumption of electricity at the LNG terminal (energy component) evolves in line with the average annual variation in the price of electricity on the futures market, published by OMIP, and with the efficiency target set by ERSE.

The efficiency targets for the current regulatory period vary between ”.▯▯ and •▯ per year.

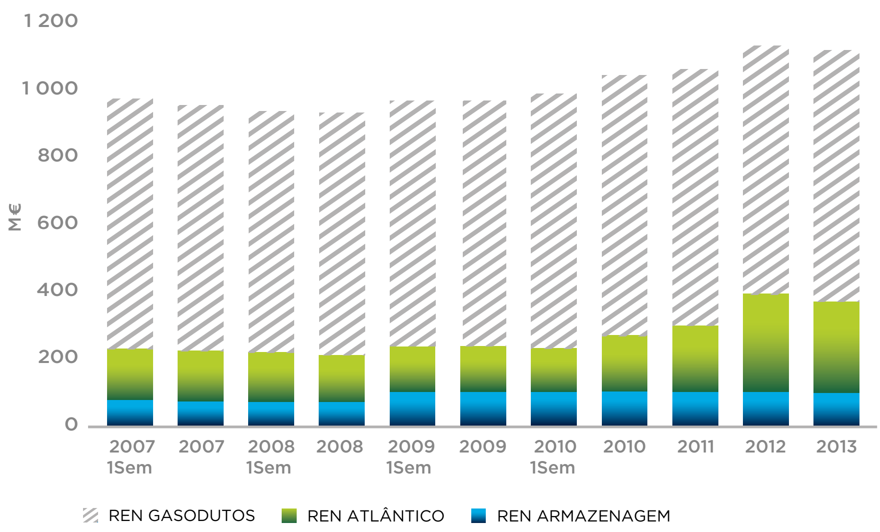
The GTG of the SNGN with regard to the process to change supplier is not subject to efficiency targets. This is also the case for certain expenditure which is not considered to be controllable by the company.

Regulation of activities

The revenues relating to invested capital stem from the return on □□ed assets in operation, net of amorti□ations and subsidies □RA□□ at a rate set by the regulator at the start of every regulatory period, at a rate of □.□□□ in ' " "•, plus the corresponding amorti□ations.

Up to the end of ' " "•, the si□ monthly average RA□ values for the natural gas companies had the following evolution□

RAB FROM 200 TO 2013



Tari□s are set based on estimates of quantities and the total income allowed, calculated for each activity. This income includes return on assets, recovery of the value of amorti□ations and established operating costs, per activity, as well as the tari□ ad□ustments for previous years.

The ad□ustments are recovered or returned in a transitory manner each year based on estimates. The real value of the ad□ustments arising from the di□erences are recovered or returned two years after they have occurred, based on a comparison with the provisional ad□ustments. This sum is remunerated at a regulated rate equal to the "' month Euribor average seen each year, plus a spread published annually by ERSE for the year in question.

2.7 TECHNICAL INFRASTRUCTURES

2 1 ELECTRICITY

At the end of ' " "•, the RNT □National Transmission Grid□ consisted of □ □•• □m in lines and □□ transformer substations and "• step down, switching and transition substations.

The RNT also connects to the European Transmission Grid through □ interconnection points with the Spanish Transmission Grid as well as delivering VHV directly to numerous consumers.

The National Dispatch Centre in Sacav□m □Loures□ coordinates general operations and ensures balance in the National Electricity System. The Networ□ Operations Centre in Vermoim □Maia□ is responsible for the Monitoring and Remote Operation of all National Transmission Grid equipment.

	2013 12 31	2012 12 31	ARIATION
LENGT OF LINES IN SER ICE M	**33**	**534**	**1**
400 kV	2 434	2 333	101
220 kV	3 565	3 521	44
150 kV	2 734	2 680	54
TRANSFORMATION PO ER IN SER ICE M A	**34 4**	**33 15**	**1 06**
AUTOTRANSFORMATION	13 410	13 410	0
400/220 kV	6 750	6 300	450
400/150 kV	5 540	5 990	-450
220/150 kV	970	970	0
150/130 kV	150	150	0
TRANSFORMATION	21 574	20 505	1 069
400/60 kV	3 910	3 230	680
220/60 kV	11 512	11 443	69
150/60 kV	5 692	5 692	0
150/130 kV	140	140	0
[illegible]	[illegible]	[illegible]	[illegible]

The Corporate Telecommunications Network uses this infrastructure extensively (fibre optic and hertzian beams) to provide data transmission services, control commands to network elements and the communications facilities required for operating the RNT.

The interconnection with the Spanish Transmission Network is provided by one ”•“ kV line between Minho and Galicia, three ’ ’ “ kV lines at Douro International and by [illegible]ve [illegible]“ “ kV lines, two between Minho and Galicia, one at Douro International, one at Tejo International and one between the Alentejo and Estremadura. The national stretch of a new [illegible]“ “ kV interconnection is now concluded between the Algarve and Andalusia.

2 2 NATURAL GAS

REN's natural gas infrastructures include:

- The National Natural Gas Transmission Network;
- The Sines Natural Gas Liquefaction terminal;
- The Carriço natural gas underground storage facilities (three caverns and one surface station).

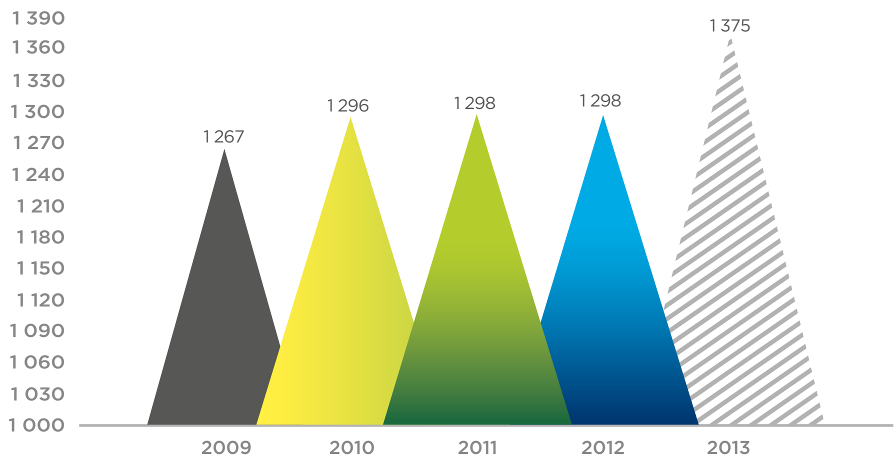
In ’ “ ”•, the Mangualde-Celorico-Guarda gas pipeline came online, approximately [illegible] km in length, and provides a ring connection for [illegible]atches [illegible] (Monforte-Guarda) and [illegible] (Cantanhede-Mangualde). This will increase supply security and is a possible option for the future third interconnection of the RNTGN with Spain.

Other facilities associated to this pipeline include the conclusion of construction of four new stations, Arcozelo, Soeiro do Chão, Celorico da [illegible]eira and Avelãs de Ambom.

Therefore, at the end of ’ “ ”•, the RNTGN consisted of the following infrastructures□

- ” • □□ □m of high-pressure gas pipelines
- □□ □unction stations for pipeline branching
- □□ bloc□ valve stations
- □ T-branch interconnection stations
- □□ gas pressure regulating and metering stations
- ’ custody transfer stations

LENGT□ OF GAS PIPELINES □□M□



T□E NATIONAL NATURAL GAS TRANSMISSION NET□OR□		□MM□	□□M□
BATCH 1	SET□BAL □ LEIRIA	700	173
BATCH 2	LEIRIA □ GONDOMAR	700	164
	GONDOMAR □ BRAGA	500	50
BATCH 3	CAMPO MAIOR □ LEIRIA	700	220
BATCH 4	BRAGA □ VALEN□A	500	74
BATCH 5	MONFORTE □ GUARDA	300	184
BATCH 6	MEALHADA □ VISEU	500	68
BATCH 7	SINES □ SET□BAL	800	87
BATCH 8	MANGUALDE□CELORICO□GUARDA	700□300	76
HIGH□PRESSURE LINES		150□700	278
TOTAL			**1 3□5**

At • ” December ’ “ ”• , the available capacity for commercial purposes of relevant points of the RNTGN was as follows

A AILABLE CAPACITY FOR COMMERCIAL PURPOSES OF RELE ANT POINTS	G PER DAY	MM³ N PER DAY
UT		
SINES	193	16.2
CARRIO ITHDRA AL US	85	7.1
CAMPO MAIOR P39	134	11.3
VALEN A DO MINHO P40	40	3.4
UTUT		
SINES	143	12.0
CARRIO NECTION US	24	2.0
CAMPO MAIOR P39	70	5.9
VALEN A DO MINHO P40	25	2.1
OUTPUTS PER GRMS TOTAL	**0**	**5 4**

Supervised from a state-of-the-art National Dispatch Centre, using redundant bre-optic technology telecommunication systems, the RNTGN connects the gas pipeline stations with the Sines LNG Terminal and the Carrico underground storage facility in Pombal. All systems are equipped with digital communication, especially with regard to the reading of networ input and output ows. This allows for the best practices to be adopted both in relation to information quality and supervision response.

In ’ “ ”• , the LNG terminal was only subect to small-scale investment proects. As such, the terminal maintains its main operating capacities

- Annual natural gas regasication capacity of bcm
- Storage capacity of • “ “ “ “ m•
- Mooring adapted for methane taners with capacities ranging from “ “ “ “ to ’ ” “ “ “ m•
- Maimum supply, for RNTGN, of ” • “ “ “ “ m•h
- Taner truc lling capacity of “ “ loadsyear

Gas is stored at great depth in underground salt caverns which connect to a gas station allowing the management of gas stored by inection through natural gas compressors and withdrawal through natural gas dehydration systems for subsequent inection into the transmission networ.

The REN gas station also interconnects with another concession holder caverns. REN constructs salt caverns using a leaching station, water collection equipment and a system which reects brine into the sea.

At the end of ’ “ ”• , the natural gas underground storage facilities of the REN Armaenagem concession were as follows

- three operational caverns
- maimum capacity ”. TWh ”• Mm•n
- nominal capacities of the surface station
  - inection “ “ “ m•h   GWhday
  - withdrawal• “ “ “ “ “ m•h GWhday
- REN Armaenagem is responsible for operating the surface station

A PLAN
FOR SUCCESS

The results obtained this year prove that REN has continued to grow and invest in Portugal.
The success of our strategic plan now motivates us to look abroad and seek new sources to create value outside Portugal, leveraged by our extensive experience and technical skill.

PROPOSED DIVIDEND

0.171 €

ELECTRICITY

99.99 %

quality of service in electricity

NATURAL GAS

100 %

quality of service in natural gas

03 MANAGEMENT **REPORT**

EBITDA

521.5 M€

PROFITS

121.3 M€

CONSUMPTION
ELECTRICITY

49.2 TWh

CONSUMPTION
NATURAL GAS

47.9 TWh

TRANSMITTING
THE ENERGY OF CHANGE

REN's mission is to ensure the supply of electricity and natural gas without interruptions. However, it is also to search for new ways of protecting the environment, to support and help in the development of our employees, to talk to and involve the community, helping create a more sustainable future guided by the best environmental and social practices.

REN AWARD
18 YEARS

INVESTMENT IN R&D
0.9 M€

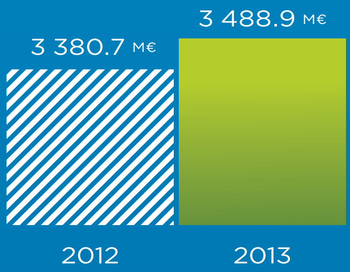
+85.7%
ENVIRONMENTAL IMPACT
ASSESSMENT PROCESS

INTERNATIONALISATION IS ONE OF THE MAIN PILLARS IN REN'S STRATEGY.

AVERAGE RAB
(AT REFERENCE COSTS)

3.2%

increase
over figures
for 2012



03 MANAGEMENT REPORT

BUSINESS IN 2013

MAIN ACTIVITIES AND PERFORMANCE

3.1 ENVIRONMENT

3.1.1 ECONOMIC ENVIRONMENT

World economy[1]

The recovery of the global economy slowed further in 2013. The forecast for growth in economic activity was +2.8% (vs. +3.1% in 2012 and +3.9% in 2011). This slowdown has affected both advanced economies (+1.1% in 2013 vs. + 1.4%. in 2012) as well as emerging and developing economies. (+4.5% in 2013 vs. + 4.9% in 2012).

Focusing the analysis on advanced economies, it is worth mentioning the improvements seen in the European Union (zero growth in 2013), following a contraction in the economy in 2012 (-0.4%). A major contributing factor to this performance was the stabilisation of the Euro zone, that emerged from the longest recession in its history, and the strong performance of other EU member states (such as the United Kingdom, with growth of +1.3% in 2013 against that of +0.1% in 2012. Japan is expected to report similar growth to that of 2012 (+2.1% in 2013 vs. +2.0% in 2012), whilst political uncertainty in the United States and the implementation of fiscal consolidation measures are expected to contribute to a reduction in the growth of GDP from +2.8% in 2012 to +1.6% in 2013.

Emerging economies also continue to slow down, as a result of the structural challenges affecting many of the main economies in this group, such as the current transition in China from an investment based economic model to a consumer based model, or Russia's dependency on raw materials. Looking at the main regions, in 2013, growth of +7.5% is expected in China, +5.0% in Sub-Saharan Africa and +2.9% in India. Latin America (+2.6%) and Russia (+1.9%) are expecting to see growth below the world average.

Euro zone[2]

EURO ZONE GDP

-0.4 %

Following a contraction of GDP by -0.7% in 2012, the Euro zone is expected to contract by only -0.4% during 2013. Major factors in this improvement are the reduced uncertainty surrounding the future of the Euro zone, and the reduction in budgetary consolidation across the various members of the single currency. As a result, the fall in private consumption was reduced by half (-0.7% in 2013 vs. -1.4% in 2012), public spending stabilised in 2013 (following a reduction of 0.5% in 2012) and net exports continued to make a positive contribution towards growth (positive contribution of 0.6% in 2013). On the down side, a further increase in unemployment should be mentioned (from 11.4% in 2012 to 12.2% in 2013).

[1] European Commission: European Economic Forecast, Autumn 2013
[2] European Commission: European Economic Forecast, Autumn 2013 – Euro Zone

EXPORTS

+5.9 %

IMPORTS

+2.7 %

Interest rates[3 4]

During 2013, the ECB cut its reference rate twice from 0.75% to 0.25%, while the United States Federal Reserve kept the Fed Funds Target Rate between 0% and 0.25%. Moreover, the drop in the reference rate and the uncertainty about the future of the single currency kept Euribor rates at reduced levels. Therefore, at 31 December 2013, Euribor rates for 3, 6 and 12 months stood at 0.287% (compared to 0.187% at the end of 2012), 0.389% (vs. 0.320%) and 0.556% (vs. 0.542%), respectively.

Portuguese economy[5 6]

2013 was marked by a recovery in the growth of the GDP in equivalent terms and by the end of the recession in the third trimester. As a result of increased activity throughout 2013, a -1.5% contraction in the GDP is expected at year end (-3.2% in 2012). This development came as a result of reduced cuts in private consumption (-2.0% in 2013, vs. -5.4% in 2012), public spending (-1.5% in 2013, vs. -4.8% in 2012) and investment (-8.4% in 2013, vs. -14.3% in 2012). The strong performance of exports is of note (+5.9%), and is greater than the increase in imports (+2.7%). Taking a closer look at the contributing factors to the variation of the GDP in 2013, domestic demand is expected to drop by -2.7% and net exports are expected to rise by +1.1%, representing, as in 2012, the only positive contribution to the Portuguese economy. Finally, it is worth noting that although the public deficit targets are expected to be met, public debt continues to increase, and is forecast to reach 127.8% of GDP in 2013 (as against 124.1% in 2012).

[3] Reference rates: ECB and FED (www.ecb.int; www.federalreserve.gov)

[4] Bank of Portugal: Euribor rates
[5] Bank of Portugal: Economic Bulletin Winter 2013
[6] European Commission: European Economic Forecast, Autumn 2013 – Portugal

VERY HIGH VOLTAGE
Support Assembly Operation

3.1.2 REGULATORY ENVIRONMENT

European energy Policy

During 2013, the European Union set out various actions with a view to the completion of the EU internal energy market by 2014 and to the development of interconnections in order to put an end to any isolation of member states from the European gas and electricity networks by 2015.

In some cases, state intervention in the energy markets may be necessary so as to guarantee supply and to achieve climate objectives. In order to avoid additional costs for the consumer and distortion of the internal electricity market, public intervention needs to be carefully established. To this end the European Union published a guidance document for the member states regarding renewable energy support mechanisms and capacity guarantee *Delivering the internal electricity market and making the most of public intervention*.

In March, the European Commission took a first step towards the establishment of 'A 2030 framework for climate and energy policies', with the adoption of a Green Paper that promotes public consultation on the content of the strategic framework. What are the type, nature and level of targets to establish for 2030? How to ensure the cohesion between different policy instruments? How can the EU best improve security of energy supply internally by ensuring the full and effective functioning of the internal energy market (e.g. through the development of necessary interconnections) and externally by diversifying energy supply routes? How should the framework ensure an equitable distribution of effort amongst the member states? These are some of the questions raised in the consultation, envisaging that the strategic framework is approved in 2014.

In the field of energy infrastructure, Regulation 347/2013 was published, establishing guidelines on the timely development and interoperability of the priority corridors and areas of the trans-European energy infrastructure In October, the European Commission published a list of almost 250 energy infrastructure projects, 'projects of common interest' (PIC), that will benefit from accelerated licensing procedures and improved regulatory and may have access to financial support from the Connecting Europe Facility. The list includes close to 140 projects in the field of electricity transmission and storage, almost 100 in the field of gas and LNG transmission and storage and the remainder relating to oil and smartgrids.

With the adoption of the Energy Efficiency Directive (EED) in 2012, there is now an EU wide legislative framework that shall be promoted and implemented by the member states. The Council considers that initiatives in the area of energy efficiency can contribute significantly towards the reversal of the current rises in energy price and costs, and as such, the implementation of the Directive is of vital importance.

Domestic Energy Policy

In Portugal, during 2013, the XIX Constitutional Government implemented an 'energy model based on economic rationality and sustainability, by combining measures to promote energy efficiency and the use of energy from indigenous renewable sources as well as reducing extra costs which increase energy prices'.

Council of Ministers Resolution No 20/2013 approves the National Action Plan for Energy Efficiency for the period 2013-2016 (Energy Efficiency Strategy – NEEAP 2016) and the National Action Plan for Renewable Energy for the period 2013-2020 (Renewable Energy Strategy – NREAP 2020).

On a regulatory level, it is worth noting the establishment of a mechanism aimed at ensuring a competitive balance in the wholesale electricity market in Portugal, with a focus on the general economic interest costs (GEIC) component of the General System Use tariff (Decree Law No. 74/2013). Implementing Order (Portaria) 288/2013 establishes the process for conducting a study on the impact of non-market actions or events taking place in the European Union and their redistributive effect on the various factors influencing electrical energy tariffs, and the mechanism for proper distribution of the general economic interest costs borne by the energy providers under the ordinary production scheme and other energy producers which operate outside the framework of guaranteed payment.

The amendment to DL 240/2004 (DL 32/2013) sets out the possibility of a reduction in the compensatory payments made to electricity producers through the advanced termination of the PPAs, thereby making possible a reduction, as proposed by the producer, of the financial burden, resulting in benefits for electrical energy consumers due to a reduction in the costs that make up their energy bill.

During 2013, the Government carried out amendments to the remuneration regime applied to renewable plants (installations licensed under Decree-Law No 189/88 of 27 May 1988, and 312/2001 of 10 December 2001), envisaging the possibility of adhesion to an alternative remuneration scheme.

Liberalized market in Portugal

Electricity

During 2013, approximately 1 200 000 customers switched to the free market system for electricity, totalling in December, more than 2 269 000.

Average annual consumption by those clients supplied under the free market system on the final day of December 2013 was in excess of 32 GWh (compared to almost 27 GWh in December 2012). In overall terms, consumption on the free market reached, in December, more than 72% of total consumption in the country, representing an increase of over 12%compared to the equivalent period in 2012.

Almost all consumption by heavy users is through the free market. In spite of experiencing a significant increase during 2013, only around 40% of overall domestic consumption is through the free market.

Natural gas

Since the end of 2012, consumers have been switching to the free market at a faster rate. By the end of November 2013 the total number of clients currently on the free market was in excess of 502 000.

In overall terms, the free market represents almost 94% of the total consumption of natural gas. In the case of heavy users, 100% of consumption is supplied on the free market, along with around 94% in the case of industrial users.

3.1.3 SECTORAL ENVIRONMENT

Overall, the energy year of 2013 was marked by changes to the global energy map. Intensification of production of non-conventional oil and gas, the progressive abandonment of nuclear energy and the increased adoption of renewable energies have come to change our view on the distribution of the world's energy resources. The major importing nations are now becoming exporters, whilst nations that for many years have been seen as exporters are now taking on an important role in the demand for energy.

The International Energy Agency (IEA) in its New Policies Scenario states that despite recent developments and new policies, this will only have a marginal impact on long-term trends for energy and climate.

According to IEA forecasts – New Policies Scenario – world energy demand is expected to grow by more than 30% up to 2035.

In the long-term, the evolution in energy related CO_2 emissions points to an increase of 3.6°C in the average temperature

(above the target limit of 2°C for average global temperature increase).

The IEA estimates that emerging economies will account for 90% of the increase in the demand for energy by 2035. China will lead the way in the demand for energy during the current decade, until India assumes the mantle from around 2020. In short, China will be the main oil importer and, in 2020, India will be the main coal importer. The Middle East will emerge as an area of increased consumption. In 2020, it will be the second biggest consumer of gas and, in 2030, the third biggest consumer of oil. In OECD countries, the increase in the demand for energy will be largely insignificant.

Over the next ten years the role of the OPEC countries as the major source of oil will be temporarily reduced due to increased production in the United States, Canada and Brazil. However, around the middle of the 2020s, oil production in non OPEC nations will begin to decrease and the Middle East nations will reassume the predominant role on a global scale.

As far as the energy sources in use, and despite the rapid growth in renewables, the dominance of fossil fuels will continue, tending towards a reduction in weighting in the global mix from the current 82% to 76% by 2035.

The flexibility and environmental advantages of natural gas, compared to other fossil fuels, will be seen as the main reasons behind its increased long term use. The demand for natural gas will increase by almost 50% by 2035, as a result of the increased growth of emerging economies. New sources of gas, both conventional and non-conventional, will contribute to a greater diversification in the global supply of gas.

WORLD DEMAND FOR ELECTRICITY WILL CONTINUE TO GROW, WITH AN INCREASE OF TWO-THIRDS EXPECTED BY 2035

World demand for electricity will continue to grow, with an increase of two thirds expected by 2035. World demand for electricity will continue to grow, and an increase of over two-thirds is expected by 2035. The IEA expects that renewable energies will supply almost half the expected increase by 2035, with variable energy sources – wind, solar and photovoltaic – accounting for 45% of this increase. Coal will be the major fossil fuel, with a significant increase in OECD nations. Natural gas will represent the greatest increase in absolute terms, seeing an increase in all regions. Overall, the percentage of renewable energy sources in the production of electricity is expected to exceed 30% in 2035, ahead of the share of natural gas but still below that of coal Nuclear energy, in spite of a reduction in the construction of new plants due to regulatory restrictions, will still account for 12% of overall global production (due to expansion in countries such as China, Korea, India and Russia).

In this period, the IEA estimates that the electricity sector will require global investment of approximately 17 billion dollars, with more than 40% of this investment dedicated to transmission and distribution networks.

In spite of the introduction of new policies in the field of energy efficiency in various regions, we are still a long way from achieving our goal. In the IEA's New Policies Scenario, two thirds of the economic potential to improve energy efficiency remains untapped, pointing to a need for measures to eliminate the barriers to investment in this field.

CONSUMPTION
ELECTRICITY
49.2 TWh
ELECTRIC ENERGY PROVIDED BY THE PUBLIC NETWORK IN 2013

Demand and production of electricity

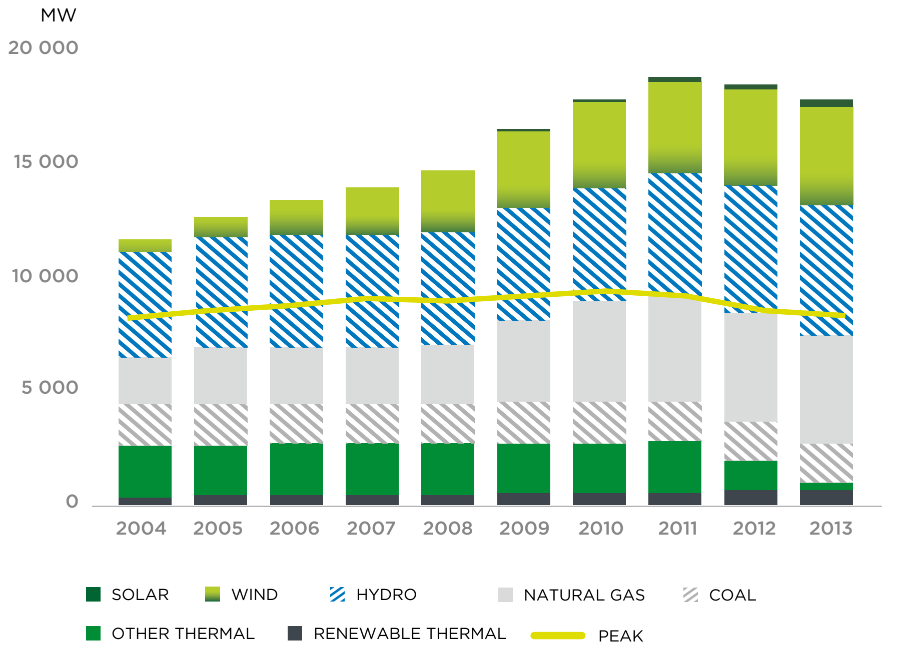
In 2013, electricity consumption supplied by the public network totalled 49.2 TWh, an increase of 0.2% on the previous year. This change is null taking into consideration the effects of the temperature and number of business days However, a recovery was seen in consumption taking place in the second half of the year, given that at the end of the first semester there was a drop of 1.7%. Following two years of contraction, the consumption levels seen in 2013 were only 5.8% below the historical maximum of 2010.

TWh	CONSUMPTION	VARIATION	CORRECTED
2009	49.9	-1.4%	-1.8%
2010	52.2	4.6%	3.3%
2011	50.5	-3.3%	-2.3%
2012	49.1	-2.9%	-3.6%
2013	**49.2**	**0.2%**	**0.0%**

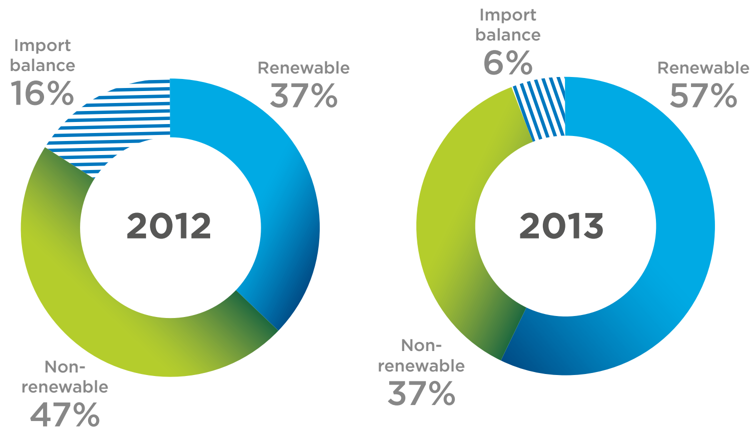
PRODUCTION
ELECTRICITY
180 MW
INCREASE IN WIND FARM PRODUCTION

The maximum power output on the national system occurred on 9th December, with 8 317 MW, almost 1 000 MW below the historical maximum registered in 2010. The installed capacity also suffered a reduction in 2013 with the declassification of the Setubal fuel oil plant which had been in operation since 1979. With the declassification of this plant, thermal production in major plants was concentrated in the two coal plant with 1 756 MW and in the four natural gas combined cycle plants with 3 289 MW. With regard to production under the special regime, the increase of almost 180 MW by wind farms and 60 MW by new photovoltaic installations is of note.

INSTALLED CAPACITY EVOLUTION



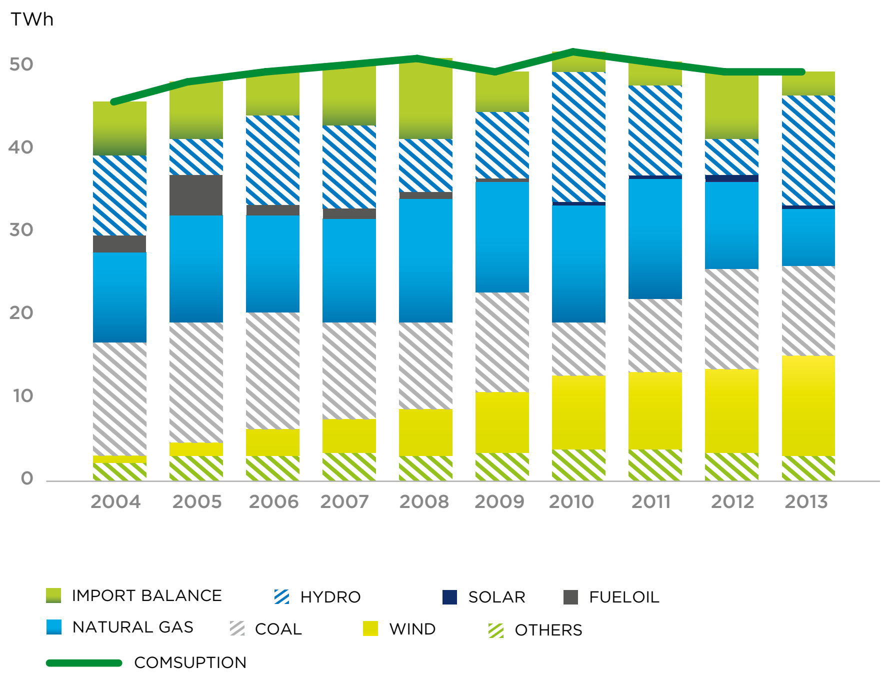
2013 saw conditions which particularly favoured renewable energy production with a productivity index of 1.17 in hydroelectric plants and 1.18 in wind farms. In the case of wind farms, with 11 months above average, these were the most favourable conditions ever seen on the national system. Under these conditions, production from renewable sources reached 57% of the consumption, compared to 37% in the previous year, a figure achieved in very unfavourable hydrologic conditions. Hydropower plants supplied 27% of consumption whilst wind plants supplied 24%, biomass plants 5% and photovoltaic plants 4%.



Coal fired plants maintained their usual share, supplying 22% of consumption, while combined cycle natural gas plants accounted for only 3% of consumption and cogeneration with non-renewable fuel, almost always natural gas, accounted for 11%.

The import balance decreased to 6% of consumption, with the same thing happening to export balances in the wettest periods of the year.

SUPPLY



In 2013, 41.5TWh entered the transmission network, an increase of 1.2% compared to the previous year. Losses amounted to 728GWh, equivalent to 1.76% of the incoming energy.

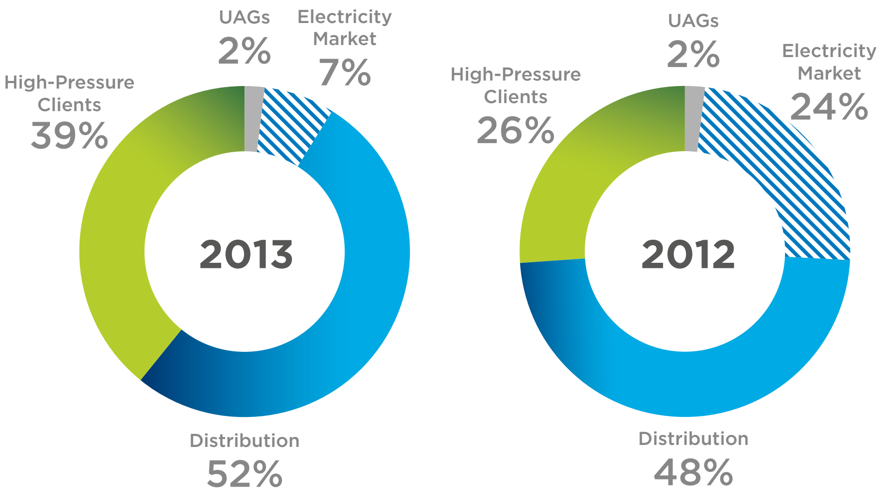
CONSUMPTION
NATURAL GAS
47.9 TWh
DEMAND FOR NATURAL GAS IN 2013

Demand and supply of natural gas

In 2013, the demand for natural gas totalled 47.9TWh, a reduction of 4.6% compared to the previous year. This represents a third consecutive year of a reduction in consumption, a drop of 17% in comparison with the historical maximum achieved in 2010.

TWh	TRADITIONAL MARKET	VARIATION	ELECTRICITY MARKET	VARIATION	TOTAL CONSUMPTION	VARIATION
2009	29.5	4.7%	23.5	-7.3%	53.0	-1.0%
2010	35.5	20.5%	22.3	-5.1%	57.8	9.1%
2011	36.2	2.0%	21.3	-4.4%	57.5	-0.5%
2012	38.3	5.7%	11.9	-44.0%	50.2	-12.7%
2013	**44.5**	**16.2%**	**3.4**	**-71.3%**	**47.9**	**-4.6%**

This change in consumption can be attributed to the strong market downturn in the production of electrical energy, corresponding to the four major combined cycle plants that operate under the ordinary scheme that saw a 71% fall compared to the previous year. This segment of the market corresponds to just 7% of overall gas consumption, the lowest figure seen since 1998. The usage of available capacity by these plants dropped to 4%, due to a lack of competitiveness compared to coal and the exceptional conditions seen in the production of both hydro and wind power.



CONVENTIONAL MARKET

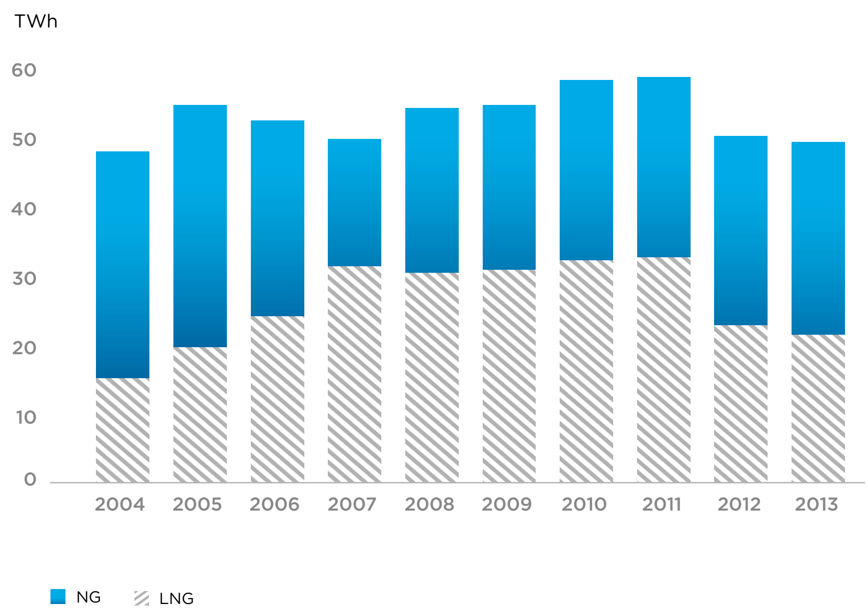
+16 %

The traditional market saw a large increase of 16%, reaching 44.5TWh, the highest figure ever. This increase was due to the segment of clients on the high pressure grid, with a 47% change resulting from new cogenerations that began operating in 2012. In the distribution segment consumption was in line with the previous year, whilst there was a 23% increase in clients supplied by autonomous regasification units due to entry into service of new supply points.

AUTONOMOUS REGASIFICATION UNITS

+23 %

In 2013, the interconnection points at Valença and Campo Maior accounted for 0.7% and 56.7% respectively of the supply necessary to satisfy national demand, principally with gas originating from Algeria, whilst the remaining 42.6% were provided by the LNG terminal at Sines and primarily originating in Nigeria.



3.2 ELECTRICITY

3.2.1 OPERATION OF THE NATIONAL TRANSMISSION NETWORKT

Quality of service

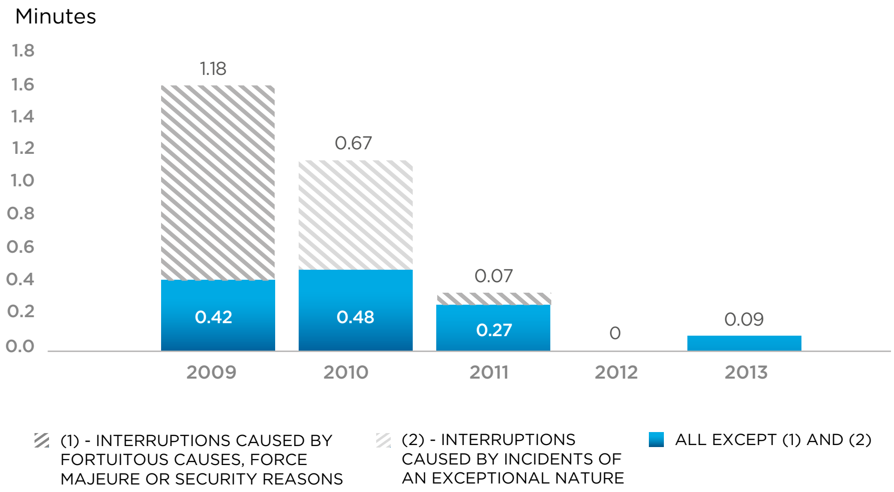
ENERGY NOT SUPPLIED

8.6 MWh

The quality of service provided by REN, understood in terms of security and continuous supply of electrical energy with the necessary technical characteristics, once again reached a high level, maintaining and consolidating a trend observed in previous years towards a gradual and sustained improvement in the performance of the National Transmission Grid (RNT).

The figures recorded by three (ENS, EIT and SARI) of the five general indicators for service continuity established in the Quality of Service Regulations, were the second best ever, thereby placing REN on a level with the world's best companies in a similar field. The remaining two indicators (SAIFI and SAIDI) recorded the third best figures ever. The Equivalent Interruption Time (EIT), an indicator of overall performance commonly used by electrical utility firms, was 5.4 seconds, the second best figure ever, equivalent to energy not supplied of 8.6MWh. That is to say, REN fed electrical energy to the various consumer delivery points 99.99998% of the time (almost 999 hours, 59 minutes and 59 seconds, for every 1 000 hours).

EVOLUTION OF EQUIVALENT INTERRUPTION TIME - EIT



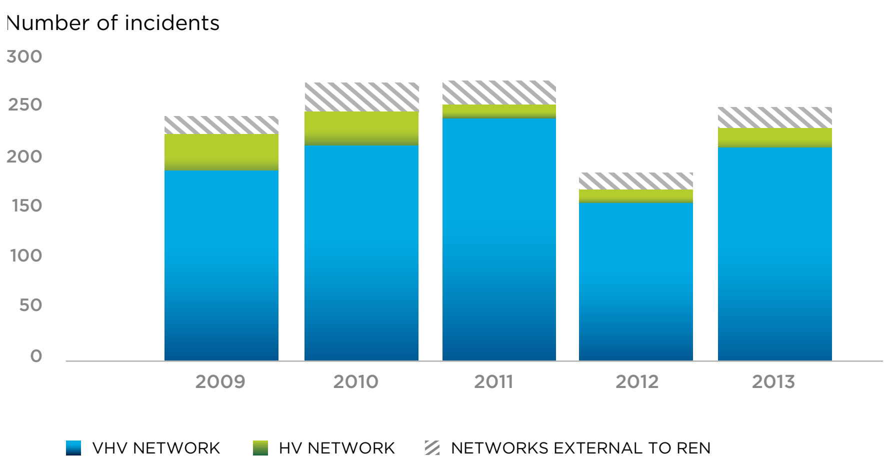
In 2013, the monitoring of voltage waveform quality continued at delivery points and interconnecting points on the RNT.

The measurements carried out continued to show results that, with a reduced number of exceptions in individual and localised cases, reflect the figures recommended in the Quality of Service Regulations.

The overall level of electrical energy quality depends on the number of incidents recorded or with impact on the transmission grid. In 2013, the number of incidents and disturbances was 249 (35% more than in 2012), 208 of which originated in the Very High Voltage Network (VHV), 20 in the High Voltage Network (HV) and 21 in other grids but with an impact on the REN networks VHV and HV. This increase was reflected above all in the incidents that occurred on 19th January, numbering 33 in total, due to the storms and strong winds affecting the Greater Lisbon area.

Only eight incidents (3.2% of the total) actually caused interruptions to the supply of electricity to clients, having caused eight interruptions of consumption at delivery points.

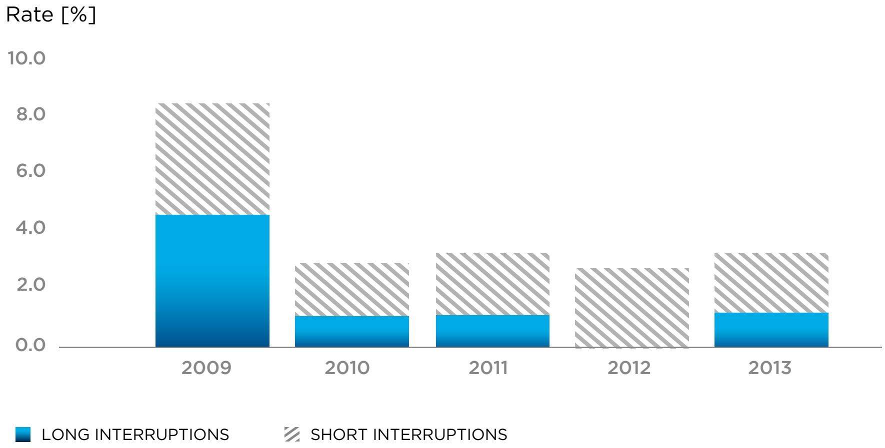
EVOLUTION IN THE NUMBER OF INCIDENTS



Another way of highlighting the performance of the transmission grid is through an indicator referred to as "Vulnerability", which expresses the capability of the transmission grid to not discontinue the supply of electrical power to consumers following an incident, regardless of its origin (including incidents caused by force majeure). This indicator is a ratio of the number of supply interruptions to the number of incidents.

In 2013, the transmission network registered on average 0.0120 long interruptions (> 3 min) and 0.0201 short interruptions (between 1 sec and 3 min) per incident.

EVOLUTION IN THE VULNERABILITY OF THE TRANSMISSION NETWORK



Network behaviour

During 2013, the major congestions that occurred in the RNT were associated with outages of grid elements, which were solved through the generation of network constraints and through the introduction of topological changes to the network. In this field, it is particularly worth noting the outages that occurred on the corridor between Recarei and Riba d'Ave that, aside from topological measures, also required the mobilisation of generation at the Tapada do Outeiro plant and reduction of hydropowered generation located in the Cávado basin.

IN 2013 THE NATIONAL CONSUMPTION OF ELECTRICITY REMAINED AT IDENTICAL LEVELS TO THOSE SEEN DURING 2012

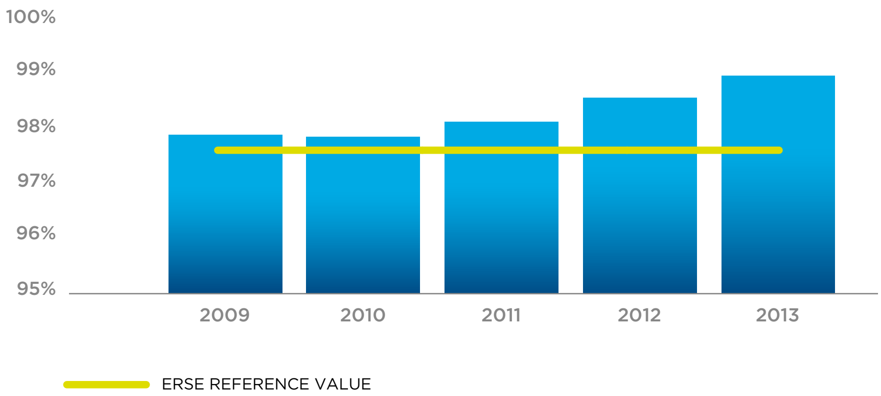
In 2013, the national consumption of electricity remained at identical levels to those seen in 2012, leading to a continued excess of energy in the RNT, and consequent difficulty in controlling voltage. The aforementioned difficulty was overcome by implementing measures such as turning the Sines plant into the technical verification headquarters for the day market, limiting output on subsequent intraday markets, the disconnecting of MHV lines or requesting that the operator of the National Distribution Grid disconnect their capacitor banks.

Finally, also of note in 2013 was the fact that new maximums for wind energy production were once again recorded, both with regard to energy and peak production. Once again the national electricity system managed to store all this production without having to introduce reductions.

Availability

The Combined Availability Rate, a regulatory indicator introduced by ERSE in 2009, reached a new historic record in 2013, with a value of 98.89%. The figure below shows the annual evolution of this indicator in the last five years. Its progressive improvement highlights the obvious evolution in terms of coordination and planning of grid outages during the period in question.

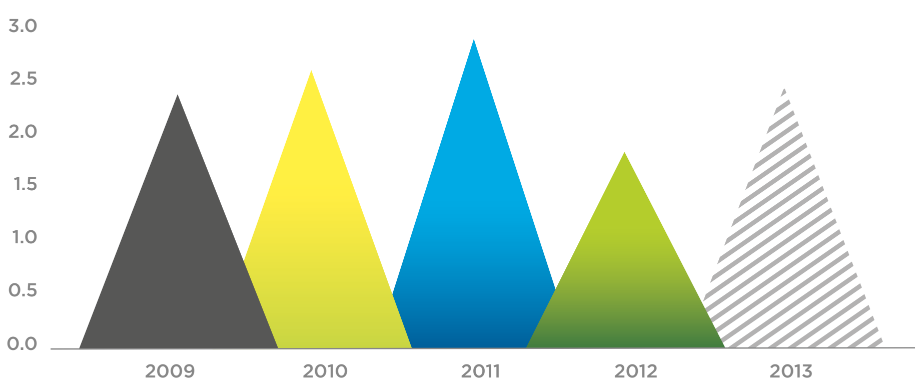
COMBINED AVAILABILITY RATE



Performance of transmission network assets

In 2013, RNT lines had a satisfactory overall performance, in spite of the adverse weather conditions seen on 19th January. On this day, 41 faults were registered on lines, including the collapse of four pylons in the Lisbon region. The number of faults per 100km of circuit thereby saw an increase of 33% compared to the previous year. Without the faults that occurred on that day, the figure would be close to that seen in 2012 (+4.8%). The graph below illustrates the performance of lines in the last 5 years, with regard to the number of faults per 100 km of circuit.

EVOLUTION IN THE NUMBER OF FAULTS IN RNT LINES PER 100 KM OF CIRCUIT



The overall availability rate for line circuits, including terminal panels, was 99.02%, a significantly higher figure than the one recorded in the previous year (+0.45%).

In general, all substations recorded favourable behaviour in their service performance. In spite of this, there was a slight increase in the number of damaged transformers and circuit breakers compared with the 2012 figures, although, in the majority of cases, there were no consequences to network operation. The overall availability rate of transformers and autotransformers (including the respective panels) stood at 98.48%, a similar figure to that seen in 2011 (+0.03%). This indicator is mainly affected by remodelling and replacement work on HV equipment and transformers during 2013.

More in-depth technical detail is available in the Quality of Service report published annually by REN.

3.2.2 INVESTMENT IN THE RNT

Projects concluded in 2013

In 2013, the projects concluded in the National Electricity Transmission Network (RNT) contributed toward improved reception capacity, particularly from renewable sources, toward improved international exchange capacities with Spain and to better power feeding conditions to distribution networks, and towards the safety and reliability of the overall system operation.

In the Trás-os-Montes region, to reinforce supply to consumers and improve power feeding conditions to the network in that area, a new connection came into operation between the Valpaços and Vila Pouca de Aguiar substations, completing the 220 kV circuit of the mountainous axis between Lagoaça and Valdigem.

On the Douro axis and in the Porto area, of note are the 400kV connections between Armamar-Recarei and Recarei-Vermoim, along with the introduction of a 400kV level at Vermoim substation, reinforcing the safety and reliability of supply to consumers in the Greater Porto region and improving interconnection capacity. Also in the Porto area, the refurbishment to 220kV of the Maia steel plant was concluded and came into operation, along with the connection that feeds it.

In the southern coastal region of Greater Porto a new 400/60kV substation came online at Feira, supplying consumers in the municipalities of São João da Madeira, Feira and Arouca.

In Beira Interior a second 150kV connection came into service between the Falagueira and Castelo Branco substations, providing this interior region with improved supply of renewable energies and enhanced overall safety of the network operation.

In the Lisbon area, in order to reinforce supply to consumers, it is worth noting the construction of a new 220kV underground circuit between the Alto de Mira and Sete Rios substations. Also with the aim of reinforcing supply to consumers, the introduction of a 400kV level at the Fernão Ferro substation was concluded.

Seven new transformers started operation, with a total power increase of 1 069 MVA (of which 320MVA is at the Maia steel plant substation).

Main investments underway

Reinforcement of the interconnection capacity between Portugal and Spain

- In order to reinforce the exchange capacities between Portugal and Spain, a new 400 kV interconnection is planned in the Minho region, connecting the future Viana do Castelo installation on the Portuguese side with Fontefria on the Spanish side

Connection of special status producers to the RNT (except for large scale hydropower)

- Transformation improvements in various substations

Connection of large-scale producers to the RNT

- Entry into service of a new 400kV switching station in Vieira do Minho and the implementation of two connections, also at 400kV, between this point and the Pedralva substation, to connect the power upgrades from the Venda Nova (Venda Nova III) and Salamonde (Salamonde II) hydroelectric plants
- Construction of a new 400kV axis between the Porto region and the area of Viana do Castelo, running east to the Pedralva substation. This axis, as well as proving important in ensuring the running of the large amounts of new hydropower plants in the Cávado/Alto Minho, will also form an integral part of the new interconnection with Spain in that region, thereby facilitating

international exchanges. At the same time, the new RNT substation at Vila Nova de Famalicão which forms part of this axis, will provide improved safety in the power supply to those consumers in the coastal Minho region

- In the Central region, in order to connect the new hydroelectric plant at Girabolhos, the construction of a new 400kV line is planned between the Penela substation and the Seia area

Feeding to the distribution networks to improve the supply of large load centres

- In Minho, opening of a 150/60 kV substation in the Fafe area, which also supplies the neighbouring counties of Guimarães, Vizela and Felgueiras
- In Lisbon, the opening of the 220/60 kV Alto de S. João substation, fed by two underground circuits, from Sacavém and Fanhões (Prior Velho)
- In the Setúbal Peninsula, the completion of the second 150 kV overhead line between the substations of Fernão Ferro and Trafaria
- In the Alentejo, construction of a new 400 kV line between Estremoz and Divor

3.2.3 SPECIAL STATUS PRODUCTION

REN activity in the coordination of connection and integration processes relating to projects for Special Status Production (PRE) in the Public Service Power Grids (RESP), particularly those which connect to the RNT, so as to ensure the effective and safe integration of renewable energy sources into the National Electric System (SEN), has focused on several different areas:

- the planning of reception capacity for new production, the necessary network upgrading and the technical connection requirements;
- the development of projects, the planning of work, the execution of work under the responsibility of REN and the monitoring of work under the responsibility of promoters;
- participation and monitoring of inspections and the execution of connections to the network; the definition of protection and communication systems and command and control systems;
- the definition of metering systems and border systems with the markets and the operational control of the execution of this operation through the dispatch control centres;
- the forecasting of energy volumes produced and the resolution of management problems in the production of power required to satisfy consumption.

MÉRTOLA WIND FARM
60 kV connection at the REN Tavira substation on 5 November 2013

At the end of 2013, installed PRE power (not including large-scale hydropower) connected to the RESP totalled around 6 800 MW. Within this figure, highlight goes to the increase over the previous year of 114 MW of wind power from farms connected to the RNT. This has been essentially due to the connection of new wind farms and the expansion and remodelling of farms already in operation.

It is also worth emphasising that Decree–Law No 215 – A/2012 of 8 October 2012 revised the concept of special status production, defining it as follows: (in accordance with Article18(1)):

'Special status production is considered to be the activity of production licensed under special legislative schemes, such as the production of electricity through cogeneration or endogenous resources, renewable or non-renewable, microproduction, miniproduction and production that does not feed power into the grid, as well as the production of electricity through endogenous resources, renewable or non-renewable, that is not subject to a special legislative scheme.'

WIND FARM
Baixo Alentejo. Mértola

3.3 NATURAL GAS

3.3.1 OPERATION OF RNTIAT

Quality of service

The performance of REN natural gas infrastructures in terms of continuity of service was once again excellent in 2013. No supply interruptions occurred and all the natural gas indicators were within the limits set out in the Quality of Service Regulations (QSR).

The accumulated indicator for the frequency of incident occurrence per year per 1 000 km of high-pressure transmission infrastructure currently stands at 0.052, based on the total exposure time of the infrastructure. Considering only the last 5 years it is 0.154. The value of the same indicator published by the European Gas Pipeline Incident Data Group (EGIG) for all TSOs participating in the scheme is 0.162 for the last 5 years.

In relation to the indicators defined in art. 13 for quality of service in the Natural Gas Sector, REN Armazenagem and REN Atlântico registered the following annual figures:

GENERAL QUALITY OF SERVICE INDICATORS FOR REN ARMAZENAGEM

COMPLIANCE WITH NOMINATIONS FOR NATURAL GAS WITHDRAWAL	100.0%
COMPLIANCE WITH NOMINATIONS FOR NATURAL GAS INJECTION	99.7%
COMPLIANCE WITH ENERGY STORAGE	100.0%

Notes:

- Compliance with nominations for natural gas withdrawal: the ratio between the number of nominations complied with and the total number of nominations
- Compliance with nominations for natural gas injection: the ratio between the number of nominations complied with and the total number of nominations
- Compliance with energy storage: determined based on the mean square error between nominated and real energy values resulting from the total requests by the users of both injection and withdrawal of gas

General quality of service indicators for REN Atlântico

Total unavailability was 23 hours, of which 11 were planned, corresponding to facility availability of 99.76%.

Internally, 62 301 hours of work were carried out and one non-fatal accident took place.

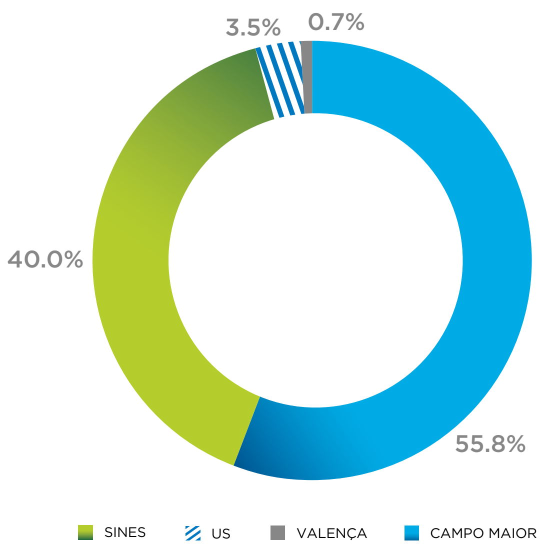
In terms of subcontracted workers, 33 304 hours of work were carried out, also with one non-fatal accident taking place.

GENERAL QUALITY OF SERVICE INDICATORS FOR REN ATLÂNTICO

COMPLIANCE WITH COMMERCIAL SERVICE (NOMINATIONS)	100.0%
INJECTION OF NATURAL GAS INTO THE NETWORK (INJECTED/ REQUESTED)	99.54%
AVAILABILITY OF FACILITY	99.76%

System operation

In 2013, the intake of natural gas into the infrastructure operated by the RNTGN concession holder was predominantly through Campo Maior (55.8%), which connects with the Maghreb gas pipeline and supplies Portugal with gas mainly from Algeria. The intake from the regasification of liquefied natural gas at the REN Atlântico Sines Terminal stood at 40.0%. Inputs into the grid via underground storage and Valença were equivalent to 3.5% and 0.7% respectively of the total intake to the national system. The following graph shows the weighting of entries to the system:



With regard to the usage of maximum system capacities, in 2013 the maximum entry figure through Campo Maior was 110.4 GWh and 150.2 GWh through Sines. These recorded highs are equivalent to the use of 82.4% of the maximum capacity in Campo Maior and 78% in Sines. With regard to the interface with underground storage, the maximum extraction reached 85.1GWh whilst the maximum injection reached 23.5GWh, equivalent to almost 100% usage of the maximum infrastructure capacity.

During 2013, plans were laid out for the commissioning and entry into operation of a new cavern alongside the underground storage caverns currently in operation, thereby guaranteeing sufficient availability for both the gas station and the operating conditions of RNTIAT.

With regard to the supervision of the system carried out from the dispatch centre, December 2013 saw the conclusion of the upgrade of REN Gasodutos supervisory, control and data acquisition system, leading to the involvement of various technical teams and the coordination of activities to ensure availability of supervision and to control the NG transmission system. The aim of this project, covering all the stations, is to ensure the timely availability of SCADA data to those downstream interfaces that depend on it, thereby ensuring the proper functioning of their technological processes.

The transition to the new SCADA system (VS ICS) took place gradually (station by station), ensuring users could still have access to all the previous functionalities in a more user friendly and intuitive environment, as well as providing access to new technological functionalities with the aim of facilitating access to information and subsequent decision making. The new regulations relating to the European grid laid down by Regulation EC 715/2009, changing the framework for internal NG transmission systems, impacted above all on capacity allocation. Having therefore introduced the concept of auctions, it was necessary to adapt the internal rules that had been in effect until this point in Portugal, to ensure progressive and rapid adaptation to this new scenario. In this sense, the operating system was directly involved in the establishment of regulations and products included in the publication by ERSE in August 2013 of the Procedures for Access to Infrastructures Manual (MPAI), as well as in the review of the System Global Management Procedures Manual (MPGTG). Alongside the establishment of these regulations it was necessary to put them into operation via the implementation of the relevant access platform with the support of the operating system.

Remaining on the subject of new regulations relating to the management of access to the infrastructure, and with reference to the adoption of new concepts across the Portuguese gas system, of note is the operational slots that can be reserved by market agents for the loading and unloading of LNG via the carrier vessels at the Sines terminal, which is linked to the other new development surrounding operational storage capacity relative to the capacity dedicated exclusively to the undertaking of these operations.

Operation of the Sines LNG terminal

With regard to operations, the LNG Terminal received a total of 41 ships in 2013 (32 unloading operations, three cooling operations and six loading operations), corresponding to total unloaded energy of 26.16 TWh and regasification of 19.52 TWh to the network. In the same period, 3 138 tanker trucks were loaded, all from the domestic market, corresponding to total energy of 956 GWh.

The company conducted six audits, all with positive results, two of which were under the SEVESO directive, two relating to the verification of the integrated quality, environment, health and safety management system, one internal audit relating to the ISPS Code and one within the scope of the APS concession.

A safety drill was conducted with the participation of external entities, which tested the response capacity of REN Atlântico and other bodies involved in the protection of the facility (ISPS) and Safety (PEI-SEVESO).

Operation of REN Armazenagem

In 2013, a total of 1 351 GWh of natural gas was withdrawn and 290 GWh was injected into REN Armazenagem caverns, with a global self consumption of around 4 GWh. With regard to the operation of the gas station, total processed natural gas was 3 671 GWh, broken down into 1 719 GWh of withdrawals and 1 952 GWh of injection, corresponding with 1 587 GWh to the first filling of the cavity TGC-2 of Transgás-Armazenagem. Overall self consumption by the gas station in 2013 corresponded to 18 GWh.

At the end of the year, compared with 2012, the following balance of stocks was observed:

NATURAL GAS STOCKS AT REN ARMAZENAGEM (GWH)*

AT 31 DECEMBER 2012	AT 31 DECEMBER 2013	VARIATION 12/13 (ENERGY)
1 509	443	- 71%

* The figures indicated do not include cushion gas

LNG STORAGE
Terminal

AVERAGE DAILY LEVEL OF NATURAL GAS STOCKS AT REN ARMAZENAGEM (GWH)*

2012	2013	VARIATION 12/13 (ENERGY)
1 429	1 218	%

* The figures indicated do not include cushion gas

The quantities stored at the end of 2013 represent a reduction of 71% compared to figures for the previous year, justified by the movements of gas taking place in November and December.

At 31st December 2013, the nominal capacity figures for REN Armazenagem's three caverns in operation were as follows:

INFRASTRUCTURE CAPACITIES [GWh]

	'12	'13
MAXIMUM CAPACITY	1 659	1 642
EFFECTIVE MAXIMUM CAPACITY AFTER TECHNICAL RESTRICTIONS	1 483	1 478
COMMERCIALLY AVAILABLE CAPACITY	1 403	1 398
CUSHION GAS	1 591	1 591

Notes:

- Cushion gas: permanent volume of gas maintained in cavities in order to ensure the minimum pressure required to safeguard their structural stability
- Maximum capacity: total capacity minus the cushion gas volume
- Maximum effective capacity after technical restrictions: maximum capacity minus the volume restrictions for using the caverns due to technical constraints
- Commercially available capacity: maximum effective capacity after technical restrictions minus the capacity allocated to the SNGN technical system manager for operational reserves

3.3.2 INVESTMENT IN RNTIAT

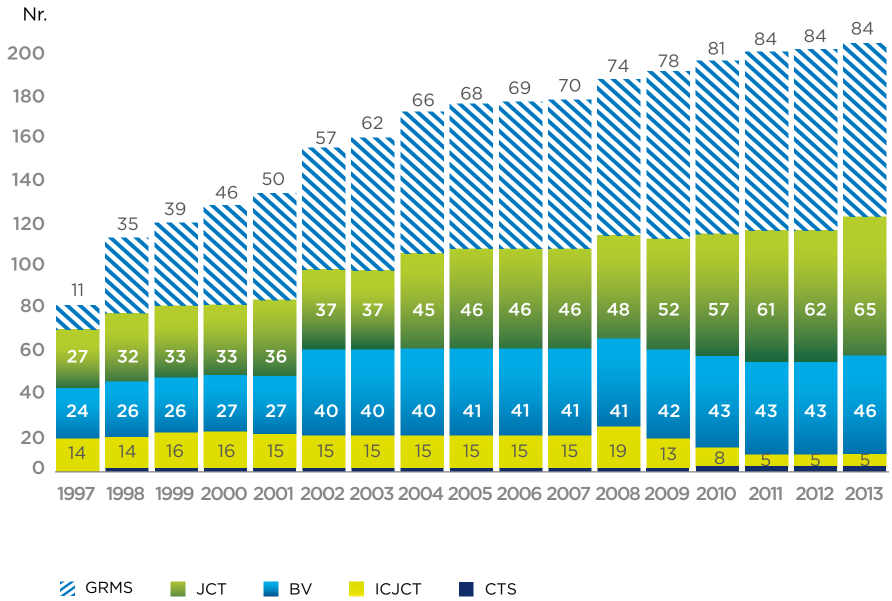
In 2013, REN continued with the implementation of the development and investment plan in the National Transmission Network, in the Underground Storage Infrastructures and in the LNG Terminals (RNTIAT). This plan, which includes development and expansion projects, internal reinforcement and revamping investment and connection to the RNDGN and customers, represented an investment in 2013 in natural gas infrastructures of 36.8 million euros, with the respective asset value under operation totalling 42.5 million euros.

REN Gasodutos

As part of the expansion of the RNTGN, REN Gasodutos put the Mangualde-Celorico-Guarda gas pipeline into operation, running for almost 76km and closing the loop between lots 5 (Monforte/Guarda) and 6 (Cantanhede/Mangualde), thereby increasing the safety of supply and making possible a future third interconnection of the RNTGN with Spain.

Along with the pipeline, four new stations also came into operation at Arcozelo, Soeiro do Chão, Celorico da Beira and Avelãs de Ambom. This project was eligible under the European Energy Programme for Recovery (EEPR) criteria.

RNTGN STATIONS



As a continuation of the investment project started in 2012 to carry out a technological upgrade of the SCADA VS750 to SCADA VSICS, activities relating to the testing phase were carried out throughout 2013, along with interfaces with downstream systems and end user training. The new system officially came into operation on 16th December 2013.

The evolution of the new SCADA system will safeguard the continuation of supervision, control and data acquisition, supported by modern, user friendly technology, and making the evolution of both NG transmission procedures and related technologies (technological compatibility) a possibility.

REN Armazenagem

In 2013, REN Armazenagem developed a set of investments with a view to ensuring security of supply and the availability of natural gas storage capacity level. This included:

- Continuation of construction of cavity RENC-6, which underwent leaching operations throughout 2013. An accumulated volume of approximately 467 000 m3 was reached. The estimated volume will be around 530 000 m3, in 2014, upon completion of the work
- As a result of the environmental impact study and the base engineering project for cavity RENC-8, that gave rise to the licensing process submitted to the DGED in June 2012, the Environment Impact Statement (DIA) was issued in March 2013
- The installation of variable speed drives in the electric motors belonging to the high voltage pump system at the leaching plant, in line with the recommendations made by the energy audit carried out under Decree-Law 71/2008 Management System of Intensive Energy Consumption (SGCIE), with the aim of reducing specific energy consumption, and which the company has adopted in its energy efficiency plans
- In line with the actions recommended under the certification of the safety management system for the prevention of serious accidents, the fire suppression system (RIA) was upgraded at the gas station through the installation of water cannon. Improvement of the gas station's command and control and emergency systems for integration with the TCG-2 cavern operated by Transgás Armazenagem

REN Atlântico

In 2013, only minor investment projects were carried out.

3.4 OTHER BUSINESSES

3.4.1 REN TRADING - MANAGEMENT OF POWER PURCHASE AGREEMENTS (PPA)

Power Purchase Agreements (PPA) not subject to early termination in compliance with Decree-Law No 172/2006 of 23 August 2006, are managed during the period they are in effect by REN Trading, a 100% subsidiary of REN - Redes Energéticas Nacionais, SGPS.

In this context, REN Trading manages the PPA with Tejo Energia through the thermal power plant in Pego (576 MW), and the PPA with Turbogás, for the thermal power plant at Tapada do Outeiro (990 MW). The company's objective is to maximise profits by means of the market sale of energy and system services, as well as to minimise the costs of PPAs, pursuant to Official Order No 11210/2008, amended by Directive No 7/2011 of 22 December 2011 and by Directive No 1/2013 of 2 January 2013, of the ERSE.

Within the scope of managing the respective PPAs, REN Trading acquires all the energy and systems services from the Pego and Turbogás plants. In this field, in addition to the Natural Gas Consumption Management Agreement (AGC) established with GALP Gás Natural, S.A., it is also necessary to accompany the markets in fuels (coal and natural gas) and their respective indexes.

During 2013, negotiations continued with Galp with the aim of reducing the quantity of gas consumed at the Turbogás power plant this year, so as to adapt the plant's production to real market needs, with the resulting benefits of a reduction in costs to consumer.

With regard to operating in the European market for emissions licences (ETS - Emissions Trading Scheme), there was a greater participation than in previous years on the ICE (Intercontinental Exchange), the leading futures exchange.

THE SALE OF ELECTRICAL ENERGY ON THE MARKET MAINLY TAKES PLACE ON THE IBERIAN ENERGY MARKET.

REN Trading is responsible for managing the CO_2 emissions licences attributed to its two plants, although, with the start of Phase 3 (2013-2020), there are no longer free licences allocated to electrical plants. A management strategy was put in place for these environmental requirements, involving the purchase of emission licences, namely EUA (European Unit Allowances), on a secondary futures market of the ICE. 2013 continued to see a drop in the carbon market, due to various factors.

The sale of electric energy in the market is mainly carried out by means of the Iberian Electricity Market (placing daily and intraday sales and repurchase offers on the OMIE) and the System Services market, operated by the System Manager. The company continued to actively participate in the Portuguese System Services market, with good overall results.

In order to improve the results achieved by means of sales, and so as to diversify risk, REN Trading participated in diverse CESUR auctions held during 2013, only finalising one contract in the first trimester and with a positive outcome overall.

Through its area of Financial Products, REN Trading accompanies the most relevant market trends in the sector, with an emphasis on energy and CO_2 emission licences. Future options were traded on centrally issued CO_2 licences along with term hedges (on the derivatives market) and some purely financial operations that were negotiated with regard to providing services to REN SGPS.

As it is a regulated company, in its Official Order No 11210/2008 of 8 April 2008, amended by Directive No 7/2011 of 22 December 2011, and by Directive No 1/2013 of 2 January 2013, the Energy Services Regulatory Authority (ERSE) established a set of incentives defining methods of sharing the benefits of regulated activities between electricity consumers and the company. The final value of the incentives is derived from operations in the company's diverse areas of activity, related with optimising the sales of energy from the power plants as well as minimising the costs of acquiring natural gas and CO_2 emissions licences.

Thus, the company's operating results in 2013 correspond to the value calculated for the incentives set by ERSE, which are identified below (the ICO_2, an incentive for the efficient management of CO_2 emission licences was eliminated this year, along with swaps, as there is no longer an annual allocation of EUAs to be exchanged):

- I1 – Incentive related to the efficient supply of energy from the Turbogás Power Plant in the daily market (limited to 1.5 million euros, fully achieved in 2013)
- I3 – Incentive related to optimising the production of the Tejo Energia Power Plant (limited to 1.5 million euros, fully achieved in 2013)

Thus, the total incentives obtained in 2013 amounted to 3.0 million euros, a figure lower than that of the previous year (due to the elimination of incentives relating to CO_2 emissions licences).

3.4.2 REN TELECOM

The REN Group is present in the Information and Communication Technologies market through REN TELECOM, a company 100% owned by the Group and certified by APCER in accordance with the NP EN ISO 9001, NP EN ISO 14001 and OHSAS 18001 standards.

REN TELECOM was incorporated in 2002 with the primary goal of deriving profits from the surplus capacity of the REN – Rede Eléctrica Nacional secure telecommunications network and it subsequently expanded the scope of its activity to the REN Gasodutos infrastructure when this company was integrated into the REN Group in 2006.

REN TELECOM is engaged in various activities, including infrastructure (rental of fibre optics and communication towers), data transmission, data centres, maintenance, projects and consulting.

In 2013 REN TELECOM consolidated its presence in the information technology Marketplace, ensuring a systematic approach towards the national and international markets both in terms of companies (70%) and operators (30%).

In 2013, REN TELECOM continued to develop its international business activities and is involved in diverse opportunities relating to Iberian infrastructure and telecom networks in Africa.

3.4.3 ENONDAS

Brief business description

ENONDAS is a company dedicated to public service, holding a concession granted by the Portuguese Government, which aims to support the development of energy production from ocean waves, managing a maritime area of around 320 km^2 and providing it with the necessary infrastructure for the development of marine energy.

Enondas activities

During the last year, Enondas continued with some of the projects it had begun whilst carrying out its development plan.

On the other hand, the results of the project to prepare a geophysical profile of the Pilot Area, which reached its conclusion in 2012, were promoted and marketed to some of Enondas potential customers, namely in national and international forums.

Following the approval of Enondas Budget in 2012 by ERSE, the government is expected to put amendments 5/2008 and 238/2008 into place in the immediate future, at which point the legal framework will be duly consolidated and all conditions met in order to proceed with the construction phase of the infrastructure.

Aside from these pending legal procedures, Endondas has already initiated some vital projects to ensure the expected success of the Pilot Area; regulating access to the Pilot Area and its environmental profile study.

As referred to above, the most important activity carried out in 2013 was commercial, via promotion, marketing and appearances at conferences, workshops and seminars, most notably the participation at the Fórum Empresarial para a Economia do Mar, the presence at a workshop organised by the Portugal-Belgium-Luxembourg Chamber of Commerce on the economy of the sea, and the annual conference organised by Wavec – Wave Energy Centre. The Enondas team's visits to France and Norway to meet with manufacturers, service providers and promoters proved to be very important for the marketing of the Pilot Area and its potential future usage.

As part of its commercial activities and with regard to potential customers with which it is a more advanced stage of discussions, coupled with the aspects described in the previous paragraph, Enondas promotes, in addition to the services it provides to its customers, ties to companies in the sector, namely shipyards, industrial companies, maritime services companies, consultants and service firms.

Main investments

2013 was marked by the final phase for regulating access to the Pilot Area and its environmental profile study.

Future prospects

Enondas will continue with the infrastructure project (electricity connection and undersea cable), and it is expected that the engineering project will be at an advanced stage by the end of 2014.

ENONDAS will continue its marketing efforts, promoting the Pilot Area and Portuguese companies and institutes for the know-how necessary for the logistics chain of its customers.

Strongly dependent on discussions with the public bodies responsible for the licensing of the project, Enondas has an open platform at its disposal, which will be raised on opening and promoted, namely by the Directorate General for Energy and Geology, the Portuguese Environment Agency the Directorate General of Maritime Authority and the Directorate General of Natural Resources, Safety and Maritime Services, in order to ensure the success of this project.

On the part of the Government, it is hoped that the importance of this project continues to be seen from an economic, energy and innovation policy standpoint, whilst waiting on the approval of the pending legal decrees that would finalise the legal framework of Enondas.

3.4.4 BUSINESS DEVELOPMENT

After changes in its shareholding structure in 2012, REN strengthened the conditions that contribute towards promoting its image internationally and now has a broad range of competitive advantages that enable effective internationalisation based on its core competences.

Thus in 2012, REN reviewed its strategic plan for the period 2013-2016, identifying the internationalisation of its activities as one of the fundamental pillars of the company's future strategy.

INTERNATIONALISATION IS ONE OF THE FUNDAMENTAL PILLARS OF REN'S FUTURE STRATEGY.

A set of guidelines were defined for REN's internationalisation programme, notably the objective of, based on the company's core competencies, reducing exposure to a regulated single market, through the diversification of investment and revenue sources. In carrying out its internationalisation plan, REN will ensure a balanced use of its resources between M&A opportunities – projects generating immediate cash flow – and greenfield opportunities – projects implemented over a longer term. Taking into consideration the inherent risks and competitive nature of the target markets, internationalisation will be carried out in phases and on a case by case basis, with a financially responsible attitude, ensuring an adequate return on investment.

As part of the internationalisation plan, priority areas were identified for expansion and consolidating its international presence, namely: South America, South Africa, Europe, the Middle East and Asia, along with the United States of America (on a case by case basis in the case of the latter region).

During 2012 and 2013, REN carried out various exploratory missions in some of the identified regions, and has negotiated the acquisition of stakes and consultancy projects with companies and governments controlling energy infrastructure. In 2013, continuing the exploratory work already carried out, REN entered into formal M&A and greenfield negotiations for the first time in the energy transmission sector These negotiations, although unsuccessful, represented the first steps in REN's internationalisation, and offered the chance to develop the necessary international visibility and experience, which will prove advantageous in future projects.

Notable developments in REN's internationalisation plan include:

South America

- Identifying and monitoring opportunities of strategic interest to be established in the short-term, including consulting opportunities as well as M&A and greenfield opportunities (Colombia and Peru)

South Africa

- Strategic involvement in the development consortium for the Energy Transmission Project (STE) project in Mozambique, responsible for the development, operation and maintenance of the High Voltage National Electrical Energy Transmission Network (the ''backbone'' project) spanning almost 2 000km with links to South Africa as well as future projects for hydroelectric and thermoelectric production.
- Identifying opportunities, mainly to be carried out over the medium/long term
- Developing relationships with local stakeholders through the provision of consulting services

Europe

- Identification of potential opportunities to use REN's technical know-how in the field of European energy

Middle East and Asia

- Agreements for conducting consultancy projects to support planned energy networks and overcoming the challenges of integrating renewable energies

REN seeks to ensure the group's sustainability leveraging its efficient and recognised national experience as an operator of systems transmitting electricity and natural gas, with a view to:

- Identifying partnerships with operators of reference energy networks at an international level, which can result in agreements for operations cooperation, technical exchanges and business evaluations of common interest;
- Establishing and formalising relations with multilateral international agencies supporting the development and funding of infrastructure.

3.5 FINANCIAL PERFORMANCE

In the 2013 fiscal year, **net profits** for the REN group decreased by 1.8% (-2.3 million euros) to 121.3M. The 6.2 million euros (-4.6%) fall in financial income was a major financing contributing factor, resulting from increased financing costs due to an increase in average gross debt. On the other hand, and somewhat compensating for this development, EBITDA increased by 9.9 million euros (+1.9%) compared to 2012, reflecting a continued aim for improvement in the operational performance of the group.

It should be noted that as a result of implementing the changes It should be noted that as a result of implementing the changes in standard IAS 19 – Staff Benefits, which is required to be applied in financial years starting on or after 1 January 2013 (see Notes 3.1 and 21 of Chapter 5 – Consolidated Financial Statements), the values reported referring to 31 December 2012 have been re-expressed. The use of a single discount rate has now been considered in compliance with the new wording of IAS 19. This has resulted in an increase in the category 'Staff costs' in the Consolidated Statement of Results for 2012 (and as such, a reduction in net profits for the financial year of 2012), and taken to the category of 'Accumulated Profits' on 31 December 2012, in the amount of 0.3 million euros.

Group **investment** decreased by 6.6% (-13.2 million euros), a reflection of the completion of the Sines Terminal expansion project (23.5million euros) during 2012, whilst operation costs exhibited the same results. In spite of these reductions, average RAB increased in comparison to the previous year.

The group's conditions for access to funding began to turn during 2013, with the average debt cost rising to 5.54%, a reduction of 16 b.p. compared to the previous year and the net debt reduced by 110.1 million euros (-4.4%) in comparison to 2012.

MAIN INDICATORS

(MILLIONS OF EUROS)

	'13	'12	VAR.%
EBITDA[7]	521.5	511.6	1.9%
FINANCIAL INCOME	-142.2	-136.0	-4.6%
NET INCOME	121.3	123.6	-1.8%
RECURRENT NET PROFIT [8]	120.7	120.2	0.4%
CAPEX TOTAL	187.8	201.1	-6.6%
TRANSFERS TO RAB (AT HISTORICAL COSTS) [9]	245.0	320.6	-23.6%
AVERAGE RAB (AT REFERENCE COSTS)	3 488.9	3 380.7	3.2%
NET DEBT	2 402.3	2 512.4	-4.4%
AVERAGE DEBT COST	5.54%	5.70%	-0.16 p p

[7] In 2013, there was a small change in the methodology used to calculate EBITDA, and the value for 2012 was adjusted for comparison purposes, using the same criteria.
[8] Recurring net profit in 2013 reflects the carry cost of the pledge to the European Investment Bank, considered as a non-recurring item. The figure for 2012 has been adjusted for purposes of comparison, applying the same criteria.
[9] Includes direct acquisitions (RAB related).

Operational results - EBITDA

EBITDA reached 521.5 million euros, an increase of 9.9 million euros (+1.9%) in comparison with 2012. In spite of the impact on Company profits, resulting from a lower rate of return on assets, positive development can be seen as a result of the continued aim to reduce operating costs.

EBITDA (MILLIONS OF EUROS)	'13	'12	VAR.%
1) REVENUES OF ASSETS	**475.7**	**493.1**	**-3.5%**
RETURN ON RAB	269.0	286.6	-6.2%
SMOOTHING DIFFERENCES AND NEUTRALITY EFFECT (GAS)	-11.5	-7.5	53.7%
HYDRO LAND REMUNERATION	8.3	9.7	-13.6%
LEASE REVENUES FROM HYDRO PROTECTION ZONE	0.7	0.8	-1.1%
REMUNERATION OF FULLY DEPRECIATED ASSETS	8.3	7.9	4.6%
RECOVERY OF DEPRECIATION (NET OF SUBSIDIES)	181.7	177.3	2.5%
SUBSIDIES DEPRECIATION	19.1	18.4	4.1%
2) REVENUES FROM OPEX	**104.6**	**110.4**	**-5.2%**
3) OTHER REVENUES	**21.1**	**7.3**	**N.M.**
4) OWN WORKS (CAPITALISED IN INVESTMENT)	**25.3**	**27.6**	**-8.4%**
5) EARNINGS ON CONSTRUCTION – OWN WORKS	**162.2**	**172.9**	**-6.2%**
6) OPEX	**110.7**	**123.5**	**-10.4%**
PERSONNEL COSTS [10]	54.2	53.5	1.2%
EXTERNAL COSTS	56.5	70.0	-19.3%
7) CONSTRUCTION COSTS – OWN WORKS	**162.2**	**172.9**	**-6.2%**
8) PROVISIONS/ (REVERSAL)	**-0.2**	**0.6**	**N.M.**
9) IMPAIRMENT OF RECEIVABLE DEBTS/ (REVERSAL)	**-5.3**	**2.6**	**N.M.**
10) EBITDA (1+2+3+4+5-6-7-8-9)	**521.5**	**511.6**	**1.9%**
11) DEPRECIATIONS	**201.2**	**197.4**	**2.0%**
12) FINANCIAL INCOME	**-142.2**	**-136.0**	**4.6%**
13) INCOME TAX EXPENSES	**56.7**	**54.6**	**3.8%**
14) NET INCOME (10-11+12-13)	**121.3**	**123.6**	**-1.8%**
15) NONRECURRING ITEMS (14+15)	**-0.6**	**-3.3**	**N.M.**
16) RECURRENT NET INCOME	**120.7**	**120.2**	**0.4%**

[10] Includes: i) reclassification of training, seminar and staff fuel costs, from external costs to staff costs (0.9 million euros in 2012 and 0.6 million euros in 2013)), and ii) provision of 2 million euros in 2012.

The following factors made a positive contribution to the evolution of EBITDA:

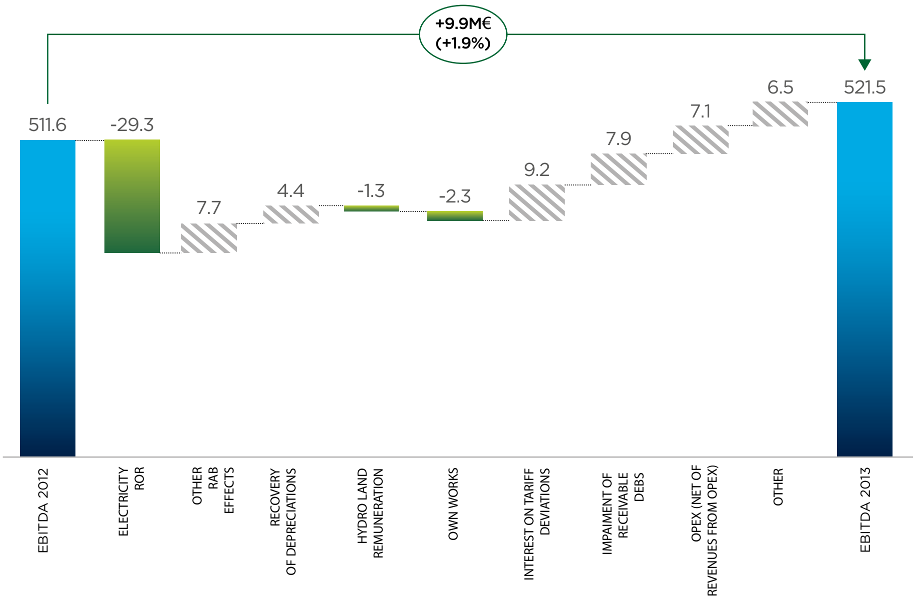
- A decrease in **Opex** by 12.8 million euros (-10.4%), of which the following are worthy of note: i) a decrease of 5.5 million euros in non-core costs, including -2.8 millions of euros in forest clearing and 3.3 million euros in system services and cross-border tariffs; ii) reduction of 8.0 million euros in external core costs, including -4.4 million euros in specialist services contracts, -1.0 million euros in maintenance costs and -0.9 million euros in advertising costs;

- The increase seen in **other revenues** (+13.8 million euros), resulting mainly from the increase contribution of 9.2 million euros from the **interest on tariff deviation**, which went from -6.5 million euros in 2012 (resulting from tariff deviation to be returned to tariffs) to 2.7 million euros in 2013 (resulting from tariff deviation to be received from tariffs).
- Revenues from **recovery of depreciation** increased by 4.4 million euros (+2.5%), in line with the increase in RAB;
- A 7.9 million euros change in the **impairment of receivable debts**, resulting from one impairment in 2012 (-2.6 million euros), and the reversal in 2013 of the impairments accumulated over previous years of 5.6 million euros.

These positive results were partially offset by:

- A decrease of 17.6 million euros (-6.2%) in the **return on RAB**, of which return on **electricity** assets accounted for -19.6 million euros (excluding land), resulting from a reduction in the base rate of return, that went from 9.55% to 8.06% (the rate of return for electricity assets is linked to the daily average of the Portuguese 5 year CDS), partially offset by an increase in the average RAB (+94.6 million euros; +4.8%), along with an increase in the weighting of premium assets, which went from 38% to 43% of the total in 2013;
- A decrease in the **remuneration of land water resource**, which went from 9.7 million euros in 2012 to 8.3 million euros in 2013 (-1.3 million euros; -13.6%), due to the decrease in interbank swap rates
- A decrease in the **revenue from Opex** (-5.7 million euros; -5.2%), in line with the decrease in group operational costs;

EVOLUTION OF 2012-2013 EBITDA



[11] Remuneration calculated on the basis of the interbank swap rate for the term closest to the legal depreciation horizon for the lands in question, plus 0.5%.

Net profit

Despite the increase in EBITDA, net profit fell by -2.3 million euros (-1.8%), due to an increase in groupwide depreciations (+3.9 million euros; +2.0%), in line with the increased asset base and the reduction in financial income (-6.2 million euros; -4.6%). The reduction in financial income can be explained by the increase in average gross debt (necessary to ensure the display of liquidity for ratings purposes), and in spite of a reduction in the average costs of financing by 5.54% (-16 b.p.).

Recurring Net Profit (i.e. Net profit less nonrecurring items) increased 0.4% (0.5 million euros). The nonrecurring items considered in 2013 and 2012 are as follows:

- In 2013 – i) reversal of impairments of receivable debts occurring in previous years (5.3 millions of euros; 3.8 million euros after tax); and ii) effect of the carry cost of the pledge to the European Investment Bank (4.6 million euros; 3.2 million euros after tax)
- In 2012 – ii) the surplus from the estimated income tax of -5.6 million euros connected with recognising as a fiscal cost the provision of an indemnity pertaining to the litigation with Amorim Energia; and ii) a provision for impairment of debts receivable amounting to 2.6 million euros (1.8 million euros after tax); and iii) effect of the carry cost of the pledge to the European Investment Bank, made in November 2012 (0.7 millions of euros; 0.5 million euros after tax)

NET INCOME (MILLIONS OF EUROS)	'13	'12	VAR.%
EBITDA	**521.5**	**511.6**	**1.9%**
DEPRECIATIONS	201.2	197.4	2.0%
FINANCIAL INCOME	-142.2	-136.0	4.6%
INCOME TAX EXPENSES	56.7	54.6	3.8%
NET INCOME	**121.3**	**123.6**	**-1.8%**
NONRECURRING ITEMS	-10.6	-3.3	N.M.
RECURRENT NET INCOME	**120.7**	**120.2**	**0.4%**

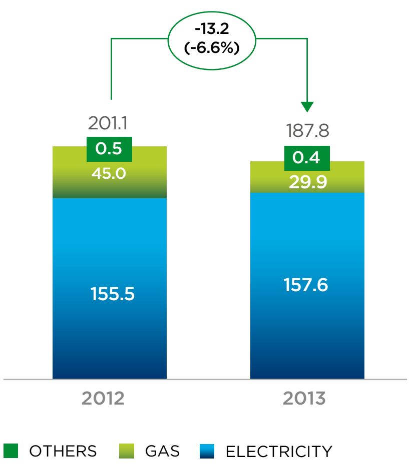
Capex and average RAB

Total Capex reached 187.8 million euros, a 13.2 million euros (-6.6%) drop, consisting of -15.1 million euros in Natural Gas and +2.1 million euros in Electricity. This decrease is due to the conclusion of the Sines Terminal expansion project (23.5 million euros) during 2012.

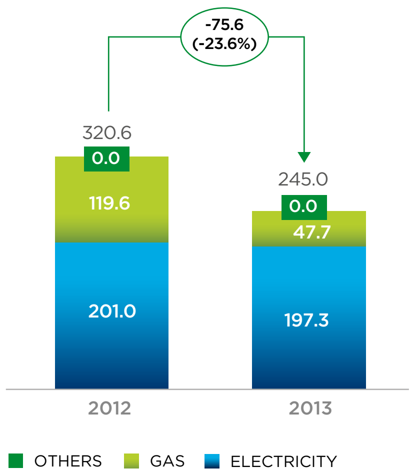
Following the same pattern **assets transferred to operations** decreased by 75.6 million euros (-23.6%), reaching a sum of 245.0 million euros. In a similar way to that of capex, this drop can be explained by the start of operations at the Sines Terminal in 2012 (106.9 million euros).

Average RAB increased by 3.2% (+108.2 million euros), reaching 3 488.9 million euros, consisting of 81.0 million euros in the Electricity sector and 27.2 million euros in Natural Gas. In electricity, the increase in average RAB occurred mainly in the categories with the greatest rate of return, wherein 139.4 million euros of this increase took place in electricity with premium (RoR of 9.6%), while the categories with a lower rate of return (water resource lands, RoR of 2.8%, and electricity without premium, RoR of 8.1%) saw their average RAB value reduce 12.9 million euros and 44.8 million euros, respectively.

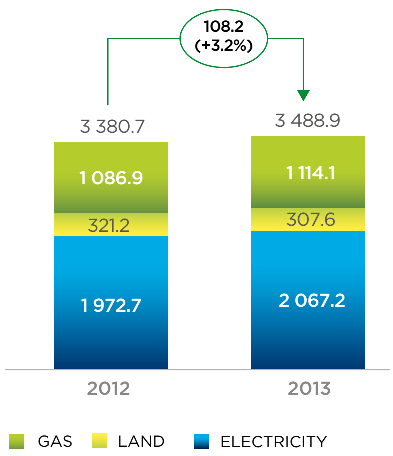
INVESTIMENT (M€)



TRANSFERS TO OPERATIONS (M€)



AVERAGE RAB (M€)



Investment

In the electricity segment, it is highlighted projects associated with reinforcing the distribution network's suply conditions, the safety and reliability of the system's overall functioning and reinforcing the energy reception capacity, particularly from renewable sources.

The following activities are worthy of note: the development of the network in the Trás-os-Montes region, where 14 million euros was invested; the reinforcement of the network on the Douro axis and in the Porto region, where 49 million euros was invested, on the coastline south of Porto (Feira) 17 million euros, the development of the network in the Beira Interior region (14 million euros) and in the Lisbon area and Setúbal Peninsula (33 million euros).

In the gas segment, the following activities are worthy of note: the construction of the Mangualde-Celorico-Guarda gas pipeline, where approximately 19.7 million euros was invested in 2013, and the C6 cavern for storing natural gas, with an investment of 4.5 million euros.

MAIN PROJECTS IN 2013

ELETRICITY (MAIN PROJECTS)	
48.5 M€	DEVELOPMENT OF THE NETWORK IN PORTO AND DOURO AXIS AREAS
32.9 M€	REINFORCING THE NETWORK IN LISBON / SETÚBAL PENÍNSULA AREA
17.2 M€	REINFORCING THE NETWORK ALONG THE COAST SOUTH OF PORTO
14.1 M€	DEVELOPMENT OF THE NETWORK IN TRÁS-OS-MONTES AREA
14.2 M€	DEVELOPMENT OF THE NETWORK IN THE BEIRA INTERIOR AREA
30.6 M€	OTHER PROJECTS

GAS (MAIN PROJECTS)	
19.7 M€	GAS PIPELINE MANGUALDE - CELORICO -GUARDA [REN GASODUTOS]
4.5 M€	CAVITY 06 [REN ARMAZENAGEM]
3.4 M€	OTHER PROJETS

ELETRICITY: 157.6M€ | OTHER BUSINESSES: 0.4M€ | GAS: 29.9M€

GROUP'S INVESTMENTS IN 2013: 187.8M€

Eletricity

Investment in the electricity segment amounted to 157.6 million euros (+1.3%) and placements into service amounted to 197.3 million euros (-1.8%). In the Trás-os-Montes region a new 220kV connection came into operation between Valpaços and Vila Pouca de Aguiar, completing the 220 kV circuit of the mountainous axis between Lagoaça and Valdigem, in order to reinforce supply to consumers and improve power feeding conditions to the network in that area.

On the Douro axis and in the Porto area, the 400kV connections between Armamar-Recarei and Recarei-Vermoim came into operation, along with the introduction of a 400kV level at Vermoim substation. Also in the Porto area, the refurbishment to 220kV of the Maia steel plant was concluded, along with the connection that feeds it.

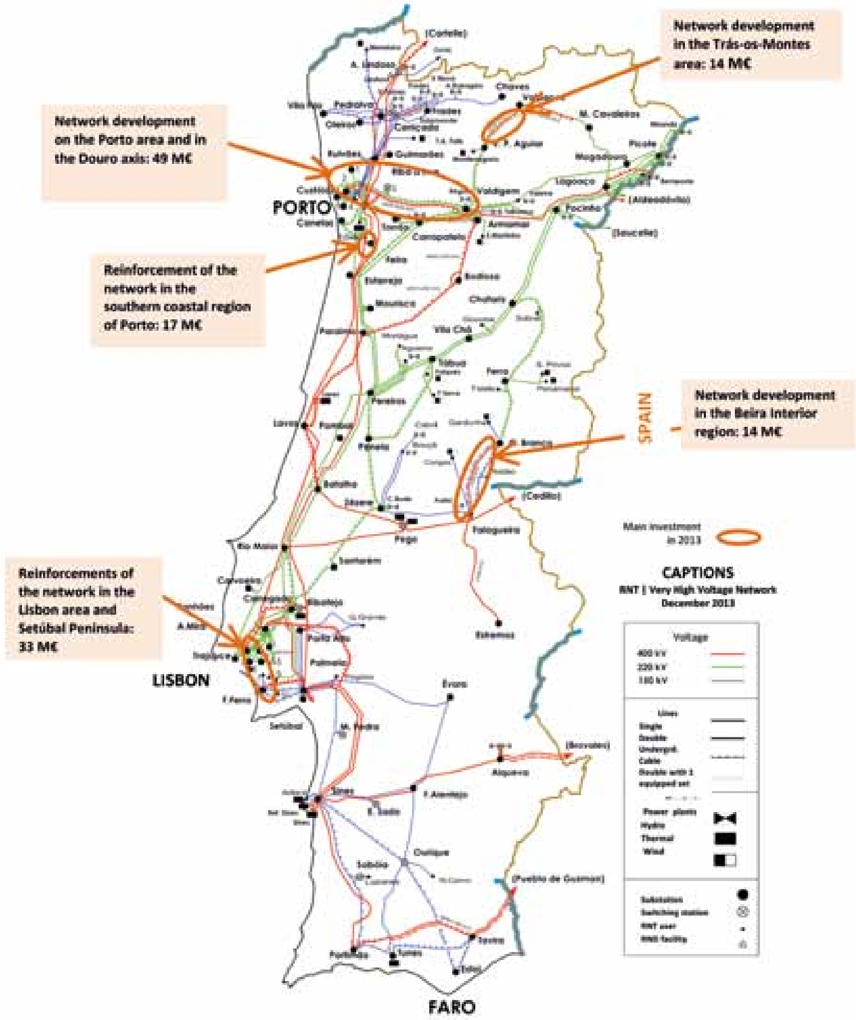
In the southern coastal region of Greater Porto a new 400/60kV substation came into operation at Feira, supplying consumers in the municipalities of São João da Madeira, Feira and Arouca.

In the Beira Interior region a second 150kV connection came into service between the Falagueira and Castelo Branco substations, providing this interior region with improved supply of renewable energies and enhanced overall safety of network operation.

In the Lisbon area and on the Setúbal Peninsula, in order to reinforce supply to consumers, it is worth noting the construction of a new 220kV underground circuit between the Alto de Mira and Sete Rios substations and the introduction of a 400kV level at the Fernão Ferro substation.

Seven new transformers started operation, with a total power increase of 1,069 MVA (of which 320MVA are at the Maia steel plant substation).

GROUPS MAIN INVESTMENTS - ELECTRICITY



Natural gas

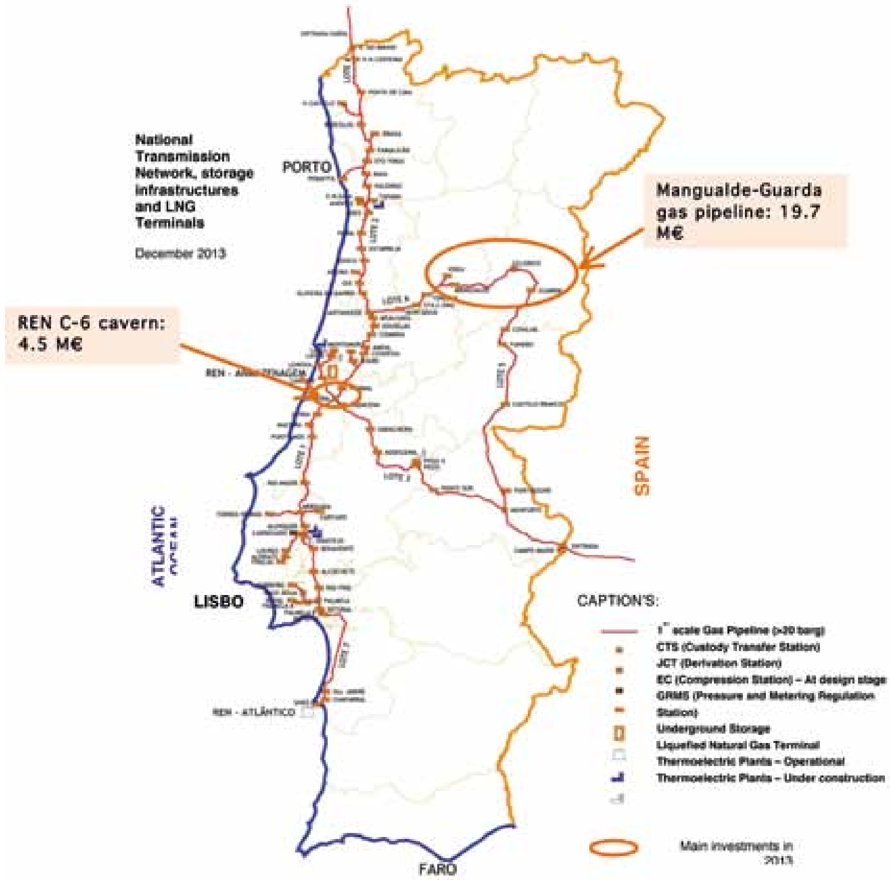
Investments in the area of natural gas stood at 29.9 millioneuros (-33.6%) and asset value into operation totalled 47.7 million euros (-60.1%).

In 2013, REN continued with the implementation of the development and investment plan in the National Transmission Network, in the Underground Storage Infrastructures and in the LNG Terminals (RNTIAT). This plan, which includes development and expansion projects, internal reinforcement and revamping investment and connection to the RNDGN and customers.

As part of the expansion of the RNTGN, REN Gasodutos put the Mangualde-Celorico-Guarda gas pipeline into operation, running for almost 76km and closing the loop between lots 5 (Monforte/Guarda) and 6 (Cantanhede/Mangualde), thereby increasing supply security and making possible a future third interconnection of the RNTGN with Spain. Along with the pipeline, four new stations also came into operation at Arcozelo, Soeiro do Chão, Celorico da Beira and Avelãs de Ambom. This project was eligible under the European Energy Programme for Recovery (EEPR) criteria.

REN Armazenagem continued to construct the RENC-6 cavity, which underwent leaching operations during 2013, estimating a final volume of almost 530 000 m3. The initial natural gas filling took place at Transgás-Armazenagem's TGC-2 cavity.

GROUPS MAIN INVESTMENTS – GAS



3.5.1 FUNDING AND DEBT

2013 was marked by a steady return of Portuguese issuers to global capital markets, in stark contrast to the period between April 2011 and September 2012, during which the bond markets were closed to them. This increase in the availability of international investors was, in 2013, logically accompanied by a reduction in spreads required to national issuers. This situation allied to historically low base interest rates, created ideal conditions for the success of a large number of international bond issues carried out by Portuguese issuers.

REN took advantage of this situation to continue restructuring debt, as well as reinforce its profile of financial liquidity and solidity.

The restructuring of REN's debt focused on three main principles:

- Diversifying the funding sources and expanding the base of financial financiers
- Reducing the risk of refinancing
- Creating the conditions for a sustained average debt costs reduction

2013 saw important challenges for the financial management of REN, especially the refinancing of the 800 million euro bond issue of 2008, which matured on December 10th.

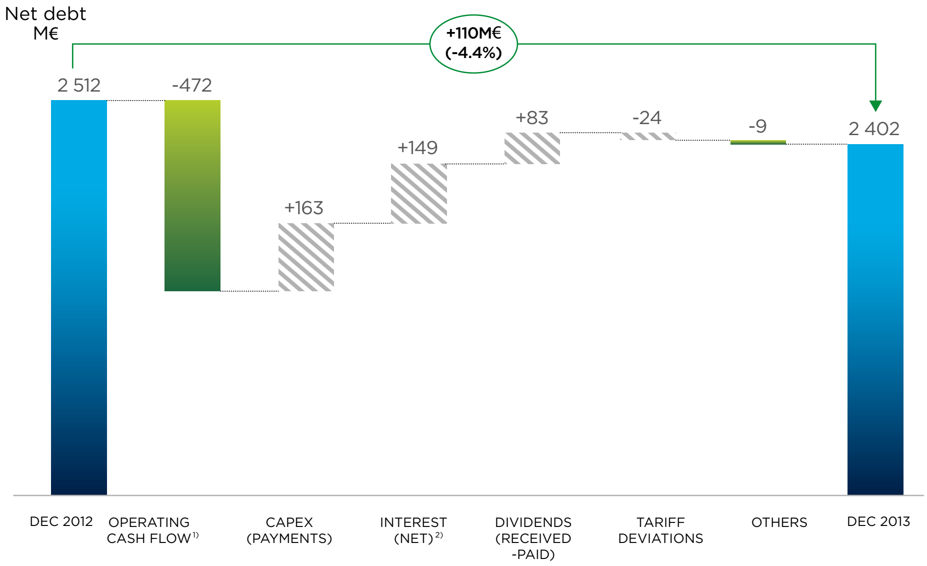
The bonds issued on the international market in January and October, for amounts of 300 million and 400 million euros respectively, and the 100 million euros under the first tranche (400 million euros) of China Development Bank (CDB) credit facility, ensured the refinancing of the aforementioned 800 million euros bond. Due to current market conditions, the refinancing was carried out at much lower interest rates.

The following funding operations were carried out in 2013:

- In January, a 150 million euros bond took place with a maturity of seven years.
- Also in January, a 300 million eurosinternational bond issue took place with a maturity of five years.
- In March, a 75 million euros international bank loan was signed with a three years maturity.
- In April, a 400 million euros credit facility was signed with CDB, with a eight years maturity. This is the first tranche of 1 billion euros funding commitment, following the agreement with State Grid International Development as part of the second phase of REN's privatisation.
- In October, a second international bond issue was issued with an amount of 400 million euros and a seven years maturity.
- In November, a 160 million euros credit facility was signed with ICBC – Industrial and Commercial Bank of China with a five years maturity.
- During the year, five commercial paper programs were renegotiated, with a total value of 675 million euros, aiming to extend their maturity and to improve their financial conditions.

The amount of funding operations agreed and renegotiated in 2013 came to approximately 2 200 million euros. REN's debt structure was thereby profoundly altered, with the aim of creating conditions to comply with the principles set out by REN as part of debt management and financial risk strategy. Thus, decisive actions included: (i) the extension and diversification of the base of financiers (the current shareholder structure allows financing in non-European regions); (ii) the extension of the average debt period; (iii) the rescheduling of refinancing, and (iv) the increased flexibility of certain financial instruments.

NET DEBT EVOLUTION



1. EBITDA – *Non cash items*
2. Includes prepayments and deferred income (-6.1 M€)

TABLE 1 –FINANCIAL DEBT (€ MILLION)

(IFRS)	'13	'12	VARIATION ABSOL.	VARIATION %
GROSS DEBT	2 680.4	2 705.9	-25.4	-0.9%
MINUS SWAPS	-12.0	15.1	-27.1	-179.1%
MINUS CASH AND BANK DEPOSITS	181.8	61.2	120.7	197.1%
MINUS FINANCIAL LIENS	108.3	117.2	-8.9	-7.6%
NET DEBT	2 402.3	2 512.4	-110.1	-4.4%

Bond issues were the primary source of funding during 2013, representing almost 60% of the total gross debt, followed by bank loans with a weighting of almost 32%.

TABLE 2 – FUNDING SOURCES (€ MILLION)

(CAPITAL OWED)	'13	'12	VARIATION ABSOL.	VARIATION %	WEIGHT '13	WEIGHT '12
BOND ISSUES	1 606.4	1 606.4	0.0	0.0%	59.6%	59.8%
BANK LOANS	855.2	736.2	119.0	16.2%	31.7%	27.4%
COMMERCIAL PAPER	230.0	343.0	-113.0	-32.9%	8.5%	12.8%
OTHER	2.4	1.4	1.0	72.2%	0.1%	0.1%
TOTAL	**2 694.0**	**2 687.0**	**7.0**	**0.3%**	**100.0%**	**100.0%**

Net funding costs increased by 5.1 million euros as compared to 2012, rising from 143.0 million euros to 148.1 million euros. This increase was due to a significant strengthening of REN's liquidity position, and consolidated in large part by the establishing of a reserve of bank deposits remunerated at lower rates than the funding obtained.

The average cost of gross debt in 2013 was 5.54%, 16 base points less than in 2012.

Interest rate risk management policy continued to be aimed at reducing the volatility of financial costs. REN's fixed rate debt represented 52.2% of the total debt.

With regard to liquidity position, the company's funding requirements are fully covered until the end of 2016.

By the end of 2013, REN's credit ratings with Fitch, S&P and Moody's were BBB, BB+ and Ba1 respectively.

3.6 PERSPECTIVES 2014

During 2014, ERSE will set out the regulatory model for the transmission of electricity that will be in force for the next multi-year period. REN has already begun dialogue with ERSE with the aim of ensuring that the new regulations remain stable, balanced and with adequate incentives for efficiency.

The Portuguese economic outlook has shown signs of improvement, following a common trend across Euro zone members. A sign of this improvement can be seen in the national consumption of electricity, which has, since May 2013, began to show faint signs of growth, growing stronger month on month.

Alongside the signs that the recession has passed its lowest point, the financial markets are beginning to regain confidence in Portugal, leading to a clear drop in the risk premiums for the country and our major companies. REN will benefit strongly from the drop in its average debt costs in 2014, all the more so given that the most costly bond issues were reimbursed in 2013. A significant challenge will be presented by minimizing any possible impact from the extraordinary contribution levied on the energy sector set out in the 2014 State Budget, which will be met through further efforts to increase operating efficiency.

In 2014, the Company will remain focused on its continued efforts to improve operating efficiency, completing the streamlining of its internal organisation, which produced benefits over the last two years. These efforts will of course be carried out whilst maintaining the standards of excellence and quality of service that our customers expect and deserve. An example of this can be seen in faultless way in which REN's grids performed during the storms of 9th February this year.

Alongside the optimisation of operations in Portugal, REN will proceed with its efforts in internationalisation and the development of new lines of business started in 2012, which has already contributed, albeit only modestly, to the 2013 result by way of the dividend received from HCB in Mozambique.

The REN team finds motivation in the new challenges that the future brings, and management will continue to invest heavily in the training and development of our people, which remains a primary objective.

3.7 PROPOSED ALLOCATION OF NET PROFIT

The consolidated net profit of REN SGPS, S.A. in the 2013 financial year amounted to 121 303 275.23 euros (one hundred and twenty one million, three hundred and three thousand, two hundred seventy five euros and twenty three cents).

Considering the above and pursuant to Article 28(1) of the Articles of Association of REN SGPS, Articles 31 to 33, Article 66 (5) (f), Articles 294 and 295 and to Article 376 (1) and (2) (b), all from the Portuguese Companies Code, the Board of Directors proposes that the net profit for the financial year of 2013, verified in the individual financial statements, in the abovementioned value of 116 071 056.58 euros (one hundred and sixteen million, seventy one thousand and fifty six euros and fifty eight cents), is distributed as follows:

- For legal reserve – 5 803 552.83 euros (five million, eight hundred and three thousand, five hundred and fifty two euros and eighty three cents);
- For dividends – 91 314 000.00 euros (ninety one million, three hundred and fourteen thousand euros), corresponding to a distribution of 75.277% of the consolidated net profit of REN SGPS, S.A. in the 2013 financial year, amounting to 121 303 275.23 euros (one hundred and twenty one million, three hundred and three thousand, two hundred and seventy five euros and twenty three cents), which corresponds to the distribution of a gross dividend per share value of 0.171 euros;
- For retained earnings, the amount of 18 953 503.75 euros (eighteen million, nine hundred and fifty three thousand, five hundred and three euros and seventy five cents).

04
SUSTAINABILITY AT REN

426 500
TREES PLANTED
FROM 2010 TO 2013

2013
REGIONAL AWARD
FROM THE INTERNATIONAL ASSOCIATION FOR IMPACT ASSESSMENT – IAIA.

TRAINING
IN 2013
41 225
hours of training

"REN RESPECTS THE COMMITMENT ARISING FROM HAVING JOINED, IN 2005, THE UNITED NATIONS GLOBAL COMPACT (UNGC) INITIATIVE TO PROVIDE INFORMATION ON ITS PROGRESS IN IMPLEMENTING THE TEN PRINCIPLES REGARDING HUMAN RIGHTS, EMPLOYMENT PROTECTION, ENVIRONMENTAL PROTECTION AND ANTI-CORRUPTION MEASURES."

LAUNCHING OF THE

Share

PROGRAMME
CORPORATE VOLUNTEERING

R&D NESTER

Betting on innovation

SET UP OF THE R&D NESTER, WHICH PLACES PORTUGAL AT THE CENTRE OF INTERNATIONAL RESEARCH

NUMBER OF FULL-TIME STAFF

651

04 SUSTAINABILITY AT REN

BUILDING A BETTER FUTURE

MAIN ACTIONS, PERFORMANCE INDICATORS AND RECOGNITION ACHIEVED

4.1 SUSTAINABILITY APPROACH

The sustainability information contained in this annual report refers to 2013 and encompasses the activities of the companies of the REN Group viz. Rede Eléctrica Nacional S.A., REN Gasodutos S.A., REN Armazenagem S.A., REN Atlântico S.A., REN Trading S.A., REN Serviços S.A., REN TELECOM S.A. and Enondas S.A..

This report was prepared in compliance with the third version of the Global Reporting Initiative (GRI) guidelines, based on the protocols for general indicators and on the sectoral supplement for the electricity sector, having adopted and fully responded to the requirements corresponding to the A+ level of application of the GRI.

	C	C+	B	B+	A	A+
SELF-REPORTING						√
VERIFICATION BY EXTERNAL ENTITY						√

REN respects the commitment arising from having joined, in 2005, the United Nations Global Compact (UNGC) initiative to provide information on its progress in implementing the ten principles regarding human rights, employment protection, environmental protection and anti-corruption measures. Further information on this initiative can be consulted on the REN website [1] .

The annex contains a table showing the correspondence between the contents of this report and the GRI and UNGC guidelines.

This document was verified by an external independent entity, PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda (PwC SROC), according to the principles of standard ISAE 3000 (International Standard on Assurance Engagements), likewise considering the principles of standard AA1000AS (AccountAbility Assurance Standard - 2008), and the GRI and AA1000APS (AccountAbility Principles Standard - 2008) guidelines.

[1] www.ren.pt   See REN>Sustainability>REN Approach
Social Responsibility Policy Declaration at www.ren.pt/sustentabilidade/abordagem_da_ren/

AA1000APS AccountAbility Principles Standard (2008)

The application of the principles of standard AA1000APS, which are summarized below, was also reflected in the strategic drivers and in the contents of this report.

- Inclusion (participation of stakeholders in the development and implementation of the sustainability strategy): methodologies and processes for involvement and participation of various stakeholders were defined, as described in chapter 3 'Dialogue with stakeholders'. The results were incorporated in the review of REN's Sustainability Strategy, a fact also mentioned in the abovementioned chapter.

- Relevance (definition of the relevant issues for REN and its stakeholders): in order to identify relevant topics, a benchmark analysis of leading companies and the main industry trends in the sector was carried out, while the results of stakeholder consultations held in 2011 were also considered, as described in chapter 3 'Dialogue with stakeholders' of the 2011 Annual Report and Accounts.

- Response (REN's response to relevant issues, through its decisions, actions, performance and communication): REN seeks to meet the expectations and concerns raised specifically by each stakeholder, either individually or globally. Overall, this report and the REN website are the main forms of communication used to disseminate the company's strategy, initiatives and performance achieved.

AA1000APS
Inclusion Relevance
and Response

[2] www.ren.pt

REN SEEKS TO MEET EXPECTATIONS AND RESOLVE CONCERNS VOICED BY ALL STAKEHOLDERS, BOTH INDIVIDUALLY OR JOINTLY.

4.1.1 STAKEHOLDERS

REN periodically identifies and assesses its relevant stakeholders, in accordance with the principles of standard AA1000APS - 2008.

In 2011, stakeholders' mapping was reviewed and stakeholders were consulted to reassess issues that are materially relevant for REN. This process, which takes place cyclically every three years on average, aims to improve the integration of different aspects of sustainability in the company's business processes.

The identification and prioritisation of the main stakeholders in REN have considered the binomial effect of each group of stakeholders in REN's decision making process versus REN's impact on the activity and performance of the respective group.

Within the scope of the new sustainability strategy, started in 2013, REN interested parties are being sounded out to update mapping and identify relevant topics. For detailed information on the most recent review process please consult REN's website [3].

[2] www.ren.pt
[3] www.ren.pt REN>Sustainability>Stakeholders.

It is also important to note that REN regularly evaluates the quality perception and level of satisfaction of its clients, understood to be the users of its infrastructure or customers of the services it provides in the electricity and natural gas sectors. To this end, it conducts studies in compliance with the European Customer Satisfaction Index (ECSI) methodologies. The results of the latest study are available on REN's website [4].

4.2 MAIN ACTIONS UNDERTAKEN

As a socially responsible company, REN promotes environmental responsibility and the conservation of nature. Biodiversity is therefore one of the most important values to REN in the assessment of the impact of its infrastructures on the environment. A clear example of this is in the construction of very high voltage lines where REN takes every care to minimize impact on bird life. We regularly install bird anti-collision devices and platforms for nesting in appropriate places.

With regard to nature conservation, REN actively defends the preservation of our forests by cleaning the security corridors for its lines and by participating in civil society awareness programmes such as the Eco Movement. Also in this field, through a reforestation programme, REN has planted more than 420 000 trees in recent years and our target is to reach 875 000 before 2017.

REN places clear emphasis on good relations with local communities and partners and as such, regularly promotes initiatives with such communities for balanced intervention in territory management. As a clear reflection of our commitment in this area, REN is among the companies which best provide information on company policies and activity with regard to climate change. Our pioneering role has been recognized with through the Regional Award from the International Association for Impact Assessment - IAIA, an organization which promotes best environmental practices in 120 countries around the world.

AAA RATING INCORPORATE GOVERNANCE IN A STUDY CONDUCTED BY CATHOLIC UNIVERSITY

As an ethically and socially responsible company, REN was internationally recognized as Best Corporate Citizen. REN is thus among the companies which best comply with recommendations on corporate governance and in 2013 we were once again given a AAA ranking corporate governance, in a study carried out by the Catholic University. REN is a founding member of the GestaoTransparente.org project, which seeks to raise awareness in corporate circles and civil society to the problems associated with corruption. It also highlights the advantages of prior identification of risks and implementation of policies and internal and external actions to promote transparency and fight corruption.

The development of involved communities and the preservation of historic and cultural heritage is one of REN's top priorities. We support entrepreneurship and socially relevant projects for effective sustainable development.

The sustainable management of human resources is of the utmost importance to REN and a balance between the sexes is an ever more realistic target. The company training policy is also directed at the organizational and individual development of employees. 41 225 training hours were given in 2013, along with internal training programmes and financial support for external training.

Participation by REN employees in voluntary individual and corporate initiatives is also promoted. The aim is to develop solidarity and work for the benefit of the community. A specific programme has been set up for this purpose, the Share Programme.

[4] www.ren.pt REN>Sustainability>Stakeholders>Clients>Satisfaction assessment.

REN places its research knowledge at the service of balanced development. In 2013, it was among the top 100 Portuguese companies in terms of investment in R&D. With State Grid Corporation of China, REN set up a Research and Development Centre: R&D Nester, which places Portugal at the centre of international research. This programme involves the best national and international universities. Also of note are our ties with the Lisbon MBA, where REN is a founding member, and the REN Award, which for the last 18 years has recognized the best Master's theses in the field of energy.

4.3 PERFORMANCE INDICATORS

4.3.1 SOCIAL PERFORMANCE

4.3.1.1 MANAGEMENT AND DEVELOPMENT OF HUMAN RESOURCES

The 2013 activities plan sought to continue our human resource strategy which focuses on the development of an integrated and sustainable management model in line with the needs of our line of business. The following pillars were reinforced:

- Corporate Culture, by carrying out company-wide activities as a means of promoting REN's Mission, Values and Culture
- Corporate development and alignment with a view to promoting efficiency in the different activities, upgrading the structure to business development, internationalisation and competitiveness in the sector
- Promotion of development policies and programmes along with actions to retain REN's critical talent, which are all adapted to the needs of the organizational and individual development of our employees
- Recognition of organizational and individual merit
- Promotion of the consistency of REN's activity with regard to personnel, ensuring equality and liaison between all of our policies

Human resources profile

Number of employees

At the end of 2013, there was a reduction of 8.7% in the number of REN employees as compared to 2012. Age groups and the average time employed with the company remained stable.

NUMBER OF EMPLOYEES	'11	'12	'13
EMPLOYEES WITH PERMANENT AND TERM CONTRACTS	734	733	671
INTERNS	5	2	5
TOTAL	**739**	**735**	**676**

	'11	'12	'13
AVERAGE AGE	44.4	44.6	44.4
AVERAGE TIME EMPLOYED AT COMPANY	16.8	16.9	16.9

ROTATION RATE

11.5 %

Rotation rate

ROTATION RATE	'11	'12	'13
MEN	2.9%	3.4%	9.1%
WOMEN	1.3%	1.3%	2.4%
TOTAL	**4.3%**	**4.7%**	**11.5%**

ROTATION RATE BY AGE GROUP	'11	'12	'13
UP TO 30 YEARS OLD	1.2%	0.5%	1.4%
FROM 30 TO 50 YEARS OLD	1.1%	1.2%	2.3%
OVER 50	2.0%	3.0%	7.8%
TOTAL	**4.3%**	**4.7%**	**11.5%**

In 2013, the rotation rate rose significantly as compared to 2012 as a result of the pre-retirement programme with the aim of rejuvenating the organization.

With regard to retirement, it is expected that around 16% of REN's employees will retire in the next five years and that this figure will rise to about 31% in the next 10 years.

DIVERSITY	'11	'12	'13
MEN	580	576	527
WOMEN	159	159	149
TOTAL	**739**	**735**	**676**
RATE MEN / WOMEN	21.5%	21.6%	22.0%

DIVERSITY (MANAGEMENT)	'11	'12	'13
MEN	30	31	22
WOMEN	8	9	8
TOTAL	**38**	**40**	**30**
RATE MEN / WOMEN	21.1%	22.5%	26.7%

It is important to note the growing presence of women employees at REN in recent years, especially in top management and management positions, rising 5.6% in the past 3 years. This result reflects a policy to have a balanced ratio of men and women in management positions at REN, which is viewed as an asset.

The following table shows the distribution of employees according to gender and professional category, where it is possible to discern the growing percentage of women in management positions.

Distribution of employees by gender and professional category

FUNCTIONAL GROUP	'11	'12	'13
TOP MANAGEMENT	**38**	**40**	**30**
WOMEN	8	9	8
MEN	30	31	22
MANAGEMENT	**60**	**59**	**48**
WOMEN	10	9	10
MEN	50	50	38
TECHNICAL / OPERATIONAL COORDINATION	**43**	**45**	**27**
WOMEN	3	1	2
MEN	40	44	25
STAFF	**298**	**299**	**306**
WOMEN	79	83	80
MEN	219	216	226
OPERATIONAL	**217**	**208**	**194**
WOMEN	5	3	3
MEN	212	205	191
ADMINISTRATIVE	**83**	**84**	**71**
WOMEN	54	54	46
MEN	29	30	25
TOTAL	**739**	**735**	**676**

DISTRIBUTION BY AGE GROUP (TOP MANAGEMENT)	'11	'12	'13
UP TO 30 YEARS OLD	0	0	0
FROM 30 TO 50 YEARS OLD	13	17	14
OVER 50	25	23	16
TOTAL	**38**	**40**	**30**

DISTRIBUTION BY AGE GROUP (MANAGEMENT)	'11	'12	'13
UP TO 30 YEARS OLD	0	1	1
FROM 30 TO 50 YEARS OLD	34	36	29
OVER 50	26	22	18
TOTAL	**60**	**59**	**48**

DISTRIBUTION BY AGE GROUP (REMAINING EMPLOYEES)

	'11	'12	'13
UP TO 30 YEARS OLD	86	80	72
FROM 30 TO 50 YEARS OLD	318	318	316
OVER 50	237	238	210
TOTAL	**641**	**636**	**598**

According to overall trends, the oldest age groups are concentrated in the top management positions. Efforts to bring down the average age level have impacted mainly on staff carrying out middle management duties and other areas where workers are mostly aged between 30 and 50.

NUMBER OF EMPLOYEES

	'11	'12	'13
PERMANENT CONTRACTS	696	692	651
TERM CONTRACTS	38	41	20
TRAINEES	5	2	5
TOTAL	**739**	**735**	**676**

REN's contracting policy, as well as the consistency and maturity of activities, is reflected in the type of contractual relationship. The majority of REN employees have permanent contracts.

HUMAN RESOURCE PROGRAMMES
REN provides learning opportunities and promotes the development of its employees

Academic qualifications

ACADEMIC QUALIFICATIONS	'11	'12	'13
PHD	**1**	**1**	**1**
WOMEN	0	0	0
MEN	1	1	1
MASTER'S DEGREE	**59**	**67**	**78**
WOMEN	15	17	23
MEN	44	50	55
LICENTIATE	**318**	**322**	**294**
WOMEN	90	91	83
MEN	228	231	211
BACHELOR	**27**	**26**	**22**
WOMEN	2	1	1
MEN	25	25	21
SECONDARY	**225**	**223**	**207**
WOMEN	31	30	28
MEN	194	193	179
9TH GRADE	**74**	**63**	**49**
WOMEN	17	16	11
MEN	57	47	38
6TH GRADE	**18**	**18**	**15**
WOMEN	4	4	3
MEN	14	14	12
4TH GRADE	**17**	**15**	**10**
WOMEN	0	0	0
MEN	17	15	10
TOTAL	**739**	**735**	**676**
DEGREE HOLDERS	55%	56%	58%
NON-DEGREE HOLDERS	45%	44%	42%

The average level of REN employee qualification continues to increase as a result integrating better qualified staff capable of dealing with REN's business needs and challenges.

4.3.1.2 PERSONAL AND PROFESSIONAL DEVELOPMENT

REN Trainee Program

EIn 2013, REN continued the REN Trainee Programme, which seeks to provide the company with the best and most suitable human resources. The programme consists of professional, academic and summer internships, where interns have the opportunity to work on specific projects, creating value for different areas while enhancing their own skills.

TOTAL INTERNSHIPS

36

With regard to professional internships in job rotation, an extra challenge is launched every year to the internship plan. In 2013, the challenge was to develop a REN building and its contents on the virtual external Talent City platform.

Witness:

«A company which offers numerous learning opportunities and which focuses on the development of employees is the ideal place to start a career. And at REN, the internship programmes in the job rotation scheme provide such learning environments and allow us to have a practical notion of what takes place in each department.»

Dianne Gomes (*trainee* REN 2013 – current technical employee in the financial management department)

Relevant data for the Trainee 2013 Program:

INDICATORS	'13
PROFESSIONAL INTERNSHIPS	10*
ACADEMIC INTERNSHIPS	15
SUMMER INTERNSHIPS	11
TOTAL	**36**

* Nine internships in job rotation

Viva programme

Over the three years that the Viva Programme (Welcoming and Integration) has been in place, REN has seen a positive balance in relation to the seven sessions held, with participation and satisfaction rates of over 85%. Participation is open to new and current staff members wishing to get to know REN and its areas of business better. It is also an opportunity to find out what the company does and how it does it as well as providing networking possibilities for employees.

INDICATORS	'13
NUMBER OF SESSIONS	2
SATISFACTION RATE (%)	88%

TRAINING

+41

THOUSAND HOURS

Formar training programme

REN's FORMAR program is a critical factor for the company's success. This program aims to ensure ongoing learning and development for REN's employees, in accordance with the transversal and specific needs of different areas and functions, in keeping with the company's values and strategy.

As an ongoing development process, REN has defined an annual training programme which includes transversal and specific actions, training funding, seminars, congresses and conferences. In 2013, there was a clear focus on the qualification level of technical employees as well as on technical and internal training.

In transversal terms, of note in 2013 is the implementation of two new development programmes which are in line with our organizational strategy and are adapted to fit the needs of employees: the Energy Academy and the General Management Programme. The aim of these programmes is to develop the management and leadership skills which are vital to ensuring that REN retains and develops talent, providing experiences which inspire employees to do more and better. It is REN's goal to expand and continue this type of programme in coming years, never forgetting the specificities and characteristics of the groups covered.

Another action with company-wide impact was the holding of the Team Offsite actions. The aim of these actions is to bring teams and their leaders closer together through team building programmes which seek to strengthen team spirit and create a positive attitude among REN staff.

Witness:

‹‹There was a lot of curiosity and, in general, the activities reflected personal interests and also satisfied the aim of the meeting which was to share the idea that we need to improve communication between the different departments on an ongoing basis››.

Isabel Fernandes (studies and regulation)

The usual REN Meetings also took place, in a conference format, with speakers of recognized academic and professional merit sharing their experience on relevant topics in a perspective of continuous learning and ongoing transformation.

There was also clear focus this year on e-learning with courses covering transversal topics of interest to everyone. We opted for this format as learning can be flexible to fit in with different working hours, dates and places. All a trainee needs is a computer and an Internet connection.

Relevant data for the 2013 Formar Programme:

TRAINING	'11	'12	'13
NUMBER OF HOURS OF TRAINING	31 241	46 882	41 225
NUMBER OF PARTICIPANTS	2 256	3 324	3 576
NUMBER OF HOURS OF TRAINING PER EMPLOYEE	41.9	63.1	61

AREA OF TRAINING (NUMBER OF HOURS)	'11	'12	'13
BEHAVIOURAL	13 551	4 909	8 635
TECHNICAL	15 079	37 350	28 161
QUALITY, ENVIRONMENT AND SAFETY	2 611	4 623	4 430
TOTAL	**31 241**	**46 882**	**41 225**

AREA OF TRAINING (NUMBER OF PARTICIPANTS)	'11	'12	'13
BEHAVIOURAL	1 017	425	1 409
TECHNICAL	783	2 552	1 357
QUALITY, ENVIRONMENT AND SAFETY	456	347	810
TOTAL	**2 256**	**3 324**	**3 576**

FUNCTIONAL GROUP (NUMBER OF HOURS)	'11	'12	'13
TOP MANAGEMENT	1 869	1 751	1 502
MANAGEMENT	3 885	3 527	2 613
TECHNICAL / OPERATIONAL COORDINATION	2 088	2 340	1 405
STAFF	11 406	22 920	25 423
OPERATIONAL	9 421	13 244	7 366
ADMINISTRATIVE	2 571	3 101	2 915
TOTAL	**31 241**	**46 882**	**41 225**

SATISFACTION RATE

88%

REN assesses the satisfaction and effectiveness of all training given. The results then contribute to future training programmes.

	'11	'12	'13
ASSESSMENT OF SATISFACTION	83%	87%	88%
ASSESSMENT OF EFFECTIVENESS		81%	80%

REN also promoted 36 internal training courses and granted 12 financial subsidies for external training.

Star programme – performance management

In 2013, the Star Programme – Performance Management, completed its third assessment cycle, and in order to reflect the changes which have taken place in recent years in our business, management, structure, market and ambition, improvements have been introduced into the current management performance model. These improvements seek to ensure that this programme continues to be a vital instrument in the alignment of REN's goals with those of the departments and every individual employee. It also recognizes the performance and potential of our employees. Once it has been reviewed, 2014 will see the application of the new model.

INDICATORS	ASSESSMENT
NUMBER OF EMPLOYEES COVERED	723
% OF ASSESSMENTS CONCLUDED	100%
AVERAGE – FINAL ASSESSMENTS	3.68
% OF AWARDS CALCULATED AS COMPARED TO THE NUMBER OF ASSESSMENTS	95%

Managing knowledge

The Knowledge Management Project, started in 2011, with the aim of implementing an integrated talent management programme, produced its first results in 2012, with the mapping of REN's talent. In 2013, REN focused on retaining and developing its talent with the implementation of the training programmes Energy Academy and General Management Programme, lasting 18 and 12 months, respectively. These programmes were attended by around 60 members of staff.

Networx

In 2013, REN launched a new facility for multi-platform collaboration which allows REN employees to work to work from both inside and outside the company - NetworX. This platform houses four main tools: BOX, a personal area to access documents and load, edit and organize files; Team Rooms, an area for sharing teamwork with online and offline access; Search, a search engine which performs searches within the platform and Lync, a unified communications platform for sending messages to any company employee, making calls or holding video conferences or virtual meetings with presentations. This function allows REN employees to work from home thus reconciling private and professional life.

Benefits and social dialogue

Also in 2012, REN made the decision to propose a new collective agreement model to unions. During 2013, negotiation started on the new collective agreement with eight union organizations which showed interest, of which two presented formal counter proposals.

60 negotiation meetings were held with the union organizations involved. The meetings took place within a climate of constructive dialogue with the finalising of significant agreements which allowed greater proximity in negotiations.

With the negotiation of this new collective agreement, REN's aims are to implement a general HR policy which allows universality and equality to be expanded with regard to work organization, benefits, duties, careers and payment, with the perspective of providing greater management flexibility and fomenting a social and working environment which is favourable to the development of business thus ensuring sustainability. The following benefits were applied in 2013:

BENEFITS	COLLECTIVE LABOUR AGREEMENT (ACT)	INDIVIDUAL WORK CONTRACT (CIT)
OCCUPATIONAL ACCIDENTS INSURANCE	X	X
PERSONAL ACCIDENT INSURANCE	X	
HEALTH PLAN	X	X
LIFE INSURANCE		
PENSION FUND	X	
ELECTRICITY AT LOWER PRICES	X	

Also with regard to the negotiation of the new collective agreement, REN Group workers were involved by the union organizations in the discussion through plenary meetings which were attended by significant numbers and which took place in a constructive and expectant climate with regard to the negotiations underway. During 2013, no work conflicts or strikes were seen at REN.

In the management of relations with social partners, REN continues the practice of holding regular meetings with the Workers' Commission. In 2013, 10 formal meetings and numerous informal meetings were held. Also of special note was the climate of constructive dialogue.

Topics of importance for the organization which were analysed and debated with the Workers' Commission included the implementation of new organizational structures, requesting of opinions on internal regulations and on the implementation of surveillance and control systems impacting on workers, and the presentation of new projects in the management of human resources, innovation and communication. These topics are examples of the climate of dialogue which REN promotes.

In 2013, 54.6% of REN employees were covered by a collective labour agreement (ACT) and 46.3% were part of a union.

	'11	'12	'13
% UNION MEMBERS	46.8%	47.3%	46.3%
% ACT	59.3%	57.1%	54.6%

4.3.1.3 HEALTH AND SAFETY

Aware that a safe and healthy environment is a decisive factor for the satisfaction of stakeholders, REN is committed to the effective management of occupational health and safety.

The occupational health and safety management system is certified by an accredited entity and encompasses most of the group's companies. Its main objective is to prevent the occurrence of work related accidents and illnesses involving Company employees as well as the employees of contractors and service providers collaborating with REN.

Safety

At REN, close attention is given to the management of risks with a high level of severity for the health and safety of employees and the employees of contractors and service providers. For this reason, REN is committed to developing and promoting measures to eliminate or mitigate such risks.

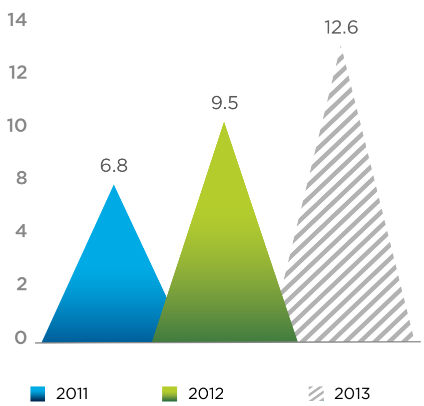
With the aim of fighting accidents in the workplace, policies are implemented, safety procedures are followed and the best practices in this area are closely adhered to. This is achieved through numerous training courses and strict monitoring of activities so as to ensure demanding operational control. An analysis of the accidents allows an assessment to be made of the risks inherent to each activity, establishing the associated level of risk, as well as reassessment in cases of recurrence.

In 2013, there were two more accidents than in 2012. In relation to the accidents seen in 2013, only five led to time off work. Moreover, more than half occurred *in itinere*, including the fatal accident.

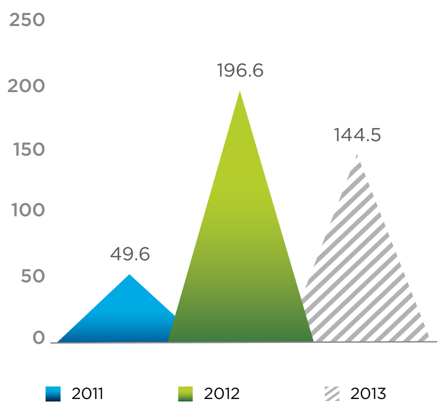
COMPANY	AVERAGE NUMBER OF EMPLOYEES*	NUMBER OF HOURS WORKED	NUMBER OF ACCIDENTS		DAYS LOST
			FATAL	NON-FATAL	
REN ELÉCTRICA	273	460 902	1(a)	4	10
REN SERVIÇOS	239	357 939	0	3	80
REN GASODUTOS	100	182 143	0	1	60
REN ATLÂNTICO	33	62 301	0	1	0
REN ARMAZENAGEM	8	13 267	0	0	0
REN TRADING	5	9 010	0	0	0
REN TELECOM	4	5 918	0	0	0
ENONDAS	2	2 255	0	0	0
REN SGPS	44	68 557	0	0	18
TOTAL REN	**709**	**1 162 290**	**1**	**9**	**168**
SERVICE PROVIDERS AND CONTRACTORS	**1 443**	**2 628 459**	**0**	**44**	**1 508**

*This is the average number of employees and is not the effective number as on 31st December 2013.
(a) The fatal accident took place in itinere (home-work-home trajectory)

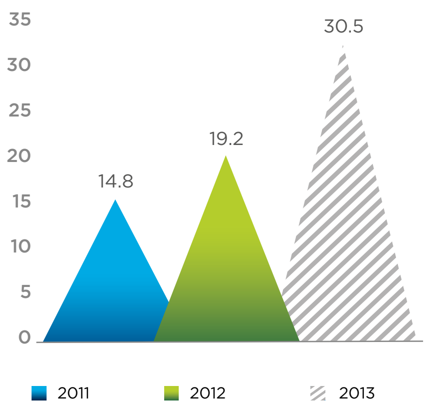
INCIDENCE RATE - REN



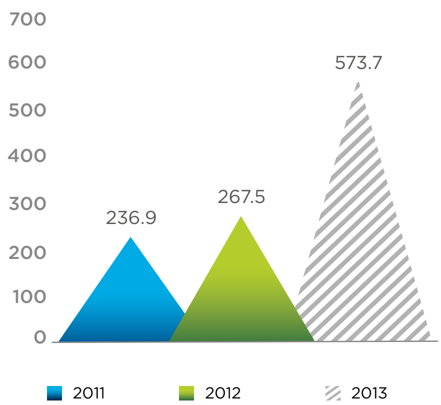
SEVERITY RATE - REN



INCIDENCE RATE – SERVICE PROVIDERS



SEVERITY RATE - SERVICE PROVIDERS



REN's severity rate decreased in relation to last year, caused by the drop in the number of days lost (70 days less as compared to 2012). In terms of accident rates among contractors and service providers, there were more accidents (16 more). There was also an increase in the number of days lost (844 more).

IN 2013, APPROXIMATELY 33% OF REN CONTRACTORS AND SERVICE PROVIDERS HAD SAFETY MANAGEMENT SYSTEMS IN PLACE CERTIFIED IN COMPLIANCE WITH THE OHSAS 18001/NP 4397 STANDARDS

In 2013, approximately 33% of REN contractors and service providers had safety management systems in place and certified in compliance with the OHSAS 18001/NP 4397 standards.

During 2013, REN ran training and safety awareness programmes involving 133 contractors and service providers.

As part of safety procedures and emergency response situations, REN regularly carries out and participates in exercises and safety drills with the aims of testing effectiveness and improving procedures.

On 20 December a safety drill was held at the Sines LNG terminal with the aim of testing, training and improving response procedures in the event of an emergency. Further aims were to test alarm mechanisms, improve coordination between the terminal's first response team (FRT) and the Sines Port intervention team (APS).

A In order to train, test emergency plan procedures, verify the suitability of means of communication and fire fighting and promote attitudes and skills in emergency response teams. Also during the year, six training exercises were held for each of the six scenarios selected from the IEP. These exercises led to internal improvements and the consolidation of emergency response capabilities at the Sines LNG terminal.

On 19 December at 10 a.m., a safety drill was held at REN Armazenagem in Carriço with the aim of testing emergency response procedures and training emergency team members. The drill involved simulating an emergency requiring the implementation of defined actions in the response to such situations. This involved the first and second fire fighting interventions and technical control to re-establish normal operating conditions at the facility.

Further information in this regard can be consulted on REN's website[5].

Health

ABSENTEEISM RATE

2.7%

All contract employees at REN are covered by a health system.

Ensuring good working conditions and occupational health is a constant concern at REN. The Company conducts examinations and complementary clinical analyses in terms of occupational medicine so as to enable preventive actions with regard to employee health.

Highlighted below are the most relevant aspects in 2013:

- Compliance with obligatory plan of medical examinations
- 415 diagnostic support tests
- 445 medical acts
- 415 nursing acts
- Visits by doctors to places of work

The absenteeism rate has been constant over recent years, standing at approximately 3%.

	'11	'12	'13
ABSENTEEISM RATE	3.1%	2.9%	2.7%

'Saudável' programme

INITIATIVES

25

After the launching of the Saudável Programme in 2012, with the goal of promoting well-being, health and improved quality of life for employees, 2013 saw the consolidation of this programme with the challenge of maintaining the level of satisfaction achieved.

This programme contributed to greater commitment by employees to the company and to an increase/improvement in the working environment, human relations and productivity and performance of duties.

[5] www.ren.pt See REN>Sustainability>Stakeholders>Human_Resources>Safety

This year, there were numerous different initiatives including workshops, information provided on the Intranet and the activities which were differentiated in accordance with work places, more specifically labour fitness sessions and chair massages, which were widely attended and allowed well-being techniques to be taught but also to put these techniques into practice.

Diverse and transversal topics were covered::

- Women's health
- National Breast Cancer Prevention day
- Labour Fitness Sessions
- Chair massages
- Pediatric first-aid course
- Families and new technologies
- Nutrition Consultations
- World Food Day
- Healthy and fun cooking
- Blood donation

Relevant data for the 'Saudável' Programme 2013:

INDICATORS	'13
NUMBER OF INITIATIVES	25
NUMBER OF PARTICIPATIONS	215
SATISFACTION RATE	91%

CONTACTED OWNERS

2 700

4.3.1.4 RELATIONSHIP WITH THE COMMUNITY

Owners

Relationships with owners are of the utmost importance to REN. In 2013 REN interacted with 2 700 owners whose land was crossed by new sections of electricity transmission networks of projects underway, as part of REN's development and investment plans. REN also acquired 23 properties to install other electricity and natural gas infrastructure. With this expansion, the database of REN owners contained around 68 000 records at the end of 2013, which itself evidences the importance of this group of stakeholders with regard to the company, especially considering Portugal's relatively small geographical size as compared to most European countries.

REN always seeks to ensure the compatibility of the installation and operation of its infrastructure with the legitimate interests of other stakeholders.

Further information in this regard can be consulted on the REN website [6].

Community support

Aware of its responsibility in the area of corporate citizenship and committed to maintaining and perfecting a socially responsible and ethical management model, in 2013 REN supported a set of initiatives relevant to the community in diverse areas: social, cultural, environmental and sports.

[6] www.ren.pt See REN>Sustainability>Stakeholders>Community>Land Owners and Rights of Way

Of note is the development of competences through the REN Prize (reformulated in 2013 so as to cover the different areas of knowledge), which distinguishes the best Master's theses in Portuguese universities, or the support to The Lisbon MBA, where REN is a founding member, and to the Portuguese Physics Society, through the Medea IV Project. Equally worthy of note is the partnership established with 'The Next Big Idea', a television programme to encourage entrepreneurs and promote innovative ideas, and to Explorers Festival, the biggest national festival on entrepreneurship, which brought together more than 1 000 participants from all over the world in Lisbon.

Also within the scope of its policy of close ties with local communities where the company's infrastructure is located, REN has sought to act as a socially responsible entity, namely in terms of preserving the environment and historical and cultural patrimony, while likewise supporting the legitimate interests of the communities in surrounding areas. This is achieved by means of support for civil society initiatives, which often depend greatly on such contributions, as well as by support and participation in conservation projects, within the scope of measures to minimise the impact on patrimony and the environment or even actions promoted by the company in the area of environmental awareness and dissemination. One example of this is the reforestation plan, where REN has already contributed by planting more than 400 000 trees in Portugal, involving, whenever possible, students from local schools.

In terms of support for social causes and combating inequality and the problems affecting society the most, REN's spirit of solidarity is reflected in diverse ways. REN has established partnerships with several institutions for social solidarity such as the Federation of Food Banks, we joined the Zero Waste Movement and, on an international level, we continued our support for the High Commissioner to the United Nations for Refugees. A further mention should be given to the support provided to the Portuguese Olympic Committee, as part of the preparation programme for the 2016 Olympic Games, and to the Portuguese Paralympics Committee as part of the preparation programme for the Rio 2016 Paralympics Games and for the preparation programme for the Ankara 2017 Deaflympics Games.

LAUNCHING OF THE SHARE PROGRAMME

CORPORATE VOLUNTEERING

Highlight also for the launching of the corporate volunteer programme Share, based on three areas - education, environment and solidarity - and which seeks to use the skills and time of REN workers to serve the community. Examples include the cleaning of the forest at Tapada Nacional de Mafra and monthly actions with Comunidade Vida e Paz.

Internally, REN has run numerous programmes with a view to developing its work environment, such as, for example, team reports transversal to all business areas, reports on employees' lives outside work or actions to motivate employees.

Further information in this regard can be consulted on the REN website[7].

4.3.1.5 INNOVATION, RESEARCH AND TECHNOLOGY

Initiatives

Setting up of the Ren-State Grid Energy Research Centre

In February 2013, REN - Redes Energéticas Nacionais signed an agreement with CEPRI[8] - China Electric Power Research Institute (representing State Grid International Development), to form a research and development centre in Portugal, dedicated to the field of energy.

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[7] www.ren.pt See REN>Sustainability>Stakeholders>Community>scientific, cultural and social support

[8] CEPRI, created in 1951, is a research institute which is a subsidiary of State Grid Corporation of China. At the end of July 2008, CEPRI had 3 227 staff, including 2 344 engineers, 151 staff with PhDs, 853 with Master's Degrees, 98 scholarships in engineering research, 373 engineers and 17 PhD supervisors.

ENERGY RESEARCH AND DEVELOPMENT CENTRE FORMED – R&D NESTER

In May, the company Centro de Investigação em Energia REN-State Grid, S.A. was formally constituted and the Energy Research and Development Centre – R&D Nester and its respective website were presented at a public ceremony in June.

The aim of this centre, which will be able to count on collaboration from prestigious universities in the energy sector, local industry and international R&D institutions, is to provide an international platform for knowledge, delivering innovative solutions and tools for use in the operating and planning of energy transmission networks, more specifically in four areas: power system simulation; management of renewable energy integration into networks; technologies for smart grids and energy markets and economics.

Nester has been in operation since July and already has a team of 14 Chinese and Portuguese members.

Focusing on the development and management innovative projects for the energy sector, the current team, led by Nuno Souza e Silva, has five full-time and five part-time researchers, working in the development of four projects:

- **Renewable Energy Dispatch Tools**
- **Substation of the Future**
- **Energy Storage Planning**
- **Planning and Operation of large AC/DC Power Grids with Renewables**

Investment in R&D and applications to tax incentive programmes

As a measure which is clearly identifiable with Company strategy, REN works in R&D to implement new projects to provide solutions which allow the maximization of business.

As a result of activities and projects, several scientific articles have been published and/or communications made. Team members have also actively participated in international conferences and numerous working groups belonging to organizations and associations discussing subjects at the forefront of developments in the fields of electricity.

Within the scope of R&D activities, and as in previous years, the REN Group has submitted three applications to the SIFIDE (Corporate R&D Tax Incentive Schemes) funding programme. These applications referred to R&D activities which took place during the financial year of 2012 at REN-Rede Eléctrica Nacional, REN Gasodutos and REN Serviços.

R&D PROJECTS

17

17 R&D projects were identified, representing Company investment of approximately 0.9 million euros. These projects are on a national and European level and aim to discover new differentiated solutions impacting on the performance of power networks. A high number of employees from numerous different areas are participating in this work. Of special note are four projects which for the first time have been the subject of application to this funding programme. They were assessed by the SIFIDE certifying commission as eligible for R&D.

On an international level and within the scope of the 7th Framework Programme:

1) **e-Highway 2050 Project - European Electricity Highway System 2050** - Approved in 2012 by the European Commission and with expected duration of three years, the aim is to develop the basis for the modular and robust expansion of pan-European electrical power transmission networks between 2020 and 2050, focusing on the three pillars of European energy policy.

2) **iTESLA Project - Innovative Tools for Electrical System Security within Large Areas** - The aim is to develop and validate a flexible toolbox which, before 2015, will provide support for the future operation of pan-European electrical power transmission networks and increase coordination/standardisation of operating procedures among network operators. This project started in 2012 and is expected to finish in 2015.

On a national level:

3) In the area of electricity transmission network planning, the **REN_EECT Project - Study on Transitory Stability and Tension Control on the RNT before 2014**, took place during 2012 in a partnership with INESC Porto. The basis of this project was to ensure the security and stability of the RNT and the need to provide the possibility to connect to new wind energy production centres. With this in mind, the project assessed the need to place a specific class of FACTS (Flexible AC Transmission Systems) devices on the RNT. These devices allow the tension to be controlled and support reactive power permanently. They also provide tension support after short-circuit which may occur in the RNT. It is therefore possible to reduce or avoid cuts in wind power and improve network stability.

4) In the area of Management of Gas Transmission Network Assets, we also started in 2012 the **REN-MICPC Project - Model for the injection of current into a cathodic protection system**. The aim of this project was to develop a mathematical model for the real time control of the entire RNTGN infrastructure, with a view to optimising the cathodic protection system, foreseeing and anticipating corrosion points. It is expected that this project will last four years.

In 2013, REN maintained and expanded the REN Award, promoting the award during a roadshow to present the new regulations at six prestigious scientific and academic institutions: Higher Technical Institute, Faculty of Engineering at Porto University, Faculty of Sciences and Technology at Coimbra University, Higher Institute of Economy and Management, Higher Lisbon Institute of Engineering and the MIT Portugal Programme.

It is now around 18 years since the start of the REN Award, so the company decided to reformulate it so as to renew the focus on the innovation of energy systems, as well as broaden the award to candidates from a wider range of areas. The new REN Award will not only lead to a process with greater participation, but also much more diversified in terms of fields covered.

To consolidate the new REN Award, a new jury has also been formed and the regulations have been updated. As REN is so directly linked to the Portuguese scientific and technological system, this award is of strategic importance, a fact which can be seen in the high quality of the members of the jury. It is hoped that once again, the quality of higher education in Portugal will be reflected in the quality of the work presented.

Partnerships with R&D institutions

One of REN's policies is to develop projects in partnerships with national and/or international academic and R&D institutions, more specifically with entities recognized by the National Scientific and Technological System (SCTN). This approach provides an excellent opportunity for the corporate and academic worlds to share experiences and know-how.

As an example, during 2012 a partnership was established with INESC Porto (REN_EECT Project - Study on Transitory Stability and Tension Control on the RNT before 2014; REN_RNT Project - Power Reception at RNT hubs), with IST – Higher Technical Institute at Lisbon University (REN - Smart DIP Project, stochastic forecast of the magnitude and duration of voltage sag in electrical power transmission networks), with FFUL - Pharmacy Faculty at Lisbon University (REN-CEM Project electromagnetic fields) and with the Higher Technical Institute at Aveiro University (REN-PPE Project wind production forecast).

Collaboration in national and international programmes for R&D and innovation

In 2013, REN continued its commitment to the success of EnergyIN (Competitiveness and Technology Cluster for Energy), having re-elected its representative to the respective Governing Board.

As part of REN's participation as a member of **COTEC Portugal** - Corporate Association for Innovation, of note last year was the Company's representation at the COTEC Iberian meeting held in Madrid, as well as participation in one of this association's recent initiatives in the field of knowledge management. This project follows the model of a community of practices, the main aims of which are to enable information to be shared on a critical area in the management of innovation and to start a new relationship between the association and its members.

On the same theme and on a European level, REN continues to actively participate in **ENTSO-E**, as a member of the Research and Development Committee (RDC) and the respective Working Group - MKS (Monitoring and Knowledge Sharing).

REN CONTINUES TO ACTIVELY PARTICIPATE IN ENTSO-E AND ENTSO-G

Participation in international working groups

ENTSO-S

The implementation of the 3rd EU legislative package for the energy sector has continued to entail intense cooperation and ties between REN and European associations of transmission systems operators (ENTSO-E and ENTSO-G), namely by means of the participation of REN personnel in the most diverse activities of these two entities.

ENTSO-E (european network of transmission system operators for electricity):

With the framework of Regulation (EC) 714/2009, REN has continued to participate in the activities of the European Network of Transmission System Operators for Electricity – ENTSO-E – namely through a constant and active presence in various committees and groups of this institution: System Development Committee, System Operations Committee, Market Committee, Research and Development Committee and Legal and Regulatory Group. Of particular note was that REN took on the presidency of the abovementioned System Development Committee in June 2013. REN has also collaborated extensively in the preparation of the ten European network codes in the areas of planning, operation and markets, both in the commentary to the ACER guidelines but also in the drawing up of the abovementioned codes. Of special note is the

[9] Non-profit association whose main mission is to 'promote the competitiveness of companies established in Portugal, through the development and diffusion of a culture and a practice of innovation as well as of knowledge, especially that generated in our country'.

delivery to the European Commission of three codes to comitology: Capacity Allocation and Congestion Management (CACM NC), Requirements for Generator Connection (RfG NC) and the Demand Connection Code (DCC).

At the same time, and as a follow up to work carried out on ENTSO-E, REN continued its pioneering role among its European counterparts disseminating the electricity network codes among the different national and regional stakeholders, driving and organising work sessions and workshops to provide clarification on the codes which are at the final stage of wording. It should also be noted that in 2013, sessions were held on Forward Capacity Allocation (NC FCA), Electricity Balancing (NC EB) and Load Frequency Control & Reserves (NC LFCR), thus concluding eight sessions for a total of 10 planned codes.

ENTSO-G (european network of transmission system operators for gas):
The European Network of Transmission System Operators for Natural Gas – ENTSO-G – continued its extensive activities during 2013 through the working groups that are part of its three main business areas, viz. Market, System Development and System Operation. In terms of the most important achievements it is possible to highlight the publication in the official journal of the Capacity Allocation Mechanisms Network Code (CAM NC) and the approval of the Network Code on Gas Balancing of Transmission Networks (BAL NC), which is soon to be officially published.

REN also reinforced its participation in ENTSO-G. The Company now has regular presence in the Liaison Group and on the Legal Team, as well as in working groups through which it takes part in the transversal and legal handing of the main topics of European energy policy impacting on gas transmission network operators. At the end of 2013, REN also joined a small ENTSO-G audit team, and appointed Company representatives to all of the business areas and working groups in this association.

As a follow up to work carried out on ENTSO-G, REN also continued to disseminate the gas network codes among the different national and regional stakeholders, driving and organising work sessions and workshops to provide clarification on the codes which are at the final stage of wording. It should be noted that, in 2013, REN organized sessions on the following network codes: Interoperability (NC INT), Capacity Allocation Mechanisms (CAM NC) and Gas Balancing in Transmission Systems (BAL NC).

Working groups overseen by the european commission
Within the framework of legislative proposals relating to lines for implementing priority European energy infrastructure, REN continued with its active participation in the Western Europe Electricity Working Group and Western Europe Gas Working Group, both overseen by the European Commission and aimed at the ad-hoc and informal implementation of the said legislative proposals, while identifying and selecting energy infrastructure projects of common interest (PCI). As a result of this participation, REN took part in four projects – two in a cluster to reinforce internal connections and another for gas and electricity interconnections – corresponding to three PCI on the final list of projects of common interest approved by European Union legislation.

MED-TSO, MEDGRID AND FRIENDS OF THE SUPERGRID
In 2013, REN strengthened its participation in Med-TSO and now has a seat on the Supervisory Team of this association for Mediterranean Transmission System Operators for Electricity. Ren is a founding member of this organization. REN has always been represented in the association's Regional Group West. REN also actively participated in the preparation of the master plan for this region, which essentially seeks to strengthen the security and integration of electricity systems in the Mediterranean.

In the same year, REN continued to strengthen its participation in MedGrid, appointing a member to the Advisory Board and who is also Vice-Chairman of the association. REN also has a further two members sitting on MedGrid working groups: one in the working group on economic analysis and another in the working group on network planning. These team members will respectively work on economic studies and the network planning required to integrate the abovementioned Mediterranean electricity systems. REN also participated in the annual conference of the same society, the topic for which was, *European Union / Union for the Mediterranean: common sustainable energy future*.

MedGrid brings together companies that generate, transmit, distribute and fund electricity infrastructure in the Mediterranean region with a view to promoting the development of links between the Northern, Southern and Eastern Mediterranean.

Finally, REN also continued its participation in Friends of the Supergrid (FOSG), actively intervening in the working groups of this association responsible for communication and institutional and regulatory relations. The Company participated in the FOSG annual conference, the topic of which was, No transition without transmission. This conference covered different subjects relating to the greater integration of renewables in the EU and where the reality of the strategic environmental assessment method also came under the spotlight in a talk given by a speaker nominated by REN.

FOSG is an association of companies and organizations which have a mutual interest in promoting and influencing policy and the regulatory framework required for large-scale European interconnection – the Supergrid. This association seeks to promote, develop and create the Supergrid through an association of companies from sectors which develop HVDC infrastructures and related technology, together with companies which will develop, install, own and operate such infrastructures.

ECONOMIC COOPERATION COUNCIL (CCE), GAS INFRASTRUCTURE EUROPE (GIE) AND FLORENCE SCHOOL OF REGULATION (FSR):
REN has maintained its participation in CCE, intervening at numerous council meetings and providing multiple contributions to the work the council does. This work focused on the areas of energy, competitiveness, large critical infrastructures and long-term financing.

The CCE is a non-profit organization which acts as an advisory body to European institutions and is sponsored by the governments of the four Latin Arc countries (Spain, France, Italy and Portugal).

With regard to GIE, has continued to participate and accompany this entity's activities and attended the annual conference. The main theme of the conference was the integration of the European energy market and the financing of gas transmission infrastructures.

GIE is an association representing European gas infrastructure companies at European institutions and other stakeholders.

As part of the 2013 *open days* of the regions, REN, in partnership with Rede Elétrica de Espanha, held a workshop in Brussels with the aim of demonstrating the relevant role Portugal and Spain play in renewable energies and in European objectives for 2020.

Under the topic of *The Iberian Peninsula: A Platform to Successfully Generate, Integrate and Deliver Renewable Energy for Europe*, this event sought to explore a strategic energy line vital for the economic development of Southern European countries. It was attended by institutional representatives of EU policies, regional and municipal entities, universities, research centres and consultants.

Finally, as an FSR associate donor, REN continued to attend (both in person and through webinars) the different training courses provided by this high-level school, cooperating with the institution and sponsoring events it which it also participated. The Company also accessed the high-level studies and information produced by FSR, such as at the annual conference on *EU Energy & Climate Policy: where do we go from here?*

REN has thus been reiterating and reinforcing its presence in diverse international forums in the electricity and natural gas sectors, participating in the definition of the policies that frame them, in technical studies and in lobbying the diverse entities promoting its activities in this area. This presence is one of the components of the Company's strategic plans for internationalisation.

4.3.2 ENVIRONMENTAL PERFORMANCE

Environmental management

Minimising its environmental impact has always been a core concern at REN, both in terms of implementing new investment projects as well as with regard to its activities of operating and maintaining diverse infrastructure used to transmit electricity and to store and transport natural gas. Environmental topics mean far more to REN than just complying with legal obligations, instead they represent a long-term commitment and living in harmony with surroundings.

The company's approach in this regard can be consulted on the REN website [10].

4.3.2.1 ENVIRONMENTAL IMPACT ASSESSMENT

Detailed information on Strategic Environmental Assessment and Project Environmental Assessment can be consulted on the REN website [11].

4.3.2.2 STRATEGIC ENVIRONMENTAL ASSESSMENT

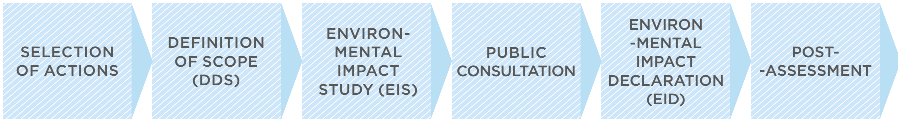
Strategic Environmental Assessment is an environmental policy instrument (Decree-Law No 232/2007 of 15 June 2007) which seeks to ensure an assessment of the environmental consequences of specific plans and programmes and its respective prior implementation. During the operating and maintenance of the network, monitoring and supervision actions are undertaken to ensure compliance with objectives and targets defined both by REN and the Environmental Impact Declaration.

REN concluded the second equivalent exercise, with the strategic environmental assessment (AAE) as part of PDIRT 2012-2017 (2022). The environmental report resulting from the new PDIRT environmental assessment, was submitted for public consultation jointly with PDIRT. 48 contributions were made at the public consultation, 43 of which were opinions from central and local administrative bodies and five participations from other entities. It was seen that most of the comments and opinions received related to 'spatial planning' (48%) and that 11% of comments were from private promoters in the area of special scheme production. The contributions received were considered and, whenever relevant, integrated accordingly into the final version of PDIRT.

[10] www.ren.pt/sustentabilidade/abordagem_da_ren
[11] www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/

Project Assessment

Environmental Impact Assessment (AIA) is a tool which can be used on certain public utility infrastructure projects where REN is the promoter. The AIA process consists of different stages:



Given the specificity of the sector, in 2008, REN drew up an AIA methodological guide for the National Electricity Transmission Network - Overhead Lines. This guide was drawn up in partnership with the Portuguese Environment Agency and the Portuguese Association for Impact Assessment and is a reference document for drawing up environmental impact studies for this type of infrastructure and the respective AIA processes. Numerous entities intervening in the AIA process took park in this working group, more specifically the Portuguese Institute of Archaeology, the Nature and Biodiversity Conservation Institute and the Coordination and Regional Development Commissions.

Moreover, and with the aim of standardising AIA process procedures and methodologies, in 2011, REN published another methodological guide, in this case for Assessing the Environmental Impact of RNT substations.

Within the scope of its activities to expand and improve energy transmission networks REN has developed a significant set of environmental assessment processes, in the planning phase:

	'11	'12	'13
ENVIRONMENTAL IMPACT ASSESSMENT PROCESSES	5	7	13
POST-ASSESSMENT ENVIRONMENTAL IMPACT PROCESSES	0	0	1
ENVIRONMENTAL IMPACT STATEMENTS ISSUED	6	2	9
PROJECT ENVIRONMENTAL STUDIES	8	5	3
ENVIRONMENTAL IMPACT STUDIES (EIA)	3	5	7
ENVIRONMENTAL COMPLIANCE REPORT OF THE EXECUTION PROJECT (RECAPE)	1	1	1

Monitoring actions were also conducted in 2013 in diverse REN infrastructures including the following:

NUMBER OF PROJECTS MONITORED DESCRIPTORS	'11	'12	'13
BIRDLIFE	5	12	12
SOUNDSCAPE	0	7	9
WATER RESOURCES	6	2	2
FLORA	8	2	1
IBERIAN WOLF	0	0	1

Monitoring actions were also conducted in 2013 at 15 REN infrastructures.

4.3.2.3 SOME ENVIRONMENTAL INDICATORS

REN monitors a set of environmental indicators that reflect its performance in this area.

The following tables summarise consumption, effluents and wastes produced.

CONSUMPTION OF MATERIALS [1]	'11	'12	'13
NITROGEN (m^3)	1 127	885	634.30
ETHYLENE GLYCOL (t)	4	0	0
LUBRICATING OILS (t)	1.7	0.2	10.3
LUBRICATING GREASES (t)	0.01	0	0
TRANSFORMER OIL (t)	11	8	11
PH SOFTENER (H2SO4 AT 38%) (litres)	330	775	925
CAUSTIC SODA (t)	0.1	0.3	0.13
SODIUM HYPOCHLORITE (t)	412	0.3	108.39
NATURAL GAS ODORANT (THT) (t)	54	57	56.5
REUSED OIL (TRANSFORMERS) (t)	4	0.6	1.95
INK CARTRIDGES AND TONERS (No)	1 092	1 080	358
ADMINISTRATIVE PAPER FOR CONSUMPTION (t)	11.4	18.7	10.5
RECYCLED PAPER FOR INTERNAL USE[2] (t)	0.7	2.5	0

[1] The consumption of materials in some cases corresponds to quantities acquired to replace stocks and might not correspond to actual consumption.
[2] The consumption of paper includes the acquisition of new paper, recycled paper and stationery (envelopes, cards, etc.).

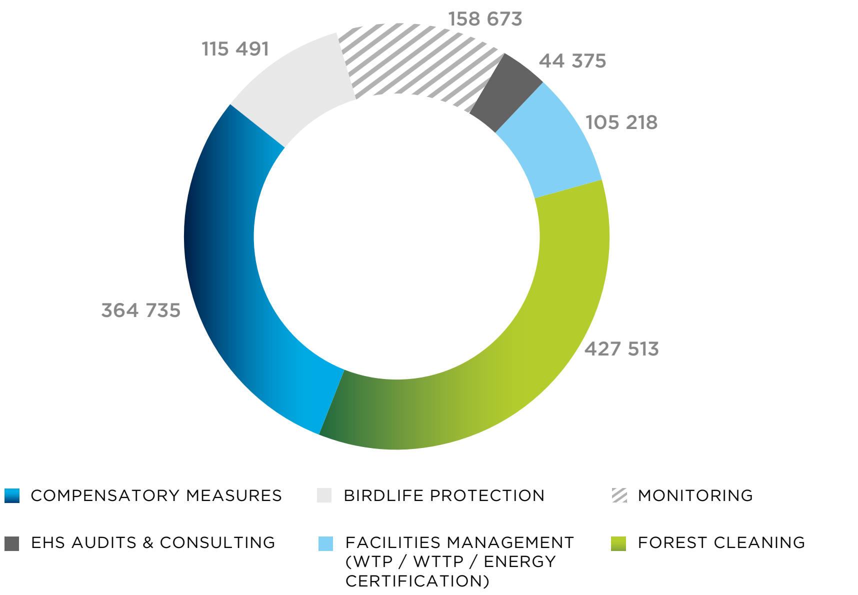
WATER AND EFFLUENTS	'11	'12	'13
CONSUMPTION OF WATER FROM THE PUBLIC NETWORK (m^3)	86 784	102 563	109 780
WATER UPTAKE FROM UNDERGROUND SOURCES (m^3)	1 703 726	1 540 600	1 977 901
USAGE OF SEA WATER (m^3)[3]	75 976 708	61 176 762	54 196 445
DISCHARGE OF BRINE INTO THE SEA (m^3)	1 330 500	1 307 929	2 255 297
DISCHARGE OF BRINE FOR TREATMENT (m^3)[4]	270 639	233 571	193 079
FREE CHLORINE - ANNUAL AVERAGE VALUE (mg/l)[5]	0.15	0.12	0.32

[3] Uptake and discharge of sea water used in the regasification process of liquefied natural gas. The quantity of sea water used in the month of March was estimated.
[4] Discharge of water resulting from the process of building salt caverns to store natural gas.
[5] Only pertaining to REN Atlântico.

The use of sea water in vaporisers to regasify LNG was reduced significantly due to the reduction of market agent appointments as compared to similar periods.

In 2013 a total of 9 741 tonnes of waste were sent to a final destination, of which only 2 % was hazardous. Around 72 % of the waste was sent to waste utilisation operations.

The following graph shows the breakdown of the environmental costs in 2013 according to type.



4.3.2.4 CLIMATE CHANGE AND ENERGY CHALLENGES

REN is among the companies that best provides information on the company's policies and activities in the area of climate change, according to the Carbon Disclosure Project Iberia 125 Climate Change Report 2013.

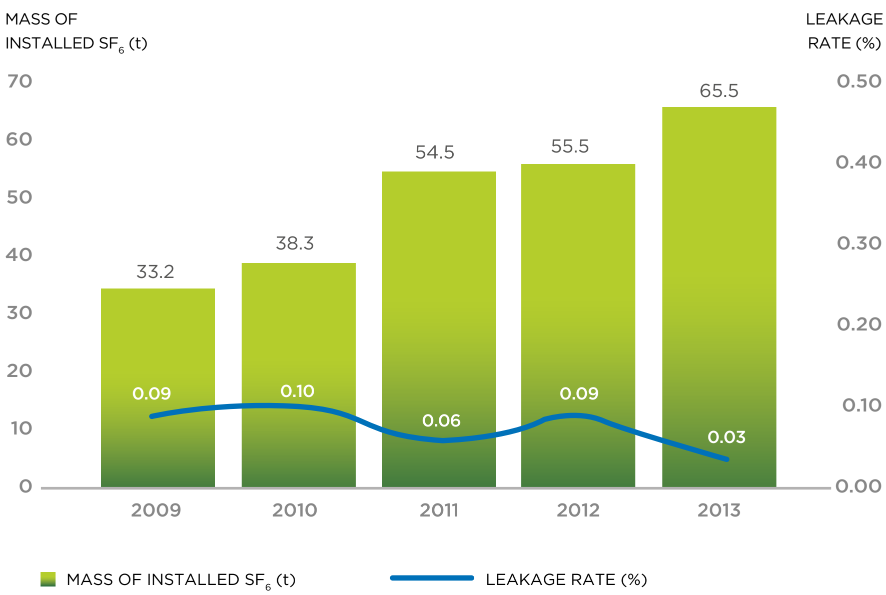
REN IS AMONG THE COMPANIES THAT BEST PROVIDES INFORMATION ON THE COMPANY'S POLICIES AND ACTIVITIES IN THE AREA OF CLIMATE CHANGE, ACCORDING TO THE CARBON DISCLOSURE PROJECT IBERIA 125 CLIMATE CHANGE REPORT 2013

REN was invited to participate, for the fifth consecutive year, in the CDP's annual questionnaire. The company had a classification of 80 points in terms of the level of information made available and following the rules of the report guidelines. The company was also classified at level C with regard to the assessment of its performance in the area of combating climate change.

The CDP is a non-profit organisation that compiles information on the performance of the main global companies with regard to climate change, providing this information to a broad set of institutional investors, helping them to identify potential risks related to their investments.

It should be noted that, In terms of disseminating information, REN's response was above the average in the Iberia 125 index (the average score for provision of information was 78).

In the area of preventing and controlling greenhouse gas emissions, over the course of recent years REN has been implementing an action plan to reduce its direct emissions, namely with regard to emissions of sulphur hexafluoride (SF_6), a gas used as an electrical insulator (dielectric) in diverse high and very high voltage equipment. In 2013, despite the increase in installed mass, a decrease was seen in leaks and, consequently, in the leak rate. The company's efforts to reduce SF6 leakages is reflected in the evolution of the leakage rates for this gas, with results considered to be technically highly positive on an international scale.



GREENHOUSE GAS EMISSIONS (tCO_2eq)

	'11	'12	'13
DIRECT EMISSIONS	**17.288**	**32.491**	**20.891**
PURGES OF NATURAL GAS (CH_4)	853	11 590	1 275
FLARE BURNING	1 030	4 685	4 243
BOILERS SELF-CONSUMPTION	11 089	12 353	12 305
COGENERATION	1 590	1 229	641
SULPHUR HEXAFLOURIDE (SF_6)	780	1 133	468
NATURAL GAS (BUILDINGS)	7	55	483
PROPANE GAS (BUILDINGS)	5	12	11
DIESEL IN OTHER EQUIPMENT	38	1	77
FLEET FUEL	1 896	1 432	1 387
INDIRECT EMISSIONS	**171 988**	**164 972**	**132 832**
ELECTRICITY	16 885	17 070	11 162
ELECTRICAL LOSSES IN THE NETWORK	153 402	147 541	121 165
EMISSIONS FROM AIR TRAVEL	170[1]	361	505

[1] The figure reported in 2011 was recalculated since a double accounting entry was detected for the figure presented earlier.

The increase in emissions associated with sulphur hexaflouride corresponds to the aforesaid increase of sporadic leakages in some substations.

In 2013, the number of videoconferences increased again significantly, by 63% as compared to the previous year, some of them at an international level and involving more than two locations simultaneously. In addition to videoconferences, from the end of 2011 onwards all employees have corporate collaboration software on their computers which makes it possible to exchange instant messages and hold video-calls. This is an important tool to reduce the company's carbon footprint.

	'11	'12	'13
NUMBER OF TRAIN JOURNEYS (LISBON-PORTO)	780	974	1 028
NUMBER OF VIDEOCONFERENCES	601	1 069	1 747

REN continued to encourage the use of trains as compared to light vehicles, especially for transport on the Lisbon-Porto route. In 2013, the number of train journeys increased by around 5% as compared to 2012.

Main activities relating to initiatives to reduce GG emissions, particularly SF_6 in 2013:

1) **Preventive and improvement maintenance on circuit breakers containing SF_6:** In 2013, a series of FL 170 circuit breakers manufactured by Efacec were reconditioned. These circuit breakers were responsible for the majority of SF_6 leaks. Reconditioning of circuit breakers includes a series of operations which seek to repair seals thus minimizing the occurrence of SF_6 leaks. This increases reliability while also mitigating environmental impact.
2) **Corrective maintenance** by repairing leaks in three circuit breakers in operation and replacing two 60 kV circuit breaker blocks.
3) **Deactivation of a series of SF_6** circuit breakers replaced as part of remodelling work in accordance with technical procedures relating to end-of-working-life. All operating, assembly, maintenance and deactivation work is carried out by specialized REN teams. Team members are qualified in accordance with legislation.
4) **Development and implementation of a pilot-project for the continuous monitoring of SF_6 in armoured substation buildings (GIS):** REN has always taken the security of personnel accessing GIS rooms after a leak alarm has been triggered very seriously. Although SF6 is not toxic, this gas fills breathable air space and thus presents a potential choking hazard, with serious consequences for any person involved.

In order to overcome this danger, a system has been implemented which continuously monitors SF_6 in GIS buildings.

In 2011, contact was made with a technology startup connected to the University of Coimbra cluster. The company is called Eneida and a partnership was established to develop a system to continuously monitor rooms and galleries. Backed by REN, this company designed a pilot-project for installation in the 60 kV sector of the Ermesinde substation.

The system continuously monitors for the presence of SF_6 inside the substation, and should the gas be detected, visual and audible alarms are triggered at the main entrances of the affected area. A ventilation system is also activated to remove the gas from inside the substation.

This is an innovative project developed by Eneida, the only company in the last four years of researching the market showed the interest and technical capability to develop this solution. As far as known, this is the first installation of an SF_6 persona safety monitoring system in Portugal.

Managing CO_2 emissions from plants with EACS

Within the scope of its regulated activity as a Commercial Agent, REN Trading is a company that plays an active role in the area of climate change, in that it is responsible for the management of plants which maintain Energy Acquisition Contracts (EAC), viz. Tejo Energia and Turbogás, which is conditioned by the rules of the European Emissions Trading Scheme (EU ETS).

EU ETS legislation can be found in Decree-Law No 233/2004 of 14 December 2004, and later legislation which came about further to the transposition of Community Directive No 2003/87/EC of the European Parliament and of the Council of 13 October 2003.

For the post 2012 period, the legislative framework was amended by Directive No 2009/29/EC. In 2013, the third stage of EU ETS (2013-2020) will be started. As of this year, the electricity sector ceased to have free allocation and emission licenses equivalent to emissions seen in each year must be purchased in auction or on the secondary market.

This situation is the result of an international negotiation process which culminated in 1997 in the signing of an international treaty, the Kyoto Protocol, signed by Portugal as a member of the EU. The aim is to mitigate climate change and global warming by reducing emissions of greenhouse gases.

As of 2005, EU ETS has been the tool used in the UE to comply with the aims of Kyoto. Through the allocation of a price on CO2, the goal is to reduce the emissions of the main industrial facilities and covers sectors such as the production of electricity from fossil fuels, steel making, ceramics, petrol refineries and aviation (from 2012) among others.

With the aim of minimizing annual expenditure on emission licenses and also total charges borne by consumers acquiring electrical power, and in full compliance with regulations published by ERSE in 2013, REN Trading acted on the market as a member of ICE (Intercontinental Exchange), the main emission license futures and derivatives market. It is REN Trading's responsibility, in the third stage of EU ETS, to purchase CO2 emission licenses in line with the environmental requirements of the two plants, which will mean buying EUA (*European unit allowance*) licenses.

The decision taken by REN Trading with regard to the sale of production from these plants, has always taken into account forecast emissions and the associated cost, measured through the market price for CO2emission licenses. In order to explain further, in certain circumstances the incorporation of CO2 costs into total production costs for the Pego plant (coal fired, a more polluting fuel) could alter its position in the order of merit of supply in the electricity market, making it more expensive. This would therefore require it to be replaced with a less polluting alternative such as Turbogas (natural gas fired). In essence, through this mechanism created by EU ETS, the operation of the Iberian electricity market is affected and the influence of this European mechanism on the emissions of plants and the country's electrical power programme can be seen.

In 2013, an increase in activity was seen in relation to the previous year. REN Trading purchased around 2.9 million tons of CO2 on the futures market. This increase in activity was the direct result of changes in the allocation of emissions licenses as mentioned above.

Due to the adverse economic situation seen in Europe, an excess of emissions licenses was created, contributing to significant drops in market prices (around 40% between the average price in 2013 compared to 2012).

In order to correct this effect, at the end of 2013, a Europe wide agreement was obtained to withdraw emissions licenses from the start of the third stage of EU ETS and their total or partial reintroduction at the end of the third stage (backloading). Thus reducing supply temporarily or permanently.

It is hoped that this reduction can provided support for the market price and strengthen the good working of EU ETS, helping create an economic sign which impacts on production and investment decisions, also helping achieve the goal of a society which is less carbon intensive.

Issuing entity for guarantees and certificates of origin

With the publication of Decree-Law No 23/2010 of 25 March 2010 which adapts the system for cogeneration activities in Portugal establishing the respective legal and remuneratory system, the rules for issuing guarantees and certificates of origin for electricity produced by means of cogeneration are also defined. Furthermore, the competences regarding the Issuing Entity for Guarantees of Cogeneration Origin (in Portuguese EEGO) are attributed to the RNT concessionaire.

During 2013, with the publication of Decree-Law No 39/2013 of 18 March 2013, REN's competences were extended with regard to EEGO, to the production of electricity and energy for heating and cooling through renewable energy sources, namely:

a) Implementation and management of a system of guarantees of origin for the electricity produced from renewable energy sources, covering the electronic registration, issue, transfer, annulment and cancellation of the respective supporting documentation;

b) Conducting audits, either directly or through external auditors and monitoring plants and equipment for producing from renewable energy sources, as well as energy measuring equipment, which enable and ensure the correct qualification of the plants and the guarantee or certification of the origin of electricity and energy for heating and cooling produced;

C) Making available for public consultation, namely by means of a website, non confidential and relevant information regarding the issue of guarantees and certificates of origin.

DURING 2013, FURTHER TO THE COMPETENCES ATTRIBUTED WITHIN THE SCOPE OF EEGO, REN CONDUCTED 11 AUDITS ON COGENERATION PLANTS

EEGO started operations in October 2012, and already has 143 cogeneration facilities registered, 40 of which have passed to the remuneratory scheme set out in Decree-Law No 23/2010. In this period, 412 549 guarantees of origin were issued for the production of high efficiency cogeneration electrical power and 13 013 certificates of origin were issued for the production of efficient cogeneration electrical power. Every guarantee or certificate of origin corresponds to a face value of 1 MWh.

During 2013, further to the competences attributed within the scope of EEGO, REN conducted 11 audits on cogeneration plants

Intensive energy consumption

With regard to measures to rationalize energy consumption implemented within the scope of SGCIE, during 2013 at REN Atlântico – LNG Terminal, it is important to note the following.

In June 2013, the implementation and progress report for 2011 – 2012 was issued.

In a similar manner to that seen in 2012, 2013 saw long periods of reduced NG flow and even total stoppages (zero issue) of the NG transmission network.

This was mainly due to the following factors:

- Significant drop in the consumption of NG for the electricity market due to the increase in production of renewable power (hydro and wind) and also as a result of the fall in competitiveness of NG with regard to other sources of energy, such as coal
- High price of LNG over NG from the pipeline, a situation still relating to the Japanese energy crisis stated by the tsunami in March 2011

This situation prevented compliance with the main recommendation in the implementation and progress report for 2011-2012, which stipulated precisely an increase in the use of the facility (minimum issue of 174 000 m3(n)/h), so as to improve the plant's energy efficiency.

Even so, REN Atlântico's commitment has been reaffirmed to continue to attempt to achieve this goal in liaison with the system's technical manager. Should the limitations seen in 2013 be overcome, considerable improvement in energy efficiency could be seen.

Measures to rationalize energy consumption were concluded in December 2013. Results are not as yet available. Only during 2014, will it be possible to present results.

Managing consumption

ENERGY CONSUMPTION (GJ)	'11	'12	'13
ELECTRICAL ENERGY OF INFRASTRUCTURE AND BUILDINGS	259 733	268 748	240 978
NATURAL GAS (COGENERATION, BOILERS, PILOTS AND CONTROLLED FLARES)	242 902	325 620	306 402
PROPANE GAS	81	187	178
NATURAL GAS	130	987	8 024
FUEL FOR THE REN FLEET	25 916	19 616	18 807
LOSSES IN THE ELECTRICITY TRANSMISSION NETWORK	2 360 030	2 306 602	2 616 509
LOSSES IN THE GAS TRANSMISSION NETWORK (PURGES)	2 221	32 755	3 603

ENERGY PRODUCED/ SOLD (GJ)	'11	'12	'13
PRIMARY ENERGY PRODUCED (COGENERATION)	8 447	10 173	5 519
PRIMARY ENERGY SOLD (COGENERATION)	5 806	6 930	6 927

4.3.2.5 BIODIVERSITY AND MANAGING ECOSYSTEMS

Biodiversity[12] is one of the most important environmental descriptors considered in the systematic assessment of possible impacts of REN's activities on the various phases of the life cycle of its infrastructure.

Despite the constant concern with protecting and promoting biodiversity, a small percentage of REN's infrastructure is integrated into sensitive areas in the national territory: sites that are part of the Natura 2000 Network, Special Protection Zones and other protected areas, including national parks, reserves, parks and natural monuments.

[12] www.ren.pt/sustainability/environment/biodiversity_and_managing_ecosystems/

OCCUPATION IN SENSITIVE AREAS	AREA/LENGTH	% OF TOTAL OCCUPATION
STATIONS/FACILITIES	0.37 KM^2	10%
EXTENSION OF GAS PIPELINES/ LINES	1 202 KM	12 %

The occupation of these areas by REN infrastructure is essentially due to historical reasons (the integration of infrastructure was prior to the classification of these protected areas) as well as the need to enable or reinforce the channelling of renewable energy from production centres situated in these sensitive areas. Whenever these facilities are modified, such as changes in the paths of lines and gas pipelines, such changes are optimised so as to reduce the impact on biodiversity.

Currently, the sites where the infrastructure of the National Transmission Network (RNT) is located are potentially the habitat for classified species on the Red List of the International Union for Conservation Nature (IUCN), in the following categories:

IUCN CLASSIFICATION	'11	'12[1]	'13
CRITICALLY THREATENED	3	6	4
THREATENED	4	4	6
VULNERABLE	17	24	19

[1] Includes the survey of the species that potentially exist in habitats affected by construction work underway for the Mangualde-Celorico-Guarda gas pipeline.

Information on compensatory measures developed during 2013 may be consulted on the REN website[13].

4.3.2.6 FLORA AND SOIL USE

THROUGH ITS REFORESTATION PROGRAMME OF EASEMENTS, REN HAS ALREADY PLANTED MORE THAN 420 000 TREES IN RECENT YEARS IN AN AREA GREATER THAN 600 HECTARES.

As a result of its construction and maintenance activities, REN has a direct impact on flora and soil use. This impact occurs, for example, at the time when the line protection corridors associated with REN's infrastructure (electricity lines and gas pipelines) are created or maintained. As a way of offsetting this impact, since 2007 REN has been carrying out diverse tree planting projects within the scope of building its new facilities and in 2013, extended this methodology to lines already in operation.

While constructing the Mangualde-Celorico-Guarda gas pipeline REN implemented a reforestation project covering an area of 25 hectares in the Serra da Estrela forest. This measure was designed to offset the felling of holm oak and other trees. The planting of new trees far exceeds the areas affected by the construction of the gas pipeline and that required by law. During the project, best forestry and environmental practices were followed, taking into account this sensitive location. It is a mission which will continue for the next 22 years.

Through its reforestation programme of easements, REN has already planted more than 420 000 trees in recent years in an area greater than 600 hectares.

[13] www.ren.pt

In 2013, in addition to the project associated to the Mangualde-Celorico-Guarda gas pipeline, a total de 130 000 trees were planted in an area of more than 200 hectares, with the following infrastructures being of special note:

INFRASTRUCTURE	AREA (ha)	NUMBER OF TREES
LARES-PARAIMO LINE	85	40 058
MACEDO DE CAVALEIROS-VALPAÇOS LINE	13	10 809
VILA NOVA-RIBA D'AVE LINE (DOUBLE 150/400KV)	23	19 559
PAMELA-SINES 3 LINE FOR FANHÕES SS	39	32 399
BATALHA-PARAIMO LINE (OPERATIONAL)	21	9 168

During 2013, numerous actions were carried out for the future integrated management of vegetation on the REN Eléctrica and REN Gasodutos easements. As part of this strategy, a collaboration protocol was established with the environmental group Quercus with the aim of associating the REN reforesting programme with the Quercus Common Forest programme.

Most of the native species of trees and shrubs which the Common Forest programme is seeking to promote are compatible with the safe operation of our infrastructures. This compatibility is not only in technical terms but also with regard to responsibilities required by law to defend forests against fires, bearing in mind that most of our infrastructures are located in such forests.

REN is therefore facing the considerable challenge of fomenting the use of such species and best practices of sustainable forest management by land owners. The aim is to demonstrate how to obtain earnings while also creating value for everyone involved: the land owners who can earn income of land which was previously abandoned; Quercus, as it promotes the use of practices which contribute to biodiversity and producing ecosystem services; REN, as we are convinced that in time we will save resources in the management of easement vegetation and society in general, both through ecosystem services and the defence of the forest against fires.

The reforesting programme or the conversion of easements is one of those examples where the usual approach is reversed. In the past, money would be spent on cutting tress and managing the wood from easements. Now we apply part of this money to changing land use or occupancy by planting trees and shrubs which are compatible with the operation of our infrastructures. Our goal is to eliminate the passive approach and instead implement a more active approach to vegetation management so as to reduce maintenance costs by increasing the time between intervention cycles and dividing responsibilities with land owners.

4.3.2.7 BIRDLIFE

Compensatory measures

A very important area for REN is the implementation of compensatory measures, derived from the process of the Environmental Impact Assessment for new infrastructure. The measures underway and the main results can be consulted on REN's website[14].

[14] www.ren.pt/sustainability/environment/environmental_performance/compensatory_measures/

Compatibility between REN's infrastructures and the white stork population

For more than ten years REN has monitored the nesting patterns of the white stork population in its infrastructure, creating nesting conditions for this bird in favourable habitats and installing devices that minimise the risk of accidents with an electrical origin.

More actions were implemented in 2013 as compared to the previous year, described below according to type:

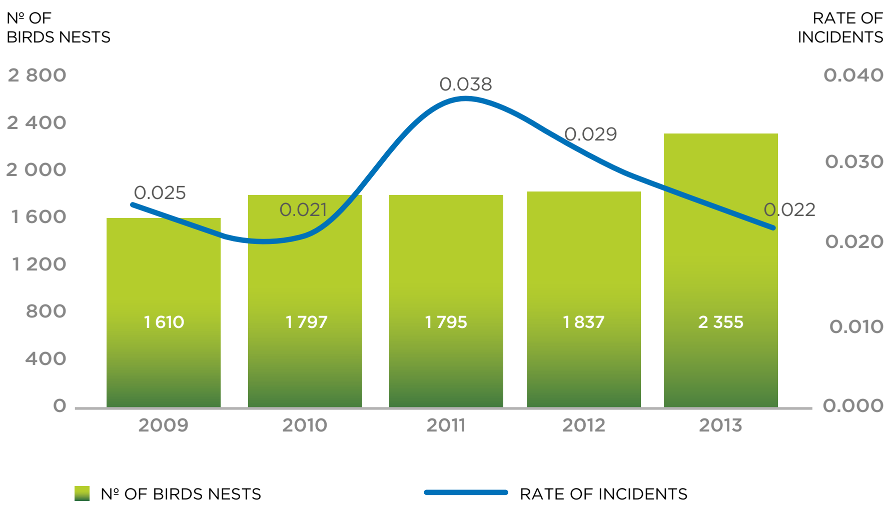
	'11	'12	'13
NUMBER OF PLATFORMS INSTALLED	150	155	97
NUMBER OF ANTI-PERCHING DEVICES INSTALLED	481	975	649
NUMBER OF NESTS TRANSFERRED	43	51	51

In 2013, there was a slight reduction in the rate of incidents involving white storks as compared to 2012.

NESTS TRANSFERRED

51

The installation of fans and platforms prevented nesting in the most dangerous sites, with a higher probability of incidents, helping ensure that an increase in nests does not result in an increase in incidents.



4.4 RECOGNITION

- Silver at the Best in Biz Awards 2013, in the category of best institutional website
- Bronze at the ARC Awards, in the category of Report & Accounts
- Bronze at the XV Festival of the Clube dos Criativos Portugal (CCP) for best institutional website
- Gold Stevie at the International Business Awards, in the categories of best institutional website and best investor relations website; Silver Stevie in the category of Best Annual Report Online/Electronic; Bronze Stevie in the category of best overall web design for an institutional website (best website, best design, best investor website and best Report & Accounts are the four categories which brought REN Gold, Silver and Bronze 'Stevies' at the International Business Awards, also known as the Stevie Awards.)

REN

A FUTURE OF SMARTER ENERGIES

The opening of the REN/State Grid R&D Centre reinforces our commitment to the future through an ongoing focus on research, development and innovation of new, more efficient and sustainable transmission networks, capable of guaranteeing tomorrow's energy needs.

EBITDA

521.5 M€

increases of 1.9%

CAPEX

187.8 M€

2 402.3 M€

NET DEBT IN 2013

PROFIT OF

121.3 M€

05 CONSOLIDATED AND INDIVIDUAL ACCOUNTS

10.4%
OPERATING COSTS

A DECREASE IN RELATION TO 2012

2012 2013

INVESTMENT
IN ENERGY TRANSMISSION NETWORKS

119.5 M€
Millions Euros

1. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statements of financial position as of 31st December 2013 and 2012

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS - tEUROS
(TRANSLATION OF STATEMENTS OF FINANCIAL POSITION ORIGINALLY ISSUED IN PORTUGUESE - NOTE 36)

ASSETS	NOTES	YEAR ENDED '13	'12
NON-CURRENT ASSETS			
Property, plant and equipment	8	934	827
Goodwill	9	3,774	3,774
Intangible assets	8	3,877,420	3,891,464
Investments in associates and joint ventures	10	12,155	9,382
Available-for-sale financial assets	12 and 13	156,886	131,002
Derivative financial instruments	12 and 16	-	6,853
Other financial assets	12	102,274	112,583
Trade and other receivables	12 and 14	81,588	70,451
Deferred tax assets	11	67,800	61,215
		4,302,831	4,287,552
CURRENT ASSETS			
Inventories	15	1,880	2,920
Trade and other receivables	12 and 14	565,923	310,738
Current income tax recoverable	11 and 12	-	14,318
Derivative financial instruments	12 and 16	-	416
Other financial assets	12	22,728	8,864
Cash and cash equivalents	12 and 17	167,987	61,246
		758,518	398,503
Total assets	7	5,061,349	4,686,054
EQUITY			
SHAREHOLDERS EQUITY:			
Share capital	18	534,000	534,000
Own shares	18	(10,728)	(10,728)
Reserves	19	271,634	231,753
Retained earnings		163,356	(a) 149,002
Net profit for the year		121,303	(a) 123,561
Total equity		1,079,566	1,027,589
LIABILITIES			
NON- CURRENT LIABILITIES			
Borrowings	12 and 20	2,430,159	1,535,495
Liability for retirement benefits and others	21	126,231	105,808
Derivative financial instruments	12 and 16	34,320	27,958
Provisions	22	4,690	4,801
Trade and other payables	23	370,298	360,895
Deferred tax liabilities	11	73,956	82,797
		3,039,654	2,117,755
CURRENT LIABILITIES			
Borrowings	12 and 20	250,325	1,170,400
Provisions	22	1,213	2,419
Trade and other payables	23	642,973	367,081
Income tax payable	11 and 12	44,935	-
Derivative financial instruments	12 and 16	2,683	811
		942,129	1,540,711
Total liabilities	7	3,981,783	3,658,465
Total equity and liabilities		5,061,349	4,686,054

a) RESTATED AS REQUIRED BY IAS 19 (NOTES 3.1 AND 21)

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2013.

THE ACCOUNTANT THE BOARD OF DIRECTORS

Consolidated statements of profit and loss for the years ended 31st December 2013 and 2012

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS – tEUROS
(TRANSLATION OF STATEMENTS OF FINANCIAL POSITION ORIGINALLY ISSUED IN PORTUGUESE - NOTE 36)

		YEAR ENDED	
	NOTES	'13	'12
Sales	7 and 24	112	405
Services rendered	7 and 24	575,886	588,568
Revenue from construction of concession assets	7 and 25	187,464	200,507
Gains from associates and joint ventures	10	(361)	665
Other operating income	26	25,744	21,143
Operating income		**788,845**	**811,287**
Cost of goods sold		(303)	(797)
Cost with construction of concession assets	25	(162,179)	(172,892)
External supplies and services	27	(44,028)	(57,532)
Personnel costs	28	(53,599)	(a) (50,671)
Depreciation and amortizations	8	(201,242)	(197,368)
Provisions	22	212	(2,636)
Impairment of trade receivables	14	5,296	(2,646)
Other expenses	29	(12,750)	(12,512)
Operating costs		**(468,593)**	**(497,053)**
OPERATING RESULTS		320,252	314,234
Financial costs	30	(162,703)	(145,740)
Financial income	30	12,917	2,257
Investment income - dividends	13	7,558	7,461
Financial results		**(142,228)**	**(136,023)**
Profit before income tax		**178,024**	**178,211**
Income tax expense	11	(56,721)	(54,650)
Net profit for the year		**121,303**	**123,561**
ATTRIBUTABLE TO:			
Shareholders of the Company		121,303	123,561
Non-controlling interests		-	-
Consolidated profit for the year		**121,303**	**123,561**
Earnings per share (expressed in euro per share)	**31**	**0.23**	**0.23**

a) RESTATED AS REQUIRED BY IAS 19 (NOTES 3.1 AND 21)

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2013.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

Consolidated statements of other comprehensive income for the years ended 31st December 2013 and 2012

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS – tEUROS
(TRANSLATION OF STATEMENTS OF FINANCIAL POSITION ORIGINALLY ISSUED IN PORTUGUESE - NOTE 36)

		YEAR ENDED	
	NOTAS	'13	'12
Net Profit for the year		**121,303**	**123,561**
OTHER INCOME AND COST RECORDED IN EQUITY:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains / (losses) - gross of tax	21	(21,987)	(a) (53,469)
Tax effect on actuarial gains ((losses)	11	8,955	15,602
Items that will be reclassified subsequently to profit or loss:			
Increase/(decrease) in hedging reserves - derivative financial instruments	16	12,069	(20,638)
Tax effect on hedging reserves	11 and 16	(3,445)	4,529
Gain/(loss) in fair value reserve - available-for-sale assets	13	25,784	10,151
Tax effect on fair value reserves	11 and 13	(805)	-
Other comprehensive income from associates	10	223	-
Comprehensive income for the year		**142,097**	**79,736**
ATTRIBUTABLE TO:			
Shareholders of the company		142,097	79,736
Non-controlling interests		-	-
		142,097	**79,736**

a) RESTATED AS REQUIRED BY IAS 19 (NOTES 3.1 AND 21)

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013.

THE ACCOUNTANT THE BOARD OF DIRECTORS

Consolidated statements of changes in equity for the years ended 31st December 2013 and 2012

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS – tEUROS
(TRANSLATION OF STATEMENTS OF FINANCIAL POSITION ORIGINALLY ISSUED IN PORTUGUESE - NOTE 36)

		ATTRIBUTABLE TO SHAREHOLDERS									
CHANGES IN THE YEAR	NOTES	SHARE CAPITAL	OWN SHARES	LEGAL RESERVE	FAIR VALUE RESERVE (NOTE 13)	HEDGING RESERVES (NOTE 16)	OTHER RESERVES	RETAINED EARNINGS	PROFIT FOR THE YEAR	NON-CONTROLLING INTERESTS	TOTAL
At 1 January 2012		**534,000**	**(10,728)**	**79,809**	**(14,244)**	**(10,503)**	**160,339**	**178,189**	**120,576**	**-**	**1,037,439**
Net profit of the period and other comprehensive income (a)		-		-	10,151	(16,109)	-	(37,867)	123,561	-	79,736
Distribution of dividends	32	-	-	-	-	-	-	(89,590)	-	-	(89,590)
Other		-	-	-	-	-	4	-	-	-	4
Transfer to other reserves		-	-	5,628	-	-	16,679	98,270	(120,576)	-	-
At 31 December 2012 (a)		**534,000**	**(10,728)**	**85,437**	**(4,093)**	**(26,612)**	**177,022**	**149,002**	**123,561**	**-**	**1,027,589**
At 1 January 2013		**534,000**	**(10,728)**	**85,437**	**(4,093)**	**(26,612)**	**177,022**	**149,002**	**123,561**	**-**	**1,027,589**
Net profit of the period and other comprehensive income		-	-	-	24,979	8,624	223	(13,032)	121,303	-	142,097
Distribution of dividends	32	-	-	-	-	-	-	(90,120)	-	-	(90,120)
Transfer to other reserves		-	-	6,055	-	-	-	117,507	(123,561)	-	-
At 31 December 2013		**534,000**	**(10,728)**	**91,492**	**20,886**	**(17,989)**	**177,245**	**163,356**	**121,303**	**-**	**1,079,566**

a) RESTATED AS REQUIRED BY IAS 19 (NOTES 3.1 AND 21)

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013.

THE ACCOUNTANT THE BOARD OF DIRECTORS

Consolidated statements of cash flow for the years ended 31st December 2013 and 2012

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS – tEUROS
(TRANSLATION OF STATEMENTS OF FINANCIAL POSITION ORIGINALLY ISSUED IN PORTUGUESE - NOTE 36)

	NOTES	YEAR ENDED '13	'12
CASH FLOW FROM OPERATING ACTIVITIES:			
Cash receipts from customers		(a) 2,056,635	(a) 2,289,659
Cash paid to suppliers		(a) (1,391,110)	(a) (1,822,096)
Cash paid to employees		(63,160)	(61,510)
Income tax received / (paid)		(8,510)	(13,687)
Other (payments)/receipts relating to operating activities		(87,567)	(112,404)
Net flows from operating activities		**506,288**	**279,961**
CASH FLOW FROM INVESTING ACTIVITIES:			
Receipts related with:			
Other financial assets	3,18	207,264	-
Grants related to assets		5,051	617
Interests and other similar income		8,160	1,896
Dividends	13	7,493	5,635
Payments related with:			
Other financial assets	3,18	(210,000)	(117,163)
Capital contributions in associates and joint ventures	10	(2,910)	-
Available-for-sale financial assets	13	(100)	(38,800)
Property, plant and equipment		(498)	(44)
Intangible assets		(162,687)	(215,133)
Net cash (used in)/from investing activities		**(148,227)**	**(362,991)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Receipts related with:			
Borrowings		2,404,391	9,949,500
Interests and other similar income		17	80
Payments related with:			
Borrowings		(2,403,135)	(9,632,363)
Interests and other similar expense		(163,334)	(151,709)
Dividends	32	(90,120)	(89,590)
Net cash (used in)/from financing activities		**(252,180)**	**75,917**
Net (decrease)/increase in cash and cash equivalents		105,880	(7,112)
Cash and cash equivalents at de beginning of the year	17	61,246	68,358
Cash and cash equivalents at the end of the period	17	167,126	61,246
DETAIL OF CASH AND CASH EQUIVALENTS			
Bank overdrafts	17	(861)	-
Bank deposits	17	167,987	61,246
		167,126	**61,246**

a) THESE AMOUNTS INCLUDE PAYMENTS AND RECEIPTS RELATING TO ACTIVITIES IN WHICH THE GROUP ACTS AS AGENT, INCOME AND COSTS BEING REVERSED IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS.

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2013.

THE ACCOUNTANT THE BOARD OF DIRECTORS

2. NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31ST DECEMBER 2013

(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE - NOTE 36)
(AMOUNTS EXPRESSED IN THOUSANDS OF EUROS - TEUROS)

1 GENERAL INFORMATION

REN – Redes Energéticas Nacionais, SGPS, S.A. (referred to in this document as "REN" or "the Company" together with its subsidiaries, referred to as "the Group" or "the REN Group"), with head office in Avenida Estados Unidos da América, 55 – Lisbon, was formed from the spin-off of the EDP Group, in accordance with Decree-Laws 7/91 of 8 January and 131/94 of 19 May, approved by the Shareholders' General Meeting held on 18 August 1994, with the objective of ensuring the overall management of the Public Electric Supply System (PES).

Up to 26 September 2006 the REN Group's operations were concentrated on the electricity business through REN – Rede Eléctrica Nacional, S.A.. On 26 September 2006, as a result of the unbundling transaction of the natural gas business, the Group underwent a significant change with the purchase of assets and financial participations relating to the transport, storage and re-gasification of natural gas activities, comprising a new business.

In the beginning of 2007 the Company was transformed into a holding company and, after the transfer of the electricity business to a new company formed on 26 September 2006, named REN – Serviços de Rede, S.A., changed its name to REN – Rede Eléctrica Nacional, S.A..

The Group presently has two main business areas, Electricity and Gas, and a secondary business, in the area of Telecommunications.

The Electricity business includes the following companies:

a) REN – Rede Eléctrica Nacional, S.A., founded on 26 September 2006, the activities of which are carried out under a concession contract for a period of 50 years as from 2007 and establishes the global management of the Public Electricity Supply System (PES);

b) REN Trading, S.A., founded on 13 June 2007, the main function of which is the management of power purchase agreements ("PPA") from Turbogás, S.A. and Tejo Energia, S.A., which did not terminate on 30 June 2007, date of the entry into force of the new Maintenance of Contractual Equilibrium Contracts (Contratos para a Manutenção do Equilíbrio Contratual – CMEC). The operations of this company include the trading of electricity produced and of the installed production capacity, with national and international distributors;

c) Enondas, Energia das Ondas, S.A. was founded on 14 October 2010, its capital being fully held by REN - Redes Energéticas Nacionais, SGPS, S.A., its main activity being management of the concession to operate a pilot area for the production of electricity from sea waves.

The Gas business includes the following companies:

a) REN Gás, S.A., was founded on 29 March 2011, with the corporate objectives of promoting, developing and carrying out projects and developments in the natural gas sector, as well as defining the overall strategy and coordination of the companies in which has participations.

b) REN Gasodutos, S.A. was founded on 26 September 2006, the capital of which was paid up through integration into the company of the gas transport infrastructures (network, connections, and compression);

c) REN Armazenagem, S.A. was founded on 26 September 2006, the capital of which was paid up through integration into the company of the underground gas storage assets;

d) REN Atlântico, Terminal de GNL, S.A., acquired under the acquisition of the gas business, previously designated "SGNL – Sociedade Portuguesa de Gás Natural Liquefeito". The operations of this company consist of the supply, reception, storage and re-gasification of natural liquefied gas through the GNL marine terminal, being responsible for the construction, utilisation and maintenance of the necessary infrastructures.

The operations of these companies mentioned in points b) to d) are carried out under three concession contracts granted separately for periods of 40 years as from 2006.

The telecommunications business is managed by RENTELECOM Comunicações, S.A., the operations of which consist of the establishment, management and utilization of telecommunications systems and infrastructures, supplying communications services and optimizing the excess capacity of the fibre optics belonging to the REN Group.

REN SGPS also has the wholly owned subsidiary REN – Serviços, S.A., which has the objective of rendering services in the energetic areas and general services on the support of the business development, for related companies and third parties, receiving remuneration for these services, as well as the management of participations the company has in other companies.

On 10 May 2013 was incorporated REN Finance, B.V., wolly owned by REN SGPS, based in Netherlands, whose object is to participate, finance, collaborate and lead the management of related companies.

Additionally on 24 May 2013, together with China Electric Power Research Institute, Entity of the State Grid Group, was incorporated the Centro de Investigação em Energia REN – State Grid, S.A. ("Centro de Investigação") under a Joint Venture in which the Group holds 1,500,000 shares representing 50% of the share capital.

The objective of this company is to implement a Center for Research and Development in Portugal, dedicated to the research, development, innovation and demonstration in the areas of electricity transmission and systems management, the rendering of advisory services and education and training services as part of these activities, as well as performing all related activities and complementary services to its object.

As of 31 December 2013 REN SGPS has also:

a) 40% interests in the share capital of OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. ("OMIP SGPS"), having as its corporate object the management of participations in other companies as an indirect way of exercising economic activities. The company became the shareholder of OMIP – Operador do Mercado Ibérico de Energia (Portuguese Pole), which function is the management of the derivatives market in MIBEL and Omiclear – Sociedade de Compensação de Mercados de Energia, S.A. a company owned by the OMIP and which has the corporate object of clearing futures and options operations;

b) 10% interests in the share capital of OMEL - Operador do Mercado Ibérico de Energia, S.A., the Spanish pole of the Sole operator;

c) Two participations of 1% each, in the share capital of Enagás, S.A. and Red Electrica Corporation, S.A. ("REE");

d) One participation representing 5.45% of the share capital in Medgrid, SAS; and 7.5% participation in Hidroeléctrica de Cahora Bassa, S.A. ("HCB").

2 INFORMATION ON THE CONCESSION CONTRACTS AWARDED TO REN

2.1 ELECTRICITY CONCESSION CONTRACT

The concession for the National Transmission Network operator ("NTN") was granted to REN – Rede Eléctrica Nacional, S.A. in accordance with Decree-Law 182/95 of 27 July 1995 (art. 64) to manage the PES system, using the National Transmission Network as well as development of the necessary infrastructures.

The objective of this concession contract consists of the following activities:

i) Purchase and sale of electricity
In this activity REN, S.A. operated up to 30 June 2007 as an agent between electricity producers and distributors. The electricity was acquired based on purchase and sale contracts entered into with producers and sold in accordance with tariffs defined by the regulator, ERSE (Entidade Reguladora de Serviços Energéticos). REN was agent in the sale of the available excess production. In these intermediary operations, REN had the right to retain 50% of the commercial profits.

As from 1 July 2007, upon termination of the majority of power purchase agreements ("PPA"), REN has managed the two remaining PPA`s not terminated, with Tejo Energia (Pego power plant) and Turbogás (CCGT power plant of Tapada do Outeiro), through REN Trading, selling the energy of these producers into the market.

ii) Electricity transmission
This activity has for object the transmission of electricity through the National Transmission Network to distributors in MT (medium tension) and HT (high tension), to consumers connected to the National Transmission Network and VHT networks (very high tension), networks to which REN is connected. This activity also includes the planning and development of the National Transmission Network, the construction of new infrastructures and the operation and maintenance of the National Transmission Network.

iii) Global Management of the System
The objective of this activity is global management of the electricity system, REN being responsible for the technical management through coordination, at the linkage points to the National Transmission System, the transit of electric energy of the production installations, the distribution networks, in MT and HT, and of the consumers connected to the National Transmission Network, through dispatch orders.

REN can carry out other activities directly, or through subsidiary companies, when authorized by the Government, if this is in the best interests of the concession or its clients.

The concession of the electric transmission activity which includes the global management of the system is performed in an exclusive concession regime through the exploration of the National Transmission Network. The concession was granted for a period of 50 years as from 15 June 2007.

The global management of the system guarantees a contractual equilibrium, in the conditions of an efficient management, through the recognition of investments, operation and maintenance costs and adequate remuneration of the investments made, to be reflected in the tariffs applicable to the operator.

The assets considered as concession assets are the very high tension lines, connections and locations of the system manager, which includes:

- the lines, substations, sectioning points and related installations;
- the installations related to the central dispatch and overall management of SEP, including all the equipment essential for its operations;
- the installations of generating station sites, which the ownership belongs to REN; and
- the telecommunications, telemetry and remote control installations relating to the transmission and coordination of the electricity producer system.

In addition, the following are also considered as concession assets:

- the real estate belonging to REN on which the assets referred to above are installed, as well as the related land rights;
- the locations for the installation of the electricity producers, the ownership of which belongs to REN;
- other moveable or immovable assets necessary for the operation of the activities under concession; and
- the legal relationships directly related to the concession, such as labour, works, location, the rendering of services, the reception and delivery of electric energy, as well as the rights to use hydric resources and transport through networks located outside the concession area.

REN must, during the concession period, maintain the assets and related means a good operating performance, maintenance and security of the assets and related means, carrying out all the repairs, renewals and adaptations necessary to maintain the assets in the required technical conditions.

REN has the right to explore the concession's assets up to termination of the concession. The assets can only be used for the purposes of the concession. On the date the concession terminates, the assets related to it revert to the State in accordance with the terms of the contract, which include the receipt of an indemnity corresponding to the net book value of the concession assets.

The concession can be terminated by agreement between the parties, by early termination, by redemption and by expiry of the term. Termination of the concession involves transmission to the State of the concession assets.

The concession contract can be terminated by the conceding entity if any of the following situations with a significant impact on the operations of the concession occurs: non-compliance with the principles of the concession; opposition to supervision and disobedience of the decisions of the conceding entity; refusal to carry out the repairs and maintenance of the concession's assets, as well as their development; application of higher tariffs than those defined by the regulator;

and the unauthorized transmission or sub-concession of the transmission concession.

The conceding entity can cancel the concession whenever motives of public interest justify this, 10 years having elapsed since the date of the beginning of its term. By cancelling the concession, the operator has the right to an indemnity in accordance with the book value of the assets as of the date they revert as well as to possible loss of profits.

If, upon termination of the concession, it is not renewed or the new form or entity responsible for the concession has not been decided, this concession contract can be extended for the maximum period of one year, as a rendering of services or any other legal form of contract.

In accordance with ERSE Order 11/2010 of 7 September 2010, REN S.A. became subject to a new remuneration mechanism for the electricity segment, referred to as standard prices, which is applicable to for all investment in lines and substations which start operating from 1 January 2009 onwards.

2.2 TRANSPORT OF GAS AND GLOBAL MANAGEMENT OF THE SYSTEM

The concession for the use the National Natural Gas Transport Network was granted to REN - Gasodutos, S.A., for a period of 40 years, under Decree-Law 140/2006 of 26 July 2006, for the purpose of managing the National Natural Gas System (Sistema Nacional de Gás Natural - SNGN), operation of the high pressure gas transport network and development of the necessary infrastructures, under the public service regime.

The concession contract of REN Gasodutos, S.A. covers the following activities:

i) Global management of the gas system
The objective of this activity is to manage the National Gas Supply System (Sistema Nacional de Abastecimento de Gás - SNGN) through coordination of the national and international connections to the National Natural Gas Transport Network, planning and preparation of the expansion necessary of the high pressure gas transport network, and control of the natural gas safety reserves. The operators which perform any activity integrated in the SNGN, as well as the users are subject to this activity.

ii) Transport of Gas
The concession of this activity has the objective of ensuring the transport of gas through the infrastructures that make up the high pressure national network, as well as distribution to SNGN or industrial consumers connected directly to the National Natural Gas Transport Network. This activity includes not only the reception and distribution of gas through the high pressure transport network, but also operation and maintenance of all the infrastructures and connections belonging to the National Natural Gas Transport Network.

The model of the concession contract ensures contractual equilibrium, in the conditions of an efficient management, through recovery of the eligible investment costs, operating and maintenance costs and adequate remuneration of the assets, to be reflected in the tariffs applicable to the operator.

The assets considered in the concession assets include:

- the high pressure gas pipelines used to transport gas, and related pipes and equipment's;
- the infrastructures related to the compression, transport and gas pressure reduction for delivery to medium pressure gas pipelines;
- equipment related to the overall technical management of the National Gas Supply System; and
- telecommunications, telemetry and remote control infrastructures used to manage the reception, transport and delivery networks, including the gas metres placed in the installations of users.

In addition, the concession assets also include:

- the real estate assets owned by REN Gasodutos, S.A., on which the above mentioned equipment is installed, as well as the related land way rights;
- other assets necessary for carrying out the activities of the concession;
- any intellectual or industrial rights owned by REN Gasodutos, S.A.; and
- the legal relationships related to the concession, such as labour contracts, subcontracts, leasing and external services.

REN Gasodutos, S.A. must, during the period of the concession, maintain the assets and related means in good operational performance, maintenance and security, carrying out all the repairs, renewals and adaptations necessary to maintain the assets in the required technical condition.

REN Gasodutos, S.A. has the right to explore the concession's assets until the concession maturity. The assets can only be used for the purposes of the concession. On the concession date termination, the assets related to it revert to the State in accordance with the terms of the contract, which include an indemnity corresponding to the net book value of the concession.

The concession can be terminated by agreement between the parties, early termination, by redemption and by expiry of the term. Termination of the concession involves transmission to the State of the assets related to the concession.

The concession contract can be terminated by the conceding entity if any of the following situations with a significant impact on the operations of the concession occurs: imminent failure or interruption of the activity; deficiencies in the management and operation of the conceded operations; or deficiencies in the maintenance and repair of the infrastructures that compromise the quality of the services, application of higher tariffs than those authorised by the regulator, and the unauthorized transmission of the concession.

The conceding entity can cancel the concession whenever motives of public interest justify this, 15 years having elapsed since the date of the beginning of its term. By cancelling the concession, the operator has the right to an indemnity in accordance with the net book value of the assets as of the date they revert as well as to possible loss of futures profits.

If, upon termination of the concession, it is not renewed or the new form or entity responsible for the concession has not been decided, the concession contract can be extended for the maximum period of one year, as rendering of services or any other legal form of contract.

2.3 RECEPTION, STORAGE AND REGASIFICATION OF LIQUID NATURAL GAS (LNG)

The concession of the operations of the LNG terminal was granted to REN Atlântico, Terminal de GNL, S.A., for a period of 40 years, under Decree-Law 140/2006 of 26 July 2006, to carry out the following activities under the rendering of public services regime:

i) reception, storage, treatment and regasification of liquid natural gas;

ii) the injection of high pressure natural gas into the National Natural Gas Transport Network (Rede Nacional de Transporte de Gás Natural - RNTGN) or its dispatch by specialised trucks; and

iii) the construction, utilization, maintenance and expansion of the LNG Terminal infrastructures (buildings, tanks, gas pipelines, etc.).

The model of the concession contract ensures contractual equilibrium in the conditions of an efficient management, through recovery of the eligible investment costs, operating and maintenance costs and adequate remuneration of the assets, to be reflected in the tariffs applicable to REN.

The assets considered as concession assets are as follows:

- the LNG terminal and related infrastructures installed in the Port of Sines;
- the infrastructures related to liquefied natural gas reception, storage, treatment and regasification, including all the equipment necessary to control, regulate and measure all the infrastructures and LNG terminal operations;
- the infrastructures used to inject natural gas into the National Natural Gas Transport Network or the loading and dispatch of LNG through trucks or methane tankers; and
- the infrastructures related to telecommunications, telemetry and remote control, used to manage all the infrastructures and the LNG terminal.

In addition, the following are also considered as concession assets:

- the real estate owned by REN Atlântico Terminal de GNL, S.A., where the above mentioned equipment is installed as well as the related rights of way;
- other assets necessary for the operations of the concession;
- any intellectual or industrial rights owned by REN Atlântico Terminal de GNL, S.A.; and
- the legal relationships established during the concession, such as: labour contracts, subcontracts, leasing and external services.

REN Atlântico Terminal de GNL, S.A. must, during the concession period maintain the assets in good operating condition, ensure the maintenance and security of the assets and related means, carrying out the necessary repairs, renewals and adaptations needed to keep the assets in the required technical conditions.

REN Atlântico Terminal de GNL, S.A. has the right to operate the assets of the concession until it's maturity. These assets may only be used for the purposes of the concession. At the termination of the concession the concession assets revert to the State in accordance with the contract, which provides for an indemnity to be paid corresponding to the net book value of the concession assets.

The concession can be cancelled by agreement between the parties, through early termination, redemption or maturity. Cancellation of the concession results in transmission of all the concession assets and related means to the State.

The Concession contract can be terminated by the conceding entity when any one of following events occurs, with a significant impact on the operations of the concession: imminent failure or interruption of the concession operations; deficiencies in the management and of the concession's operations; or deficiencies in the maintenance and repair of the infrastructure that compromises the quality of the service; application of higher tariffs than those authorized by the regulator; and the unauthorized transmission of the concession.

The conceding entity can cancel the concession, whenever the public interest justifies, but only after a 15 year period has elapsed as from the date of the beginning of the concession. By cancelling the concession, the operator has the right to an indemnity in accordance with the book value of the assets as of the date they revert, as well as to possible loss of future profits.

If, upon termination of the concession, it is not renewed or the new form or entity responsible for the concession has not been decided, the concession contract can be extended for the maximum period of one year, as a rendering of services or any other legal form of contract.

2.4 NATURAL UNDERGROUND GAS STORAGE

The concession to operate the underground storage was granted to REN – Armazenagem, S.A., for a period of 40 years, under Decree-law 140/06 of 26 July of 2006, to carry out the following activities, under a rendering of public service regime:

i) reception, injection, underground storage, extraction, treatment and delivery of natural gas, so as to create or maintain a natural gas security reserve or for delivery to the National Natural Gas Transport Network; and

ii) construction, utilization, maintenance and expansion of the underground storage tanks.

The model of the concession contract ensures contractual equilibrium, in the conditions of an efficient management, through recovery of the eligible investment costs, operating and maintenance costs and adequate remuneration of the assets, to be reflected in the tariffs applicable to REN.

The assets considered as concession assets include:

- the underground natural gas tanks acquired or constructed during the period of the concession contract;
- the infrastructures used for gas injection, extraction, compression, drying, and pressure reduction used for distribution to the National Natural Gas Transport Network, including the equipment necessary to control, regulate and measure the remaining infrastructures;
- infrastructures and equipment for leaching operations; and
- the infrastructures necessary for telecommunications, telemetry and remote control, used to manage all the infrastructures and underground chambers.

In addition, the following are also considered as concession assets:

- the property owned by REN – Armazenagem, S.A., in which the above mentioned equipment is installed as well as the related rights of way;
- other assets necessary for the operations of the concession activities;
- construction rights or increase in the underground chambers;
- the cushion gas relating to each chamber;
- any intellectual or industrial rights owned by REN Armazenagem, S.A.; and
- the legal relationships established during the concession, such as: labour contracts, subcontracts, leasing and external services.

REN Armazenagem, S.A. must, during the concession period, maintain the assets in good operating condition, maintenance and security, carrying out the needed repairs, renewals and adaptations necessary to keep the assets in the required technical conditions.

REN – Armazenagem, S.A. has the right to operate the assets of the concession until its maturity. These assets may only be used for the purposes of the concession. At the termination date of the concession the concession assets revert to the State in accordance with the contract, which provides for an indemnity to be paid corresponding to the net book value of the concession assets.

The concession can be cancelled by agreement between the parties, through early termination, redemption or maturity. Cancellation of the concession results in transmission of all the concession assets to the State.

The Concession contract can be terminated by the conceding entity when any one of following events occurs, with a significant impact on the operations of the concession: imminent failure or interruption of the concession operations; deficient management of the concession's operations; or deficiencies in the maintenance and repair of the infrastructure that compromises the quality of the service; application of higher tariffs than those authorized by the regulator; and the unauthorized transmission of the concession.

The conceding entity can redeem the concession, whenever the public interest justifies this, but only after at least a 15 year period has elapsed as from the date of the beginning of the concession. By cancelling the concession, the operator has the right to an indemnity in accordance with the book value of the assets as of the date they revert, as well as to possible futures profits.

If, upon termination of the concession, it is not renewed or the new form or entity responsible for the concession has not been decided, the concession contract can be extended for the maximum period of one year, as a rendering of services or any other legal form of contract.

2.5 OPERATION OF A PILOT SITE FOR THE ENERGY OF OCEAN WAVES

The Portuguese State has granted a concession to Enondas, Energia das Ondas, S.A. ("Enondas" or "the Operator"), a wholly owned subsidiary of REN, under the terms of item 3, article 5 of Decree-Laws 5/2008 of 8 January and 238/2008 of 15 December, to operate a pilot area to produce electricity from ocean waves.

In accordance with Decree-Law 238/2008 of 15 December the concession has a period of 45 years and includes authorization to install the infrastructures to connect to the public electricity network and utilization of the public hydro resources, and monitoring of the use by third parties of the water resources necessary to produce electricity from waves, as well as competency to grant licences for the establishment and operation of the production of electric energy and related monitoring.

In accordance with the concession contract and applicable legislation, REN will have the right to an adequate remuneration from the concession through recognition of the costs of the investment, operation and maintenance, provided that they are approved in advance by the Government member responsible for the energy area, after the binding opinion of ERSE.

AMENDMENTS TO CONCESSION CONTRACTS

On February 21, 2012, the following amendments to the concession agreements in effect between the Portuguese State and the Group companies were signed, namely: i) the concession of transport activity of electricity through the National Network of Transport of Electricity signed with REN – Rede Eléctrica Nacional, S.A.; ii) the concession of transport activity of natural gas through the National Network of Natural Gas Transportation, signed with REN Gasodutos, S.A.; iii) the concession activity of reception, storage and regasification of liquefied natural gas to the terminal in Sines, signed with REN Atlântico, terminal GNL, S.A.; and iv) the concession of the activity of underground storage of natural, signed with REN Armazenagem, S.A..

These concession contracts were amended with the main purposes of: i) detailing the functions of the operators of the national networks of electricity and natural gas transportation; ii) develop arrangements for monitoring and supervising the activities of dealers by the Portuguese State and iii) specify the terms applicable to provide information by each of the dealers, adapting the respective contractual clauses to the legal provisions and regulations in force, in particular Decree-Law no. No. 77/2011 and n. No. 78/2011, both of 20 June.

3 MAIN ACCOUNTING POLICIES

The main accounting policies used by the Group in the preparation of the consolidated financial statements are described below. The policies have been applied consistently in the periods presented.

3.1 BASIS OF PRESENTATION

The consolidated financial statements were prepared on a going concern basis, as from the books and accounting records of the companies included in the consolidation (Note 6), maintained in accordance with generally accepted accounting principles in Portugal, adjusted in the consolidation process so that the consolidated financial statements be in accordance with the International Financial Reporting Standards as endorsed by the European Union (“IAS/IFRS”), in force for the years starting on 1 January 2013.

Such standards includes the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (“IASB”), International Accounting Standards (IAS), issued by the International Accounting Standards Committee (“IASC”) and respective SIC and IFRIC interpretations, issued by the International Financial Reporting Interpretation Committee (“IFRIC”) and

Standard Interpretation Committee ("SIC"), that have been endorsed by the European Union. The standards and interpretations are hereinafter referred generically to as IFRS.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates, assumptions and judgements in the process of adopting REN's accounting policies, with a significant impact on the carrying amounts of assets, liabilities as well as expenses and income for the reporting period.

Although the estimates are based in the best experience of the Board of Directors and their best expectations in relation to current and future events and actions, the current and future results may differ from the estimates. The areas involving a higher degree of judgement or complexity, or areas in which the assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

The consolidated financial statements are presented in thousands of Euros - tEuros.

These consolidated financial statements were approved by the Board of Directors at a meeting held on 6 March 2014. The Board of Directors understands that the consolidated financial statements fairly present the financial position of the companies included in the consolidation, the consolidated results of their operations, their consolidated comprehensive income, the consolidated changes in their equity and their consolidated cash flows in accordance with the International Financial Reporting Standards as endorsed by the European Union ("IFRS").

ADOPTION OF NEW STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS

The following standards, interpretations, amendments and revisions endorsed by the European Union are of mandatory application for the financial year ended 31 December 2013:

- IAS 1 "Presentation of Financial Statements" (amendment) (to be applied for years beginning on or after 1 January 2013) – This amendment includes the following: (i) the items that comprise the Other Comprehensive Income and that in the future will be recognized in the income statement should be presented separately; and (ii) the Statement of Comprehensive Income should be designated Statement of Profit and Loss and Other Comprehensive Income. The presentation of the consolidated statement of comprehensive income has been amended in accordance with the new wording of IAS 1, including the comparative period. The retrospective application of this amendment had no impact on the level of comprehensive income.
- IFRIC 20 "Stripping Cost in the Production Phase of a Surface Mine" (new) (to be applied to years beginning on or after 1 January 2013) – This interpretation provides guidance on how and when to recognize certain stripping costs in the production phase of a surface mine. This change did not result in any impact on the consolidated financial statements of REN.
- IAS 12 "Income Taxes" (amendment) (to be applied to years beginning on or after 1 January 2013) – This change introduces a presumption that investment properties at fair value in accordance to IAS 40 are recovered

entirely through sale, unless the entity has clear evidence that recovery will occur in another manner. This change did not result in any impact on the consolidated financial statements of REN.

- IFRS 13 “Fair Value Measurements” (new) (to be applied to years beginning on or after 1 January 2013) – This standard sets out a single IFRS framework for measuring fair value and provides comprehensive guidance on how to measure the fair value of both financial and non-financial assets and liabilities. IFRS 13 applies when another IFRS requires or permits fair value measurement or disclosures about fair value measurements, thus it does not set out requirements on “when to” apply fair value measurement. From the adoption of this standard did not result significant impacts on the consolidated financial statements.
- IFRS 7 ‘Financial Instruments: Disclosures (amendment) (to be applied to years beginning on or after 1 January 2013) - This change introduced a series of additional disclosures for financial instruments, namely, information regarding those subject to similar compensation agreements. From the adoption of this amendment did not result significant impacts on REN´s consolidated financial statements.
- IFRS 1 “First Time Adoption of IFRSs” (amendment) (to be applied to years beginning on or after 1 January 2013) – IFRS 1 was subject to two changes: (i) exemption for entities that are operating in a hyper inflationary economy and adopting for the first time IFRS, allowing the use of fair value as cost considered on the items of the opening financial statement under IFRS. Additionally there is a change in the reference date for transition; and (ii) creates an exception to the retrospective application of resources defined in IAS 20 for application to government loans at below market interest rates. From this amendment no impacts on REN´s consolidated financial statements occurred.
- Improvements to International Financial Reporting Standards (cycle 2009-2011) (amendment) (to be applied to years beginning on or after 1 January 2013) - Improvements that are intended to clarify and simplify the implementation of international standards are introduced cyclically. Specifically for the current year changes were made, namely in IAS 1 (comparative information), IAS 16 (service equipment), IAS 32 (tax effect of the distribution of equity instruments), IAS 34 (segment information) and IFRS 1 (repeated application of the standard). From this change no significant impacts on the consolidated financial statements of REN occurred.
- IAS 19 “Post-Employment Benefits” (amendment) (to be applied for years beginning on or after 1 January 2013) – This amendment introduces some changes related with defined benefits plans, namely: (i) actuarial gains and losses are totally recorded in reserves (eliminate the corridor method); (ii) only one interest rate is applied for the determination of the defined benefit obligation and to the plan assets. The difference between the actual return on plan assets and the unique interest rate is regarded as an actuarial gain/loss; (iii) expenses recorded in the profit and loss statement correspond only to the service cost and to the net interest costs; and (iv) introduction of new disclosure requirements.

The retrospective application of the amendments to IAS 19 in the year 2012, resulted in an increase in the captions “Personnel costs” in the consolidated income statement and the caption “Retained earnings” in the amount of 331 thousand Euros. This impact refers to the application of a single interest rate to the obligations and assets of the plan.

The following standards, interpretations, amendments and revisions have been endorsed by the European Union with mandatory application in future economic exercises:

- IFRS 10 “Consolidated Financial Statements” (new) (to be applied to years beginning on or after 1 January 2014) - This standard establishes the grounds for presenting consolidated financial statements, replacing on these matters IAS 27 - Consolidated and Separate Financial Statements and SIC 12 - Consolidation – Special Purpose Entities. This standard introduces as well new rules for determining control and consolidation perimeter. From the future adoption of this standard it is not expected a significant impact on REN´s consolidated financial statements.
- IFRS 11 “Joint Arrangements” (new) (to be applied to years beginning on or after 1 January 2014) - This standard supersedes IAS 31 and SIC 13 – Jointly Controlled Entities and mainly address: (i) the definition of “jointly arrangements” empathizing the rights and obligations instead of its legal form; (ii) reduces the types of jointly agreements prevailing the following: “joint operations” and “joint ventures”; and (iii) eliminates the possibility of using the proportional consolidation model for “joint ventures”. From the future adoption of this standard it is not expected a significant impact on REN´s consolidated financial statements.
- IFRS 12 “Disclosure of interests in other entities” (new) (to be applied to years beginning on or after 1 January 2014) - This standard provides expanded disclosures requirements relating to entity’s interests in subsidiaries, associates and joint arrangements. From the future adoption of this standard it is not expected a significant impact on REN´s consolidated financial statements.
- IAS 27 “Separate financial statements” (amendement) (to be applied to years beginning on or after 1 January 2014) - This amendment was reviewed following the emission of IFRS 10, and contains the recording principles and disclosures for investments in associates in the separate financial statements. From the future adoption of this change it is not expected a significant impact on REN´s consolidated financial statements.
- IAS 28 “Investments in associates and joint ventures” (amendement) (to be applied to years beginning on or after 1 January 2014) - IAS 28 was reviewed following the issue of IFRS 11 and IFRS 12 and provides guidance on accounting for interests in associates and joint ventures in accordance with equity method. From the future adoption of this change it is not expected a significant impact on REN´s consolidated financial statements.
- IAS 32 ‘Financial Instruments: Presentation’ (amended) (to be applied to years beginning on or after 1 January 2014). This amendment clarifies the requirements that could allow an Entity to compensate financial assets and liabilities in the statement of financial position. From the future adoption of this change it is not expected a significant impact on REN´s consolidated financial statements.
- IFRS 10, IFRS 11 and IFRS 12 (amendment) (to be applied for annual periods beginning on or after 1 January 2014) - Amendments to IFRS 10, IFRS 11 and IFRS 12 to clarify the rules of the transition to those standards. The future adoption of these standards is not expected to have significant impacts on the consolidated financial statements of REN.
- IFRS 10, IFRS 12 and IAS 27 (amendment) (to be applied for annual periods beginning on or after 1 January 2014) - Amendment to IFRS 10 clarifies, on one hand, the business model of investment entities (“Investment Entities”) and, on the other hand, requires that its subsidiaries are measured at fair

value through profit or loss, thereby creating an exception to the application of consolidation procedures. Consequently, IAS 27 and IFRS 12 standards are changed accordingly, being eliminated the option to measure at cost or fair value (established in IAS 27) and created a set of specific disclosures for investment entities (through IFRS 12).

- IAS 36 "Impairment of assets" (amendment) (to be applied for annual periods beginning on or after 1 January 2014) - This amendment eliminates the disclosure requirements of the recoverable amount of a cash-generating unit with goodwill or intangible assets with indefinite useful lives to periods when it was not recorded any impairment loss or reversal of impairment. Introduces additional disclosure requirements for assets for which it was recorded an impairment loss or reversal of impairment and the recoverable amount of these aids has determined based on fair value less costs to sell. From the future adoption of this standard is not expected significant impact on the consolidated financial statements of REN.
- IAS 39 "Financial Instruments: Recognition and Measurement" (amendment) (to be applied for annual periods beginning on or after 1 January 2014) - This amendment will allow, under certain circumstances, the continuation of hedge accounting when a derivative designated as a hedging instrument is modified. From the future adoption of this standard is not expected significant impact on the consolidated financial statements of REN.

The Company did not use any early adoption option of any of the above standards in the consolidated financial statements for the year ended 31 December 2013.

The following standards, interpretations, amendments and revisions, with mandatory application in future years, were not, until the date of preparation of these consolidated financial statements, been endorsed by the European Union:

STANDARD	APPLICABLE FOR FINANCIAL YEARS BEGINNING ON OR AFTER	RESUME
IFRS 9 - Financial instruments (2009)	n/a	This standard sets out requirements for the classification and mensuration of financial instruments.
Annual improvements to IFRS (2010 - 2012 cycle)	Several (01-Jul-14)	These improvements involve the revision of several standards, including IAS 16, IFRS 3 and IFRS 8.
Annual improvements to IFRS (2011 - 2013 cycle)	Several (01-Jul-14)	These improvements involve the revision of several standards, including IAS 40, IFRS 1 and IFRS 13.
IFRIC 21 - 'Levies'	1-Jan-14	Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.
IAS 19 - Employee benefits (Defined benefit plans: employee contributions)	1-Jul-14	This amendment clarifies the circumstances on which employee contribution plans for post-employment benefits are a reduction in the cost of short-term benefits.

These standards and interpretations issued by the IASB, were not yet endorsed by the European Union and consequently REN has not adopted them on the 31 December 2013 consolidated financial statements.

3.2 CONSOLIDATION PRINCIPLES

The consolidation methods used by the Group are as follows:

a) INVESTMENTS IN SUBSIDIARIES

Subsidiaries are all entities (including special purpose entities) over which REN has the power to govern their financial and operating policies generally associated with direct or indirect control of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are excluded from the consolidation as from the date that control ceases. The net income of the subsidiaries acquired or sold during the period is included in the consolidated financial statement from the date of acquisition or until the date it has been sold. Subsidiaries are included in the accompanying financial statements in accordance with the full consolidation method.

Equity and net profit for the year corresponding to third party participation in subsidiaries are reflected separately in the consolidated statement of financial position and income statement in the caption "Non-controlling interests".

The comprehensive income is attributable to the company's shareholders and to the non-controlling interests, even if that results in a negative balance of the non-controlling interests.

Whenever necessary, adjustments are made to the financial statements of subsidiaries for them to be consistent with Group's accounting policies. Transactions (including unrealized gains and losses on sales between Group companies), balances and dividends distributed between Group companies are eliminated in the consolidation process.

The entities that qualify as subsidiaries are listed in Note 6.

b) INVESTMENTS IN ASSOCIATES AND JOINT-VENTURES

Associates

Investments in associates (companies in which the Group has significant influence but does not have control or joint control through participation in the company's financial and operating decisions, normally where it holds between 20% to 50% of the share capital) are recorded in accordance with the equity method.

In accordance with the equity method investments are recorded at cost and subsequently, adjusted by the Group's share of the investee's post acquisition changes in net equity (including net result) of the associated company by corresponding entry to the income statement. Additionally, dividends received are recorded as a decrease on the carrying amount of the associate, and proportional portion in the equity variations is recorded as a variation in the Groups equity.

The excess of cost in relation to the fair value of the identifiable assets and liabilities of the associated company at the date of acquisition is recognised as goodwill and included in the value of the investment. If the difference between cost and fair value of the assets and liabilities acquired is negative, it is recognised as a gain in the period.

Valuations are made of investments in associates when there are facts that might indicate that the participation is impaired, being recorded an impairment losses in the income statement, if exists.

When the Group's share of the accumulated losses on an Associate exceeds the book value of the participation, the participation is recorded at zero, except where the Group has assumed commitments to cover losses of the Associate, in which case the Group recognise a liability. If subsequently, the associate reports profits, the Group records its share in the profits only after its profits share be equal to the portion of non-recognized losses.

Unrealised gains and losses on transactions with associates are eliminated in proportion to the Group's interest in the associate, by corresponding entry to the investment in the associate. Unrealised losses are also eliminated, only if the loss doesn´t result from the transferred asset being impaired.

The interests in associates are detailed in Note 10.

Joint ventures
Investments in joint ventures are included in the consolidated financial statements by the equity method. The Group's share of the earnings or losses of the joint venture is recognized in the income statement as operating income and the share of movements in reserves of the joint venture, if any, is recognized in reserves. The unrealized gains and losses on transactions with jointly controlled entities are eliminated in proportion to the Group's interest in the jointly controlled company, against the investment in the entity.

The accounting policies of joint ventures are standardized, when necessary, to ensure that they are consistently applied in the consolidated financial statements.

Investments in joint ventures are detailed in Note 10.

Associates with no significant influence
Investments in associates (companies in which the Group does not have significant influence or control, normally where it holds less than 20% of the share capital) are recorded at cost, since the companies are not listed in any stock exchange and the fair value cannot be measured with reliability.

The investments in associates are classified as assets available-for-sale in accordance with IAS 39, being presented as non-current assets when considered strategic to the Group.

Associates with no significant influence are presented in Note 13.

c) GOODWILL

Differences between the cost of acquisition of investments in subsidiaries and the fair value of the identifiable assets and liabilities of these companies as of the date of the acquisition or during a period of 12 months after that date, if positive, are recorded as goodwill (in the case of subsidiaries). If this difference is negative, they are immediately recorded in the consolidated profit and loss statement.

Goodwill generated on acquisitions after 1 January 2004 (date of transition to IFRS) is not amortised, but is subject to impairment tests at least annually to verify the existence of impairment losses.

Goodwill impairment test is based on the recoverable amount of the cash generating unit, comparing it to the recorded amount, including the Goodwill of that unit. If this amount exceeds the recoverable amount an impairment provision is recorded immediately in the consolidated financial statements, reducing the asset value and considering a cost in the consolidated income statement which is not reversible. The recoverable amount is determined based on the use value of the cash generating unit, being this value calculated by discounting the future cash flows, considering the business risks, the temporal value as well as market conditions.

3.3 BALANCES AND TRANSACTIONS IN FOREIGN CURRENCY

Items included in the financial statements of each of the REN Group entities are recorded using the currency of the primary economic environment in which the entity operates ('the functional currency'), the Euro. The consolidated financial statements including these notes are presented in thousands of Euros, unless otherwise indicated, the Group's functional currency.

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of foreign currency monetary assets and liabilities at the year-end exchange rates are recognised as financial costs in the statement of profit and loss if relating to borrowings and in other operating income and costs in the case of all the other balances/ transactions.

The foreign currency exchange rates used for the translation of the foreign currency balances are as follows:

CURRENCY	'13	'12
US Dollar (USD)	1.38	1.32
Swiss franc (CHF)	1.23	1.21
Pound sterling (GBP)	0.83	0.82
Real Brazilian (BRL)	3.26	2.70
Japan (Yen-JPY)	144.72	113.61

3.4 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets and Property, plant and equipment are stated at cost less accumulated amortization / depreciation and accumulated impairment losses. Cost includes the cost of assets considered as of the transition date to IFRS and the acquisition or construction cost of assets acquired/constructed after that date.

Acquisition or construction cost includes the purchase price of the asset and costs incurred directly to prepare the asset to start operating. Borrowing costs incurred during the construction phase are recognised as acquisition/ construction costs. Financial expenses incurred during the construction period with loans obtained are recorded as a component of the acquisition/

construction cost of the asset, being amortized over the useful life period of the correspondent asset.

Subsequent costs, including renewals and major overhauls, that extend the useful life of the assets is recognised as cost of the asset, after write off of the component replaced.

Current maintenance and repair costs are expensed in the year they are incurred.

The fixed assets are depreciated on a straight line basis over the estimated period of useful life of the assets, from the moment they are available for use in the necessary conditions to operate in accordance with management objectives.

Whenever there are impairment indicators of fixed assets, impairment tests are made to estimate the recoverable amount of the asset and impairment losses, if any, are recorded. The recoverable amount is defined as the higher amount between the net sale price of an asset and its value in use. The value in use is calculated based on a discounted future cash flows resulting from continued use of the asset and its sale at the end of its useful life.

The useful life of the assets are reviewed at the end of each year so that the depreciation or amortization recorded is in accordance with the consumption standards of the assets. Changes in useful life are treated as changes in accounting estimates and are applied prospectively.

Gains and losses on the sale of intangible assets and Property, plant and equipment are determined by the difference between the sale amount and the carrying amount of the asset, being recorded in the consolidated statement of profit and loss.

CONCESSION/REGULATED ASSETS – IFRIC 12 – SERVICE CONCESSION ARRANGEMENTS

The Group has: (i) four concessions for the operations and development of the National Transmission Network, for the global management of the national electric system, as well as utilization and development of the National Natural Gas Transport Network, of the Liquid Natural Gas terminal, the underground storage of natural gas and global management of the natural gas system and (ii) a concession to explore a pilot zone for the electricity production from ocean waves. The assets acquired / constructed by REN under these concession contracts are referred to below as assets relating to the concession.

IFRIC 12 – Service Concession Arrangements was issued by the IASB in November 2006, for application in years starting on or after 1 January 2008. IFRIC 12 was endorsed by the European Union on 25 March 2009, being of mandatory application for years beginning on or after 1 January 2010.

IFRIC 12 applies to public service concession contracts in which the conceding entity controls/regulates:

- The services to be rendered by the operator (through utilization of the infrastructure), to whom and at what price; and
- Any residual interest over the infrastructure at the end of the contract.

IFRIC 12 applies to infrastructures:

- constructed or acquired by the operator from third parties;
- already existing to which the operator is given access.

Therefore, considering the above the REN Group's concessions are covered by this IFRIC for the following reasons:

(i) the REN Group companies (REN – Rede Eléctrica Nacional, S.A., REN Gasodutos, S.A., REN Armazenagem, S.A., REN Atlântico, Terminal de GNL, S.A. and Enondas, Energia das Ondas, S.A.) have a public service concession contract signed with the Portuguese State ("Conceding Entity") for a predefined period;

(ii) the companies render public transport services, reception and storage of gas and transmission of electricity through utilization of gas pipelines, branches and underground tanks, in the case of gas, and lines, stations and substations in the case of electricity;

(iii) the conceding entity controls the services rendered and the conditions under which they are rendered, through the regulator ERSE; and

(iv) the assets used to render the services revert to the conceding entity at the end of the concession contracts.

This interpretation establishes the general principles for the recognition and measurement of the rights and obligations under the concession contracts with the features mentioned earlier and define the following models:

(i) Financial asset model – when the operator has the unconditional contractual right to receive cash or other financial asset from the conceding entity, corresponding to specific or determinable amounts, the operator must record a financial asset (receivable). In this model the conceding entity has few or no discretionary power to avoid the payment, as the agreement is usually legally binding.

(ii) Intangible asset model – when the operator receives from the conceding entity the right to collect a tariff based on use of the structure, it must record an intangible asset.

(iii) Bifurcated/mixed model – this model applies when the concession includes simultaneously commitments of guaranteed remuneration by the conceding entity and commitments of remuneration dependent on the level of utilization of the concession infrastructures.

Considering the nature of concession of the REN Group, as regards the legal nature of its concessions, REN decided that the best model for its business case is the intangible model due essentially to the risk of changes in the tariff regulation imposed by the regulator ERSE.

In this respect and in relation to the residual value of the assets relating to the concession (in accordance with the concession contracts, REN has the right to be reimbursed at the end of the concession contract for the net book value of the conceded assets), they were also considered as part of the intangible assets. The residual value of the conceded assets was not significant as of 31 December 2013.

Attending to the above, concession assets (intangible assets) are valuated at its acquisition cost or production cost which include financial costs incurred during the construction period. The revaluations that were recorded in the concessions assets on the date of transition to IFRS are part of its cost.

For amortization purposes of the concession assets, REN Group follows IAS 38 – Intangible assets, that states in paragraph 98 that: " A variety of amortization methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method and production unit method. The method used is selected based on the expected consumption model of future economic benefits included in the asset and is applied consistently from period to period, unless there is a change in the expected consumption model of these future economic benefits”. Therefore considering this, REN understands that the amortization method that best reflects the expected standard of consumption of future benefits of this asset is amortization based on the rate of amortization of the gas and electricity infrastructures approved by the regulator ERSE, as this is the basis of its annual income, that is the conceded assets are amortized based on the remuneration model underlying the Tariff Regulations.

Therefore, in accordance with IFRIC 12 the right granted under the concession contract consists of the possibility of REN charging tariffs based on the costs incurred with the infrastructures. However, considering the methodology for determining REN’s tariffs, the remuneration base is determined considering each concession asset, specifically, which implies the need to componentize the right. Consequently, in the case of REN’s concessions it is considered that the right is componentized by separate parts as the various remuneration bases are established. Therefore the intangible asset is: (i) increased as the various projects relating to the concession are concluded (increase in the concession rights), being recorded based on cost; and (ii) decreased as the future economic benefits are consumed.

In accordance with IFRIC 12 construction of the infrastructure by the operator is a service that it provides to the conceding entity, distinct from the operation and maintenance service and, as such, will be remunerated by it. However, in applying IFRIC 12 the REN Group assumes that there is no margin in the construction but only in the operation business. Nevertheless, construction costs and income relating to construction are recorded in the consolidated statement of profit and loss for the year, considering the requirements of IFRIC 12 in the captions “revenue from construction of concession assets” and “costs with construction of concession assets”.

The REN Group makes impairment tests of the assets relating to the concessions whenever events or circumstances indicate that book value exceeds its recoverable amount, being that difference, if any, recorded in the statement of profit and loss. The cash generating units defined for the purpose are directly associated with each concession contract, considering that the conceded assets relating to them belong to the same cash generating unit.

Lands relating to the electricity producing plants are covered by the Concession Contracts entered into between REN and the Portuguese State and are remunerated based on its amortization, not being disassociated, as such from the other assets of the concession, being an integral part of a common cash generating unit.

Investment grants relating to assets are recognized in the statement of profit and loss at the same rate as amortization of the assets. IAS 20 in paragraphs 24 and 25 states that: “Government grants relating to assets, including non-monetary grants at fair value must be presented in the statement of financial position considering the grant as deferred income or deducting the grant to the cost of the asset”. Therefore given the existence of these two alternatives for the presentation of grants in the financial statements and IFRIC 12 not mentioning the treatment of investment grants received, REN maintained the grants recorded as liabilities.

Considering this, and as a result of applying IFRIC 12, the REN Group classifies assets relating to the concessions in accordance with the intangible asset model, being amortized on a straight line basis as from the date in which they become available for use in accordance with the expected consumption of future benefits model, which corresponds to the regulatory period defined by ERSE and considering that at the end of the concession the Group has the right to receive the net book value of the assets.

Intangible assets in progress reflect the concession's assets still under construction, being recorded at cost less any impairment losses, being amortized as from the time the investment projects are completed or available for use.

3.5 LEASES

Classifying a lease as finance or an operating lease depends upon the substance of transaction rather than the legal form of the lease arrangement.

Leases, in which REN has substantially all the risks and rewards of ownership of an asset, are classified as finance leases. Agreements in which an analysis of one or more of the conditions of the contract point a finance lease are also classified as such. All other leases are classified as operating leases.

Finance lease contracts are initially recognized at the lower of the fair value of the leased assets or the present value of the minimum lease payments, determined at the inception date. The lease liability is recognized net of interest costs in the caption Borrowings. Interest costs included in the lease payments and depreciation of the leased assets are recognized in the consolidated statement of profit and loss in the period they refer to.

The assets acquired under finance lease contracts, are depreciated by the lower period between the useful life period of the asset and the maturity of the lease contract, when the company don`t have a purchase option on the maturity date, or by the useful life period estimated, when the Company has the commitment to acquire the asset by the end period of the contract.

In operating lease contracts, the lease payments due are recognized as expenses in the statement of profit and loss, on a straight-line basis over the lease term.

3.6 FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS

The Board of Directors determines the classification of financial assets at the time of initial recognition, in accordance with the purpose for which the financial assets are acquired.

Financial assets may be classified under the following categories:

a) financial assets at fair value through profit or loss – includes non-derivative financial assets held for short-term trading and assets designated at fair value through profit and loss at the inception date;

b) loans granted and receivables – includes non-derivative financial assets with fixed or determinable payments that are not listed in an active market;

c) investments held to maturity – includes non-derivative financial assets with fixed or determinable payments and fixed maturities, that the entity intends and has the capacity to hold until the maturity date; and

d) available-for-sale financial assets – includes non-derivative financial assets designated as available-for-sale at the inception date or other financial assets not classified in any of the other financial asset categories. Available-for-sale financial assets are recognised as non-current assets unless management intends to sell them within 12 months of the balance sheet date.

Purchases and sales of investments in financial assets are recognized on the transaction date – the date on which REN commits itself to purchase or sell the asset.

Financial assets at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of profit and loss. Such assets are subsequently adjusted to fair value, gains and losses arising from changes in fair value being recognised in the statement of profit and loss caption "Financial costs" for the period in which they arise, which also includes interest income and dividends received.

Available-for-sale assets are initially recognised at fair value including transaction costs. In subsequent periods these assets are adjusted to fair value, the changes in fair value being recognised in a fair value reserve within Equity until the investment be sold or received or until the fair value of the investment be below the acquisition cost on a longstanding perspective, situations on which the loss is recorded in the statement of profit and loss. Dividends and interest income from available-for-sale financial assets are recognised in the statement of profit and loss caption financial income for the period in which the right to receive them is established.

The fair value of listed investments is based on current market prices ("bid"). If the market for a financial asset is not active, REN establishes fair value by using valuation techniques. These include the use of recent transactions, provided that they are at market prices, reference to other instruments that are substantially the same and discounted cash flow analysis when information is available, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

In the situations where the investments are equity instruments not valued under active market quotations, and for which is not possible to estimate with reliability its fair value, these investments are measured at the acquisition cost deducted of impairments losses, if any, being the impairment losses recorded in the profit and loss statement of the year.

Financial assets held to maturity are measured at amortized cost using the effective interest rate method.

Loans and receivables are classified as "Trade and other receivables" in the statement of financial position, are initially recorded at fair value, and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the transactions that gave rise to the receivables, which are recorded in statement of profit and loss in caption "Impairment of trade receivables".

Financial assets are derecognised when the rights to receive cash flows from the investments expire or are transferred, as well as all the risks and rewards of ownership.

Cash and cash equivalents includes cash on hand, bank deposits, other short-term highly liquid investments with initial maturities of up to three months, and bank overdrafts. Bank overdrafts are presented in the “Borrowings” caption in current liabilities in the statement of financial position, and are included in the consolidated statement of cash flows, as cash and cash equivalents.

FINANCIAL LIABILITIES

A financial instrument is classified as a financial liability when a contractual obligations exists to the issuer to liquidate capital and/or interests, by the delivery of cash or other financial asset, independently on its legal form.

IAS 39 establishes the classification of financial liabilities in two categories:

i) financial liabilities at fair value through profit and loss;

ii) other financial liabilities.

The caption other financial liabilities includes “Borrowings” and “Trade and other payables”.

Trade and other payables are initially measured at fair value and subsequently at amortised cost, using the effective interest rate method.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, the difference between the nominal value and the initial fair value being recognised in the consolidated statement of profit and loss over the term of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless REN has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date, in which case they are classified as non-current liabilities.

Financial liabilities are derecognised when the related obligations are extinguished through payment, are cancelled or expire.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recorded at fair value at the date of the transaction being subsequently measured at fair value. The method of recognising fair value gains or losses depends on the designation made of the derivative financial instruments. If they are designated as derivative financial instruments for trading, gains or losses resulting from fair value changes are recognized in the statement of profit and loss caption “Finance income” or “Finance costs”. If they are designated as hedging derivative financial instruments, gains or losses resulting from fair value changes depends on the nature of the hedged item, which can be a fair value hedge or a cash flow hedge.

The fair value of derivative financial instruments corresponds to its market value. In the absence of market value, the fair value is determined by external independent entities, thought valuation techniques accept in the market.

Derivative financial instruments are recognized in the caption "Derivative financial instruments", and if they have a positive or negative fair value they are recorded as financial assets or liabilities, respectively. Derivative financial instruments are classified as non-current when their remaining period to maturity exceeds twelve months and they are not expected to be realized or settled within twelve months.

HEDGE ACCOUNTING

Within the scope of the Group risk polices of interest rate and foreign exchange rate risk management, the Group contracts a series of financial derivative instruments, namely swaps.

The criteria for applying hedge accounting are the following:

- Adequate documentation of the hedge;
- The risk to be covered is one of the risks described in IAS 39;
- It is expected that the changes in the fair value or cash flows of the hedged item, attributable to the risk covered, are virtually offset by changes in fair value or cash flows of the hedging instrument.

At the inception of the hedge operation, the Company documents the relationship between the hedging instrument and the hedged item, its risk management objectives and strategy for managing the risk. Additionally, the Group assess, at the inception of the hedge and as of the reporting date, if the derivative financial instruments designated as highly effective in the compensation of changes in the fair value or cash flows of the corresponding items hedged.

The fair value of the derivative financial instruments contracted and the movements in hedge reserves are disclosed in Note 16.

In the fair value hedge of an asset or liability, the book value of the asset or liability, determined based on the accounting policy used, is adjusted so as to reflect the variation of its fair value attributable to the risk hedged. Variations in the fair value of the hedging instruments are recognized in the statement of profit and loss together with variations in the fair value of the assets or liabilities hedged attributable to the risk hedged.

In a hedging operation of the exposure to variations of high probability in future cash flows (cash flow hedge) the effective part of the fair value variation of the hedging instrument is recognized in hedging reserves, being transferred to the statement of profit and loss in the period the item hedged affects results. The ineffective part of the hedge in recognized in the statement of profit and loss.

Any amount recorded in the caption "Reserves - Hedging reserve" is only reclassified to profit and loss when the hedged item affects results. When the hedged item consist in a future transaction and is not expected to occur, any amounts recorded in "Reserves - Hedging reserve" is immediately reclassified into results.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires, is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

3.7 BORROWING COSTS

Financial costs related to borrowings are generally recognised as expense as incurred.

Borrowing costs related directly to the acquisition, construction or production of tangible and intangible assets are capitalised as part of the cost of the qualified asset (assets that need a substantial period of time to be prepared for its envisage use). Borrowing costs are capitalised from the time of preparation of the activities to construct or develop the asset to the time the production or construction is completed or when the project is suspended.

Any eventual financial income derived from a loan obtained earlier and allocable to a qualifying account, are deducted from the financial expenses that qualify for capitalisation.

3.8 GOVERNMENT GRANTS AND OTHERS

These refer to grants received for investment in intangible assets and are recorded as deferred income in the caption “Trade and other payables”.

Grants received from the Portuguese State and the European Union are recorded when there is reasonable certainty that the grant will be received.

Operating assets delivered to REN by new producers connected to the National Transmission Network or others are also recorded as grants received.

Grants are subsequently recorded to the consolidated statement of profit and loss on a systematic basis in accordance with amortization of the related assets.

Exploration grants are recognized in the consolidated statement of profit and loss in the period in which the related costs are incurred.

3.9 IMPAIRMENT OF ASSETS, EXCEPT GOODWILL

FINANCIAL ASSETS

The Group evaluates at each reporting date, if there are indicators that a financial asset or a group of financial assets, have any impairment, namely from which results an adverse impact on the estimated cash flows of the financial asset or group of financial assets, and always if it can measured reliably.

For financial assets measured at amortized cost, the impairment loss to be recognized corresponds to the difference between the carrying amount and its present value on the reporting date of the new future cash flows discounted at the respective original effective interest rate.

In the case of financial assets classified as “held for sale”, a significant and longstanding decrease of its fair value below the acquisition cost is considered an indicator that the financial asset is impaired. If evidence of impairment on the financial asset held for sale exists, the accumulated loss is determined by the difference between the acquisition cost the actual fair value, less any impairment losses previously recorded is transferred from the fair value reserve in equity into profit and loss of the period. Impairment losses of equity instruments recorded in profit and loss are not reversible.

NON-FINANCIAL ASSETS

Whenever events or changes in circumstances indicates that the amount by which the asset is recorded may not be recovered, impairment tests are undertaken in order to determine the recoverable amount of the asset, and when necessary an impairment loss recorded. An impairment loss is considered by the excess of the carrying amount of an asset when compared with its recoverable amount. The recoverable amount is the higher amount between the asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

Group REN undertakes impairment tests for the concession assets whenever events or circumstances indicate that the carrying amount exceeds the recoverable amount, in which case the difference, if any, is recognized in the income statement. The cash generating units were identified considering the concession agreements in place, considering that all assets belonging to these agreements are to be included in the same unit.

Assets with undefined useful life are not subject to amortization but are subject to annual impairment tests. Assets with useful life are subject to impairment tests whenever events or changes in the conditions indicate that the carrying amount may not be recovered.

This way whenever fair value is below the carrying amount of the assets, the Group should evaluate if this situation will be permanent in which case an impairment loss should be recognized. If it is assessed that the situation is not permanent the reasons that support such judgment should be disclosed.

Non-financial assets, except Goodwill, for which impairment losses have been recognized are reviewed at the end of each period evaluating the possibility of its reversal.

Reversal of impairment losses recognized in prior years is recorded in the consolidated profit and loss statement. However, the reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciations) had no impairment loss been recognized for that asset in prior years.

The amortization and depreciation of the assets are recalculated prospectively in accordance with the recoverable amount adjusted by the impairment recognized.

3.10 EMPLOYEE BENEFITS

REN grants supplementary retirement and survivor pension (hereinafter referred to as pension plan), provides its retirees and pensioners with a medical assistance plan and grants other benefits such as long service bonuses, retirement bonus, early-retirement and death subsidy.

i) REN – Rede Eléctrica Nacional, S.A. pension plan
The supplementary retirement and survivor pensions granted to employees consist of a defined benefit plan, with an autonomous plan assets established, to which all the liabilities are transferred and contributions are made to cover the liabilities which are vested on each period.

Employees that fulfil certain predefined conditions of age and length of service and choose to take an early retirement, as well as those that agree with the Company to take pre-retirement are also included in the plans.

This liabilities assumed by the Group are annually estimated by independent actuaries using the projected unit credit method. The present value of the defined benefit liability is determined by discounting future payments of the benefits using the appropriate discount rate. The liability is recognised, when applicable, deducted from the past service costs.

The source used to determine the annual discount rate, was based on the high quality risk bonds (Aa risk notation from Bloomberg). The credit risk notation is attributed by four rating agencies being its approach consistent with yeld curve model for each maturity group. The discount rate used results from the conversion of the interest rate curve in to a spot interest rate.

The liability for retirement benefits recognised in the consolidated statement of financial position corresponds to the present value of the liability for the benefits as of the reporting date less the fair value of the plan assets, together with any adjustments for past service costs, if applicable.

Actuarial gains and losses yearly determined, for each plan of benefits granted, resulting from adjustments to actuarial assumptions, experience adjustments or in the benefits scheme are recorded directly in equity.

The cost with retirement benefits is determined taking into account: i) current service costs, which corresponds to the increase in the present value of the liability resulting from employee service in the current year; ii) past service cost, change in the actual responsibility for employee service in prior periods (as a result of changes to the plan or significant reduction in the number of employees covered by the plan "curtailments"); iii) any gain or loss on settlement; and iv) net interest on the liability (assets) net of defined benefit, applying a discount rate to the net liabilities of the plan.

ii) REN – Rede Eléctrica Nacional, S.A. health plan and other benefits
The liabilities assumed relating to healthcare are not funded, being covered by a specific provision.

Measurement and recognition of the liability for healthcare are the same as those for retirement supplements referred to above, except as regards assets of the plan.

REN recognises all the actuarial gains and losses on all the plans directly in equity.

iii) Life Insurance Contracts
The Group companies provide their employees life insurance benefits. The costs are recognized during the period in which they render services to each company. This liability is covered by a specific provision.

Actuarial gains and losses determined in the year are recognized directly in equity.

3.11 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions are recognised when the Group has: i) a present legal or constructive obligation as a result of past events; ii) it is more likely than not that an outflow of internal resources will be required to settle the obligation; and iii) the amount can be reliably estimated. When one of these criteria is not fulfilled or the existence of the liability is dependent upon the occurrence (or not) a future event, REN discloses it as a contingent liability, except if the outflow of resources to settle it is considered to be remote.

Restructuring provisions are recognised by the Group when there is a formal and detailed restructuring plan and that such plan has been communicated to the involved parties. In the measurement of the restructuring provision, are only considered the expected outflows that directly result from the implementation of such plan, not considering, the current activities of the Group.

Provisions are measured at the present value of the estimated outflows required to settle the liability using a pre-tax rate that reflects the market assessment of the discount period and the risk of the provision.

Contingent assets are possible assets which probability of becoming certain depend of the occurrence of one or more uncertain future events that are not fully controlled by the Company. The probability of the inflow of the economic benefit is subject to the occurrence of such events.

The Group discloses contingent assets when it is estimated as probable the inflow of the corresponding economic benefit. However in exceptional circumstances on which REN estimates as virtually certain the probability the revenue is recognized in the consolidated financial statements.

3.12 INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Inventories include materials used in internal maintenance and repair operations. Inventories are initially recorded at cost, which includes purchase cost and all the expenses relating to their acquisition. Cost is determined using the weighted average cost method.

Gas in the gas pipelines and gas stored in the LNG terminal and underground tanks, is property of the infrastructure users. The REN Group does not buy, sell or hold any gas inventories.

3.13 CAPITAL AND OWN SHARES

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown net of tax, as a deduction in equity from the amount issued.

Own shares acquired through contract or directly on the stock market are recognised as a deduction in equity. In accordance with Portuguese Commercial law, REN SGPS must ensure at all times that there are reserves in Equity to cover the value of treasury shares, constraining the amount of reserves available for distribution.

Own shares are recorded at cost if they are acquired in a spot transaction or at estimated fair value if acquired in a deferred purchase.

3.14 INCOME TAX

REN is taxed based on the special regime for the taxation of group companies ("RETGS"), which includes all REN group companies located in Portugal, and which REN owns directly or indirectly at least 90% of the share capital and equally, being resident in Portugal and taxed in terms of Corporate Income Tax ("CIT").

Income tax for the year includes current income tax and deferred income tax. Income tax is recognised in the statement of profit and loss, except when it relates to items recognised directly in equity. The amount of income tax payable is determined based on net profit before tax, adjusted in accordance with tax rules for the entities included in the consolidation perimeter.

The taxable profit differs from the net profit determined by accounting rules, as several costs and revenues are excluded, that will only be deducted or taxed in future periods, and costs and revenues that will never be considered for tax purposes in accordance do the tax law in place.

Deferred tax is recognised using the liability method based on the statement of financial position considering the temporary differences between the tax base of assets and liabilities and their carrying amount in the consolidated financial statements.

Deferred taxes are calculated using the tax rates in force or substantially enacted at the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be used. Deferred tax liabilities are provided for on every temporary tax difference, except those relating to: i) the initial recognition of goodwill; or ii) the initial recognition of assets or liabilities in transactions that do not result from a business combination and at the time of the transaction affect neither accounting profit nor taxable profit. However, taxable temporary differences relating to investments in subsidiaries should not be recognised to the extent that: i) the parent company is able to control the timing of the reversal of the temporary difference; and ii) it is probable that the temporary difference will not revert in the near future.

3.15 ACCRUALS BASIS

Revenue and expenses are recognised in the period to which they relate, independently of the date they are received or paid, in accordance with the accrual basis of accounting. Differences between the amounts received and paid and the related income and costs are recognised as assets or liabilities, if they qualify so.

3.16 REVENUE

Revenue is measured by the fair value of the benefit received or be received. Revenue is deducted by the amount from devolutions, discounts and other rebates and it does not include VAT or other taxes related to the sale.

The revenue from the sale of goods is recorded when all the following conditions are met:

- The significant risks and rewards related with the property were transferred to the buyer;
- The Group does not maintain any control on the goods sold;
- The amount of revenue can be reliably measured;
- It's probable that future economic benefits related with the transaction will flow to the Group; and
- The expenses incurred or to be incurred with the transaction can be reliably estimated.

Revenue from services of non-regulated activities is recognized, by the percentage of completion of the respective transaction or services at the reporting date, when all the following conditions are met:

- The amount of revenue can be reliably measured;
- It's probable that future economic benefits related with the transaction will flow to the Group;
- The expenses incurred or to be incurred with the services can be reliably estimated; and
- The stage of completion of the transaction/service rendered can be reliably measured.

The revenue from interests is recognized using the effective interest method, provided that it is probable that economic benefits flow to the Group and its amount can be reliably measured.

The revenue from dividends are recognized when it is established the right of the Group to receive the correspondent amount.

Revenue from services rendered on the Group regulated activities are recorded in the consolidated statement of profit and loss in accordance with the criteria defined in IFRIC 12, described in greater detail in Note 3.4 – Intangible assets and Property, plant and equipment, and in accordance the description of each business segments.

Electricity segment

Revenue recognition for concession activities is determined based on information of the electricity transmitted to distributors and the implicit services provided, considering the tariffs defined annually by the regulator, for transmission of electricity and global management of the system.

The "Commercial Agent" activity, carried out by the group company REN Trading which is responsible for the management of the electricity produced under the two PPA's (power purchase agreements) that have not been terminated (Tejo Energia and Turbogás), is remunerated through an incentive mechanism.

To stimulate the "Commercial Agent" activity, in the beginning of 2008 ERSE established a mechanism to optimise management of the PPA's, a mechanism to optimise the management of carbon emission licences, as well as the parameters to be in place for calculating the incentives established. Revenue obtained by use of these mechanisms, is the main part of the results obtained from the "Commercial Agent" activity.

Revenue obtained from these activities is regulated by ERSE, the Portuguese electricity regulator. In accordance with the regulatory terms and conditions, the tariffs to be charged to final customers (domestic consumers, industry customers and others), are determined annually for each component of the system, such as: generation, transmission and distribution. REN – Rede Eléctrica Nacional, S.A. income relates mainly to electricity transmission and global management of the electricity system.

The tariff for electricity transmission aims to recover:

(i) amortization of the concession assets classified as electricity transmission equipment;

(ii) a return on the average net book value of the assets relating to this activity, in accordance with the rates determined annually by the regulator; and

(iii) operating costs (relating to the activity, payroll and others), less the results obtained from electricity transmission charged to third parties.

The tariff for global management of the system aims to recover:

(i) amortization of the concession assets relating to global management of the system;

(ii) amortization of the concession assets relating to the generating station sites;

(iii) a return on the average net book value of the generating station sites (land);

(iv) a return on the average net book value of the assets relating to this activity, in accordance with the rates determined annually by the regulator;

(v) operating costs (relating to the activity, payroll and others); and

(vi) operating costs of the regulator;

Gas segment

Revenue from gas concession operations is determined based on: i) information relating to the gas units unloaded and re-gasification of gas units in the LNG terminal, ii) the gas units injected, stored and extracted in the underground tanks; and iii) the used capacity and gas units transmitted through the high pressure transmission network. Revenue is calculated in accordance with the tariffs determined by the regulator as from 1 of July 2007. Up to 30 June 2007, revenue was determined in accordance with the transition agreements signed with Transgás the main user of the gas capacity of the gas assets owned by the REN Group.

Telecommunications segment
Revenue from the telecommunications segment results from services rendered by the group company RENTELECOM, through the lease of fibre optics capacity, benefiting from the excess capacity of the telecommunications equipment installed. In this area services relating to management of private voice networks are also rendered. Revenue is recognised in the period the services are rendered, based on the percentage of the stage of completion of each specific transaction, valued considering the actual services already rendered and the total services to be rendered.

TARIFF DEVIATIONS

The Tariff Regulations for the electricity and gas business, issued by ERSE, define the formula for calculating the revenue cap for the regulated activities and consider in the calculation formula, the determination of the tariff deviations that are recovered up to the second year after the date in which they were generated, the period on which the tariff deviations are recovered.

In this way the REN Group determines at each reporting date, in accordance with the criteria defined by the tariff regulations published by ERSE, the deviations determined between the revenue cap defined and actual revenue.

Considering the legislation and the regulatory environment in force, the tariff deviations determined by REN each year comply with a series of characteristics (measurement reliability, right of recovery, transmissibility, identification of the debtor and interest base) that support their recognition as revenue and as an asset, in the year in which they are determined, as being reliably measurable and for it being virtually certain that the financial benefits relating to the transaction(s) will flow to the Company. This rationale is also valid when negative tariff deviations are determined, which are considered as liabilities and revenue deduction.

Despite the IFRS don't cover the recording of tariff deviations, paragraph 12 of IAS 8 and the SFAS 71 – Accounting for the effects of certain types of regulation, strengthen the position of recording assets and liabilities tariff deviations under conditions on which the electricity and gas regulations are established for REN.

The Decree-law n.º 165/2008 dated 21 August for the electricity segment and the Decree-Law 87/2011 dated 18 July for the gas segment, reinforce the exposed, establishing the applicable regime to the recognition and transmission of tariff deviations, within the scope of the Concession contracts held by the Group.

3.17 SEGMENT REPORTING

An operational segment is a component of an entity which;

a) develops business activities from which can obtain revenue and incur in expenses (including revenue and expenses related with transactions and other components of the same entity);

b) operating results are regularly reviewed by the main responsible for the operational decision making process of the entity of for the purpose of decision making regarding the recourses imputation to the segment and the evaluation of its performance; and

c) the financial data available is distinct.

The operating segments are reported consistently with the internal model of management information made available to the main responsible for the operational decision making of the Entity.

REN identified the Executive Committee as the entity responsible for the operating making decisions. The Executive Committee reviews the information prepared internally so as to assess the Group's performance and the allocation of resources.

The REN Group is organized in two main business segments: Electricity and Gas and one secondary segment, the telecommunications. The Electricity segment includes the transmission of very high tension electricity and overall management of the public electricity supply system and management of power purchase agreements ("PPA") not terminated on 30 June 2007, as well as the management of the Concession pilot zone for electricity production based on sea waves. The Gas segment includes the transport of very high pressure gas and overall management of the national natural gas system, as well as operation of the LNG regasification terminal and underground storage of natural gas.

The telecommunications segment is presented separately although it does not qualify for disclosure.

The column "Others" includes the operations of REN SGPS, REN Serviços and REN Finance, BV.

Financial information relating to income of the identified business segments is included in Note 7.

3.18 CASH FLOW STATEMENT

The cash flow statement is prepared under the direct method, being presented the collections and payments in operational activities, investment activities and financing activities.

The Company classifies interests and dividends received as investment activities and interests and dividends paid as financing activities.

As of 31 December 2013, the captions of Receipts and Payments related to Financial investments in the cash flow statement in the amounts of 207,264 thousand Euros and 210,000 thousand Euros respectively, include, essentially amounts related to financial applications whit maturity above three months.

3.19 SHARE-BASED PAYMENT

The benefits granted under the medium-term variable remuneration policy are recorded in accordance with the provisions of IFRS 2 - Share-based Payment ("IFRS 2").

The payments settled in cash or cash equivalents ("cash settled"), which are based on the company shares quotation, give rise to the recognition of a liability initially measured at fair value, determined on the date on which the corresponding benefits are awarded. The benefits are recorded as personnel costs against liabilities, as the beneficiaries rendered the service. The fair value of the liability is reviewed at each reporting date, with the effect of any changes recognized in the consolidated statement of profit and loss.

The share-based payments are not material for the purpose of disclosure in the notes to the consolidated financial statements.

3.20 SUBSEQUENT EVENTS

Events that occur after the statement of financial position date that provide additional information on conditions that existed at the date of the statement of financial position ("adjusting events" or events after the statement of financial position date that lead to adjustments) are recognized in the financial statements. Events that occur after the statement of financial position date that provide information on conditions that exist after that date ("non-adjusting events" or events after the statement of financial position date that do not lead to adjustments) are disclosed in the notes to the consolidated financial statements, if material.

4 FINANCIAL RISK MANAGEMENT POLICIES

Financial risk management policies are also described in a specific section for this matter in the Management report.

4.1 FINANCIAL RISK FACTORS

The Group's activities are exposed to a variety of financial risks: including credit risk, liquidity risk and cash flow risk relating to interest rate, among others.

The Group has developed and implemented a risk management program that, together with permanent monitoring of the financial markets, aiming to minimise potential adverse effects on the REN Group's financial performance.

Risk management is carried out by the financial management department under policies approved by the Board of Directors. The financial management department identifies, assesses and realises operations to minimise the financial risks, in strict cooperation with REN's operating units. The Board of Directors defines the principles for overall risk management and policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, and the investment of liquidity excess.

i) Foreign exchange rate risk
REN has limited exposure to foreign exchange rate risk. The risk of fluctuation of foreign exchange rates on the bonds totalling 10,000 million Yens ("JPY") is fully hedged by a cross currency swap of the same notional amount.

An increase of 5% in the exchange rate of Euro/JPY, all other factors remaining constant, would lead to a decrease on equity in the amount of 836 thousand Euros as of 31 December 2013 (1,126 thousand Euros as of 31 December 2012), while a decrease of that exchange rate would lead to an increase on equity in the amount of 928 thousand Euros as of 31 December 2013 (1,243 as of 31 December 2012).

ii) Credit risk
REN's exposure to credit risk is not significant, since a substantial portion of services rendered are recorded through amounts invoiced to electricity and natural

gas distributors in regulated markets. In addition, in general, contracts with clients establish guarantees (Note 33.4), to cover the collection and default risk.

The Group's counterparty risk on bank deposits, financial applications, and financial derivative instruments is mitigated by the selection of top rating international institutions with solid credit ratings and well known national institutions.

iii) Liquidity risk
REN's liquidity risk management is carried out through the dynamic and flexible management of commercial paper programs, with subscription guarantee, as well as by negotiating credit limits that enable it, not only to ensure that the current treasury needs of the REN Group are met, but also provide some flexibility. For that effect we highlight the 545,000 thousand Euros available in commercial paper programmes (from which 475,000 thousand Euros with subscription guarantee), 150,000 thousand Euros available in a credit line with Industrial and Commercial Bank of China and the financing line available with the China Development Bank in the amount of 700,000 thousand Euros (Note 20).

The following table shows the Group's liabilities by intervals of residual contracted maturity and includes derivative financial instruments whose financial liquidation of the related flows is made at the net amount. The amounts shown in the table are non-discounted cash flows contracted and include future interests; as so, do not correspond to the respectives carrying amounts:

				31 DECEMBER 2013
	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
BORROWINGS:				
Bank borrowings	91,694	436,321	439,449	967,463
Bonds	230,351	1,046,814	661,791	1,938,957
Commercial paper	39,271	210,038	-	249,309
Others	795	1,768	-	2,563
	362,110	1,694,941	1,101,240	3,158,292
Derivative financial instruments	4,916	(2,033)	(7,544)	(4,661)
Trade and others payables	595,861	28,058	-	623,919

31 DECEMBER 2012

	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
BORROWINGS:				
Bank borrowings	79,912	273,792	427,457	781,161
Bonds	951,898	815,521	87,291	1,854,710
Commercial paper	253,052	93,966	-	347,018
Others	695	771	-	1,466
	1,285,558	1,184,050	514,748	2,984,356
Derivative financial instruments	9,151	22,752	-	31,903
Trade and others payables	309,074	6,822	-	315,896

The following table shows the derivative financial instruments, financial settlement of which is made at gross amounts:

31 DECEMBER 2013

	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
Cross currency interest rate swap				
Outflows	(4,169)	(16,686)	(83,446)	(104,301)
Inflows	1,873	7,490	79,398	88,761
	(2,296)	(9,196)	(4,048)	(15,540)

31 DECEMBER 2012

	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
Cross currency interest rate swap				
Outflows	(4,169)	(16,686)	(87,359)	(108,214)
Inflows	2,385	9,541	103,525	115,452
	(1,783)	(7,144)	16,166	7,238

iv) Interest rate risk
The risk relating to interest rate variation has two major impacts on REN's financial statements: remuneration of the company's assets, in accordance with the tariff regulations, and interest on the borrowings.

Since a significant part of the REN Group's assets have a guaranteed return through the tariffs, definition of which depends in part on market rates of interest, its operating cash flows are significantly affected by changes in the market interest rates. Increases in the interest market rates, generates significant increases in cash flows and vice-versa.

In terms of financial liabilities, REN is exposed to interest rate risk, mainly due to borrowings.

Borrowings at variable interest rates expose REN to cash flow risk resulting from changes in interest rates. Borrowing at fixed rates exposes the REN Group to fair value risk, as a result of changes in interest rates. Risk management is performed centrally aiming to avoid volatility in financial costs, using simple derivative financial instruments such as interest rate swaps. In this kind of operation REN Group exchanges with banking counterparties in specific dates and with defined maturities, the difference between the fixed interest rates and the variable rates with reference to the notional amounts contracted. All operations undertaken with this purpose can, mostly, be considered perfect interest rate hedging operations.

A sensitivity analysis was made based on the REN Group's total debt less applications in funds and cash and cash equivalents as of 31 December 2013 and 2012, with the following assumptions:

- Changes in market interest rates affecting interest income and costs of variable financial instruments;
- Changes in market interest rates affecting only results or equity in relation to fixed interest rate financial instruments if they are recognized at fair value (or when the carrying amount was adjusted by the interest rate risk in a fair value hedge);
- Changes in market interest rates affecting the fair value of derivative financial instruments and other financial assets and liabilities;
- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are estimated discounting future cash flows, using market rates at the year end.

Using these assumptions a 0.25% increase in market interest rates for all the currencies in which the Group has borrowings or derivative financial instruments at 31 December 2013 would result in a decrease of profit before tax of, approximately, 3,221 thousand Euros, from which 360 thousand Euros correspond to the impact on financial instruments (as of 31 December 2012 the impact was 1,941 thousand Euros).

The increase in equity resulting from an increase in interest rates of 0.25% would be, approximately, 1,550 thousand Euros, this impact entirely attributed to derivatives (on 31 December, 2012 corresponded to an increase of 1,778 thousand Euros).

The sensivity analysis is merely projected, and do not represent any present real gain or loss, neither other real variations in the net results nor in equity.

v) Price risk
REN's exposure to price risk results essentially from its investment in REE and Enagás. A variation of 10% in the price of shares of REE and Enagás at 31 December 2013 would have an impact on equity of 11,102 thousand Euros (8,904 thousand Euros in 2012).

vi) Regulated activity risk
Gains recognized by REN in each period result directly from the assumptions considered by the regulator, ERSE, in defining the regulated tariffs for the electricity and gas sectors.

4.2 CAPITAL RISK MANAGEMENT

The REN Group's objective relating to the capital management, which is a broader concept than the equity disclosed on the face of the statement of financial position, is to maintain an optimal equity structure, through rational use of debt.

The necessity of debt increases are analysed periodically considering the Group financing needs and its liquidity position.

REN also monitors its total capital based on the gearing ratio, which is calculated as net debt over the total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as presented in the consolidated statement of financial position), adjusted by the amounts of cash and cash equivalents and hedge derivatives. Total capital is calculated as equity (as presented in the consolidated statement of financial position) plus net debt. The Group's Gearing ratio comfortably meets the limits set by contract, being on 31 December 2013 above the minimum in 86% (on 31 December 2012 was 76% above the limit).

5 MAIN ESTIMATES AND JUDGEMENTS

The estimates and assumptions with impact on REN's consolidated financial statements are continuously evaluated, representing at each reporting date the Board of Directors best estimates, considering historical performance, past accumulated experience and expectations about future events that, under the circumstances, are believed to be reasonable.

The intrinsic nature of these estimates may cause different impacts on financial statements from those previously estimated. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

SIGNIFICANT ACCOUNTING ESTIMATES

5.1 PROVISIONS

The REN Group periodically analyses the existence of possible liabilities resulting from past events that should be recognized or disclosed.

The subjectivity inherent to the determination of the probability and amount of the resources necessary to settle these liabilities may result in significant adjustments, due to variations in the assumptions used or because previously disclosed contingent liabilities may have to be recognised as provisions.

5.2 ACTUARIAL ASSUMPTIONS

Determination of the liability for retirement pensions and healthcare plans requires the use of assumptions and estimates of a demographic and financial nature, which may significantly affect the liability calculated at each reporting date. The most sensitive assumptions refer to: the discount rates used to update the liability, the return on plan assets and the mortality tables.

5.3 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Determination of the periods of useful life of the assets, as well as the amortization and depreciation method to be used are essential for determining the amount of amortization and depreciation to be recognized in the consolidated statement of profit and loss for each year.

These two parameters are defined in accordance with Management's best judgement for the assets and business.

5.4 IMPAIRMENT

The recognition of possible impairment loss may be identified by the occurrence of events, many outside the control of the REN Group, such as: Future availability of financing; the cost of debt; or maintenance of the current market regulatory structure, as well as other changes of the REN Group, both internal and external.

The identification of impairment indicators, the estimate of future cash flows and the determination of the fair value of assets imply a high degree of judgement by the Board of Directors, as regards the evaluation of impairment indicators, estimated cash flows, discount rates used, useful lives and residual values.

In REN's specific activities there are other factors to consider in impairment testing, since commitments to increase the network of infrastructures, changes in expected tariffs, or changes in the strategy of the shareholders of REN, which together with other factors can result in changes in the future cash flow trends and amounts.

6 CONSOLIDATION PERIMETER

The following companies were included in the consolidation perimeter as of 31 December 2013 and 2012:

		'13		'12	
		% OWNED		% OWNED	
DESIGNATION / ADRESS	ACTIVITY	GROUP	INDIVIDUAL	GROUP	INDIVIDUAL
PARENT COMPANY:					
REN - Redes Energéticas Nacionais, SGPS, S.A.	Holding company	–	–	–	–
SUBSIDIARIES:					
Electricity segment:					
REN - Rede Electrica Nacional, S.A. Av. Estados Unidos da América, 55 - Lisboa	National electricity transmission network operator (high and very high tension)	100%	100%	100%	100%
REN Trading, S.A. Av. Estados Unidos da América, 55 – Lisboa	Purchase and sale, import and export of electricity and natural gas	100%	100%	100%	100%
Enondas Energia das Ondas, S.A. Mata do Urso – Guarda Norte - Carriço-Pombal	Management of the concession to operate a pilot area for the production of electric energy from ocean waves	100%	100%	100%	100%
Telecommunications segment:					
REN TELECOM – Comunicações S.A. Av. Estados Unidos da América, 55 - Lisboa	Telecommunications network operation	100%	100%	100%	100%
Other segments:					
REN – Serviços, S.A. Av. Estados Unidos da América, 55 – Lisboa	Back office and management of participations	100%	100%	100%	100%
REN Finance, BV Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands	Participate, finance, collaborate, conduct management of companies related to REN Group.	100%	100%	-	-
Natural gas segment:					
REN Atlântico, Terminal de GNL, S.A. Terminal de GNL – Sines	Liquified Natural Gas Terminal maintenance and regasification operation	100%	100%	100%	100%
OWNED BY REN SERVIÇOS, S.A.:					
REN Gás, S.A. Av. Estados Unidos da América, 55, 12° - Lisboa	Management of projects and ventures in the natural gas sector	100%	–	100%	–
OWNED BY REN GAS, S.A.:					
REN - Armazenagem, S.A. Mata do Urso - Guarda Norte - Carriço - Pombal	Underground storage developement, maintenance and operation	100%	-	100%	-
REN - Gasodutos, S.A. Estrada Nacional 116, km 32,25 - Vila de Rei - Bucelas	National Natural Gas Transport operator and natural gas overall manager	100%	-	100%	-

7 SEGMENT REPORTING

The REN Group is organised in two main business segments, Electricity and Gas and two secondary segments. The electricity segment includes the transmission of electricity in very high voltage, overall management of the public electricity system and management of the power purchase agreements (PPA) not terminated at 30 June 2007 and the pilot zone for electricity production from sea waves. The gas segment includes high pressure gas transmission and overall management of the national natural gas supply system, as well as the operation of regasification at the LNG Terminal and the underground storage of natural gas.

Although the activities of the LNG Terminal and underground storage can be seen as separate from the transport of gas and overall management of the national natural gas supply system, since these operations provide services to a single user, which is also the main user of the high pressure gas transport system, it was considered that it is subject to the same risks and benefits.

The telecommunications segment is presented separately although it does not qualify for disclosure.

Management of external loans are centrally managed by REN SGPS, S.A. for which the Company choose to present the assets and liabilities separate from its eliminations that are undertaken in the consolidation process, as used by the main responsible operating decision maker.

The results by segment for the year ended 31 December 2013 were as follows:

	ELECTRICITY	GAS	TELECOM.	OTHERS	ELIMINATIONS	CONSOLIDATED
Sales and services provided	**399,175**	**172,043**	**5,575**	**42,024**	**(42,819)**	**575,998**
Inter-segments	944	125	157	41,593	(42,819)	-
Revenues from exernal customers	398,231	171,918	5,418	432	-	575,998
Revenue from construction of concession assets	157,581	29,883	-	-	-	187,464
Cost with construction of concession assets	(137,210)	(24,969)	-	-	-	(162,179)
Gains/(losses) from associates and joint ventures	-	-	-	(361)	-	(361)
External supplies and services	(48,678)	(26,057)	(1,789)	(20,905)	53,402	(44,028)
Employee compensation and benefit expense	(23,729)	(8,212)	(256)	(21,401)	-	(53,599)
Other expenses and operating income	18,974	2,983	(18)	1,334	(10,583)	12,691
Operating cash flow	**366,113**	**145,670**	**3,513**	**691**	**-**	**515,986**
Investment income	-	-	-	7,558	-	7,558
Non reimbursursable expenses						
Depreciation and amortizations	(141,974)	(59,013)	(20)	(235)	-	(201,242)
(Provisions)/Reversals	439	(76)	-	(150)	-	212
Reversal of impairment of trade receivables	5,296	-	-	-	-	5,296
Financial results						
Financial income	578	16,061	141	149,945	(153,807)	12,917
Financial costs	(72,940)	(36,923)	(1)	(206,645)	153,807	(162,703)
Profit before income tax	**157,511**	**65,718**	**3,633**	**(48,837)**	**-**	**178,024**
Income tax expense	(48,317)	(19,455)	(1,030)	12,081	-	(56,721)
Profit for the year	**109,194**	**46,263**	**2,602**	**(36,756)**	**-**	**121,303**

Results by segment for the year ended 31 December 2012 were as follows:

	ELECTRICITY	GAS	TELECOM.	OTHERS	ELIMINATIONS	CONSOLIDATED
Sales and services provided	**411,003**	**192,243**	**6,262**	**39,996**	**(60,532)**	**588,973**
Inter-segments	974	20,054	802	38,702	(60,532)	-
Revenues from exernal customers	410,029	172,190	5,460	1,294	-	588,973
Revenue from construction of concession assets	155,494	45,012	-	-	-	200,507
Cost with construction of concession assets	(132,539)	(40,353)	-	-	-	(172,892)
Gains/(losses) from associates	-	-	-	665	-	665
External supplies and services	(54,679)	(45,602)	(2,418)	(23,111)	68,279	(57,532)
Employee compensation and benefit expense (a)	(21,527)	(8,457)	(223)	(20,464)	-	(50,671)
Other expenses and operating income	14,201	4,679	(200)	(622)	(10,223)	7,835
Operating cash flow	**371,953**	**147,523**	**3,421**	**(3,535)**	**(2,476)**	**516,885**
Investment income	-	-	-	7,461	-	7,461
Non reimbursursable expenses						
Depreciation and amortizations	(137,523)	(62,128)	(20)	(173)	2,476 (1)	(197,368)
(Provisions)/Reversals	(1,018)	(447)	-	(1,172)	-	(2,636)
Impairment of trade receivables	(2,646)	-	-	-	-	(2,646)
Financial results						
Financial income	1,200	16,191	115	144,133	(159,382)	2,257
Financial costs	(82,054)	(36,262)	(2)	(186,804)	159,382	(145,740)
Profit before income tax	**149,911**	**64,877**	**3,514**	**(40,091)**	**-**	**178,211**
Income tax expense	(49,540)	(19,728)	(995)	15,613	-	(54,650)
Profit for the year	**100,371**	**45,149**	**2,519**	**(24,478)**	**-**	**123,561**

(1) RECLASSIFICATION TO AMORTISATIONS OF THE GRANT RECOGNITION RELATED TO THE RIGHTS GASODUTO CAMPO-MAIOR-LEIRIA BRAGA, SA E GASODUTO BRAGA-TUY, S.A..
a) RESTATED AS REQUIRED BY IAS 19 (NOTES 3.1 AND 21)

Inter-segment transactions are carried out under normal market conditions, equivalent to transactions with third parties.

Revenue included in the segment "Others" is essentially related to the services provided by the management and back office to Group entities as well as third parties.

Assets and liabilities by segment at 31 December 2013 as well as investments on intangible assets and property, plant and equipment were as follows:

	ELECTRICITY	GAS	TELECOM.	OTHERS	ELIMINATIONS	CONSOLIDATED
SEGMENT ASSETS						
Group investments held	-	541,564	-	1,456,412	(1,997,976)	-
Property, plant and equipment and intangible assets	2,660,102	1,217,353	24	875	-	3,878,354
Other assets	618,935	448,016	5,505	3,931,271	(3,822,824)	1,180,902
Total assets	**3,279,037**	**2,206,933**	**5,529**	**5,388,558**	**(5,820,800)**	**5,059,257**
Total liabilities	**2,654,491**	**995,035**	**1,825**	**4,151,164**	**(3,822,824)**	**3,979,691**
Capital expenditure - total	**157,584**	**29,883**	**-**	**374**	**-**	**187,841**
Capital expenditure - property, plant and equipment	3	-	-	374	-	377
Capital expenditure - intangible assets	157,581	29,883	-	-	-	187,464
Investments in associates	-	-	-	10,610	-	10,610
Investments in joint ventures	-	-	-	1,545	-	1,545

Assets and liabilities by segment at 31 December 2012 as well as investments on intangible assets and property, plant and equipment were as follows:

	ELECTRICITY	GAS	TELECOM.	OTHERS	ELIMINATIONS	CONSOLIDATED
SEGMENT ASSETS						
Group investments held	-	538,663	-	1,390,905	(1,929,567)	-
Property, plant and equipment and intangible assets	2,645,016	1,246,494	45	736	-	3,892,291
Other assets	375,953	445,691	5,960	3,378,040	(3,411,881)	793,763
Total assets	**3,020,969**	**2,230,849**	**6,005**	**4,769,680**	**(5,341,448)**	**4,686,054**
Total liabilities	**2,399,515**	**1,027,041**	**2,510**	**3,641,281**	**(3,411,881)**	**3,658,465**
Capital expenditure - total	**155,519**	**45,012**	**-**	**523**	**-**	**201,054**
Capital expenditure - property, plant and equipment	24	-	-	523	-	547
Capital expenditure - intangible assets	155,494	45,012	-	-	-	200,507
Investments in associates	-	-	-	9,382	-	9,382

The liabilities included in the segment “Others” are essentially related to external borrowings obtained directly by REN SGPS, S.A. and REN Finance, BV for financing the several activities of the Group.

The captions of the statement of financial position and profit and loss for each segment, result of the amounts considered directly in the individual financial statements of each company that belongs to the Group included in the perimeter of each segment, corrected with the eliminations of the inter-segment transactions.

8 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

The changes in intangible assets and property, plant and equipment in the year ended 31 December 2013 were as follows:

	JANUARY 2013			CHANGES		
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	ADDITIONS	DISPOSALS AND WRITE-OFFS	TRANSFERS
PROPERTY, PLANT AND EQUIPMENT						
Transmission and electronic equipment	103	(83)	19	-	-	-
Transport equipment	1,170	(502)	668	358	(142)	-
Office equipment	222	(102)	120	18	(10)	-
Property, plant and equipment in progress	20	-	20	1	-	-
	1,515	(688)	827	377	(151)	-

	JANUARY 2013			CHANGES		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	ADDITIONS	DISPOSALS AND WRITE-OFFS	TRANSFERS
INTANGIBLE ASSETS						
Concession assets	6,563,836	(2,814,944)	3,748,892	4,454	(2,389)	240,521
Concession assets in progress	142,572	-	142,572	183,011	-	(240,521)
	6,706,408	(2,814,944)	3,891,464	187,464	(2,389)	-
Total of property, plant and equipment and intangible assets	6,707,923	(2,815,632)	3,892,291	187,841	(2,541)	-

CHANGES		31 DECEMBER 2013		
DEPRECIATION CHARGE	DEPRECIATION - DISPOSALS, WRITE-OFFS AND OTHER RECLASSIFICATIONS	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
(13)	-	103	(96)	6
(219)	142	1,386	(579)	806
(38)	9	231	(131)	100
-	-	21	-	21
(270)	151	1,740	(806)	934

CHANGES		31 DECEMBER 2013		
AMORTIZATION CHARGE	AMORTIZATION - DISPOSALS, WRITE-OFFS AND OTHER RECLASSIFICATIONS	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
(200,973)	1,854	6,806,422	(3,014,064)	3,792,358
-	-	85,062	-	85,062
(200,973)	1,854	6,891,483	(3,014,064)	3,877,420
(201,242)	2,004	6,893,224	(3,014,870)	3,878,354

The changes in intangible assets and property, plant and equipment in the year ended 31 December 2012 were as follows:

	JANUARY 2012			CHANGES		
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	ADDITIONS	DISPOSALS AND WRITE-OFFS	TRANSFERS
PROPERTY, PLANT AND EQUIPMENT						
Transmission and electronic equipment	103	(71)	32	-	-	-
Transport equipment	678	(341)	336	492	-	-
Office equipment	187	(68)	120	35	-	-
Property, plant and equipment in progress	-	-	-	20	-	-
	967	(480)	488	547	-	-

	JANUARY 2012			CHANGES		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	ADDITIONS	DISPOSALS AND WRITE-OFFS	TRANSFERS
INTANGIBLE ASSETS						
Concession assets	6,244,879	(2,619,393)	3,625,486	9,984	(1,652)	310,626
Concession assets in progress	262,675	-	262,675	190,523	-	(310,626)
	6,507,554	(2,619,393)	3,888,161	200,507	(1,652)	-
Total of property, plant and equipment and intangible assets	6,508,521	(2,619,873)	3,888,649	201,054	(1,652)	-

CHANGES		31 DECEMBER 2012		
DEPRECIATION CHARGE	DEPRECIATION - DISPOSALS, WRITE-OFFS AND OTHER RECLASSIFICATIONS	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
(13)	-	103	(83)	19
(161)	-	1,170	(502)	668
(34)	-	222	(102)	120
-	-	20	-	20
(208)	-	1,515	(688)	827

CHANGES		31 DECEMBER 2012		
AMORTIZATION CHARGE	AMORTIZATION - DISPOSALS, WRITE-OFFS AND OTHER RECLASSIFICATIONS	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
(197,160)	1,609	6,563,836	(2,814,944)	3,748,892
-	-	142,572	-	142,572
(197,160)	1,609	6,706,408	(2,814,944)	3,891,464
(197,368)	1,609	6,707,923	(2,815,632)	3,892,291

The additions in the year ended 31 December 2013 and 2012 refers essentially to rights over the investments on construction/renovation and expansion of electrical and gas transportation grid.

The main additions verified in the periods ended 2013 and 2012 are made up as follows:

	'13	'12
ELECTRICITY SEGMENT		
Power line construction (220 KV)	64,462	33,137
Power line construction (400 KV)	708	29,622
Other power line constructions	6,072	7,522
Construction of new substations	19,011	11,735
Substation Expansion	53,918	55,767
Other renovations in substations	3,363	5,373
Improvements to telecommunications and information system	6,949	11,182
Pilot zone construction - wave energy	394	1,158
Improvements in buildings related to concession	1,172	-
Other assets	1,534	24
GAS SEGMENT		
Expansion and improvements to gas transmission network	23,288	9,377
Construction project of cavity underground storage of natural gas in Pombal	5,645	6,968
Construction project and operating upgrade - LNG facilities	950	28,667
OTHERS SEGMENT		
Other assets	374	523
Total of additions	**187,841**	**201,054**

The main transfers that were concluded and began activity during the periods ended 2013 and 2012 are made up as follows:

	'13	'12
ELECTRICITY SEGMENT		
Power line construction (220 KV)	71,044	51,044
Power line construction (400 KV)	289	46,135
Other power line constructions	6,652	16,123
Construction of new substations	32,576	8,275
Substation Expansion	71,762	60,941
Other renovations in substations	6,226	4,870
Other assets	5,090	8,634
GAS SEGMENT		
Expansion and improvements to natural gas transmission network	44,920	4,676
Construction project of cavity underground storage of natural gas in Pombal	1,273	2,690
Construction project and operating upgrade - LNG facilities	689	107,238
Total of transfer	**240,521**	**310,626**

The intangible assets in progress at 31 December 2013 and 2012 are as follows:

	'13	'12
ELECTRICITY SEGMENT		
Power line construction (150KV/220KV e 400KV)	16,281	24,983
Substation Expansion	22,000	42,631
New substations projects	10,001	23,566
Other projects	4,411	3,266
Improvements in buildings related to concession	2,046	-
GAS SEGMENT		
Expansion and improvements to natural gas transmission network	7,172	29,530
Construction project of cavity underground storage of natural gas in Pombal	22,925	18,596
Construction project and operating upgrade - LNG facilities	226	-
Total of assets in progress	**85,062**	**142,572**

Financial costs capitalized in intangible assets in progress in the year ended 31 December 2013 amounted to 9,126 thousand Euros (13,132 thousand Euros in 2012), while overhead and management costs capitalized amounted to 16,160 thousand Euros (14,483 thousand Euros in 2012) (Note 25). The monthly average rate of the financial costs capitalized was of 0.4683%.

The net book value of the intangible assets acquired through finance lease contracts at 31 December 2013 and 2012 was as follows:

	'13	'12
Cost	4,270	3,719
Accumulated depreciation and amortization	(1,750)	(2,395)
Net book value	**2,521**	**1,324**

9 GOODWILL

Goodwill represents the difference between the amount paid for the acquisition and the net assets fair value of REN Atlântico, S.A. on the acquisition date under the natural gas business unbundling process. At 31 December 2013 Goodwill was as follows:

			PERCENTAGE INTEREST HELD		GOODWILL			
SUBSIDIARIES	YEAR OF ACQUISITION	ACQUISITION COST	%	AMOUNT	'12	INCREASES	DECREASES	'13
REN Atlântico, Terminal de GNL, S.A.	2006	32,580	100%	28,806	3,774	-	-	3,774

IMPAIRMENT TEST OF GOODWILL

REN made the impairment test of goodwill at 31 December 2013 and 2012, at the cash generating unit level to which REN Atlântico belongs. The business of REN Atlântico is subject to a concession contract and regulated tariffs so that the recoverable amount was determined based on value-in-use calculations. The cash flow projections considered the expected regulatory terms in place for the remaining term of the concession (concession for a period of 40 years beginning on the 26 September 2006), which cash inflows associated to cash-generating unit correspond to the regulated remuneration obtained over the net book value of the underlying investments, which is decreasing along the projections from the year ended 2014 until end the of concession.

The cash flow was discounted considering an average market pre-tax interest rate, adjusted for the natural gas regasification activities risk, of 7.98% (post-tax discount rate of 5.79%, 5.68% in 2012).

		ASSUMPTIONS		
CASH GENERATION UNIT	METHOD	CASH FLOW	GROWING FACTOR	DISCOUNTED RATE
REN Atlântico, Terminal de GNL, S.A.	DFC (Discounted Cash Flow)	Operating flows projected to the remaining concession period	The rate decrease according of average rate of assets depreciation	7,98% (pre-tax) 5,79% (post-tax)

In accordance with the assumptions followed no impairment losses were noted in the caption “Goodwill”.

The Group made sensitivity analysis considering a variation of 10% on the return rate of the assets, and no impairment was identified.

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

At 31 December 2013 and 2012, the financial information regarding the financial interest held is as follows:

			FINANCIAL INFORMATION				INTEREST OWNED		
			31 DECEMBER 2013						
COMPANY	ACTIVITY	HEAD OFFICE	ASSETS	LIABILITIES	REVENUES	NET PROFIT/ (LOSS)	%	CARRYING AMOUNT	GROUP SHARE OF PROFIT / (LOSS)
EQUITY METHOD:									
Associate:									
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	30,318	2,971	1,356	744	40	10,610	(405)
Joint venture									
Centro de Investigação em Energia REN - STATE GRID, S.A.	Research & Development	Lisbon	7,599	4,509	841	90	50	1,545	45
								12,155	(361)

			FINANCIAL INFORMATION				INTEREST OWNED		
			31 DECEMBER 2013						
COMPANY	ACTIVITY	HEAD OFFICE	ASSETS	LIABILITIES	REVENUES	NET PROFIT/ (LOSS)	%	CARRYING AMOUNT	GROUP SHARE OF PROFIT / (LOSS)
EQUITY METHOD:									
Associate:									
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	26,904	99	2,274	1,899	35	9,382	665

Associates

The changes in the caption “Investments in associates” during the period ended 31 December 2013 was as follows:

At 1 January 2013	**9,382**
Effect of aplying the equity method	(405)
Acquisition 5% OMIP, SGPS, S.A. (May 2013)	1,410
Changes in the associate equity	223
At 31 December 2013	**10,610**

The Group currently holds 40% of the OMIP, SGPS, S.A. shares (35% in 31 of December of 2012), having increase its interest in 5%, during 2013.

The proportional value of the OMIP income includes the effect of the adjustment resulting of changes to the Financial Statement of the previous year, made after the equity method application. This participation is recorded as an Associate.

In accordance with the Agreement between the Republic of Portugal and the Kingdom of Spain regarding the foundation of an Iberian market of electric energy, REN should sell more 30% of the share capital in OMIP, in order to accomplish a 10% of the share capital in OMIP. Additionally, despite the existence of intentions between entities involved in the referred Iberian agreement, were not identified, concrete, potential buyers than could enable the realization of the operation.

JOINT VENTURES

The movement in the caption “Investments in joint ventures” during the year ended 31 December 2013 was as follows:

At 1 January 2013	**-**
Capital subscribed	1,500
Effect of aplying the equity method	45
At 31 December 2013	**1,545**

Following a joint agreement for a technology partnership between REN – Redes Energéticas Nacionais and the State Grid International Development (SGID), it was incorporated in May 2013 a R&D center in Portugal, dedicated to power systems designated – Centro de Investigação em Energia REN – STATE GRID, S.A. (“Centro de Investigação”) jointly controlled by the two entities.

This Entity aims to become a platform for international knowledge, a catalyst for innovative solutions and tools, applied to the planning and operation of transmission power.

11 INCOME TAX

REN is taxed based on the special regime for the taxation of group companies ("RETGS"), which includes all companies located in Portugal that REN detains directly or indirectly ate least 90% of the share capital and comply with the conditions of the article 69º of the Corporate Income Tax law.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for social security), except when there are tax losses, tax benefits granted or tax inspections, claims or apeals in progress, in which case the period can be extended or suspended, depending on the circumstances. Consequently, the Company's tax returns for the years from 2010 to 2013 are still subject to review.

The Company's Board of Directors understands that possible corrections to the tax returns resulting from tax reviews /inspections carried out by the tax authorities will not have a significant effect on the financial statements as of 31 December 2013 and 2012.

In 2013 the Group is taxed at a Corporate Income Tax rate of 25%, increased by: (i) municipal surcharge up the maximum of 1.5% over the taxable profit; (ii) a state surcharge of an additional 3% of taxable profit between 1,500 thousand Euros and 7,500 thousand Euros, and (iii) an additional 5% over the taxable profit in excess of 7,500 thousand Euros, which results in a maximum aggregate tax rate of 31.5%.

The deferred taxes calculations, as of 31 December 2013, were updated considering the new rates established under the Law n. 2/2014 of 16 January, which establishes a Corporate Income Tax rate of 23% and a municipal surcharge up to a maximum of 1.5% over taxable profits, and a State surcharge of an additional (i) 3% for taxable profits between 1,500 thousand Euros and 7,500 thousand Euros, (ii) of 5% over the taxable profit in excess of 7,500 thousand Euros and up to 35,000 thousand Euros; and (iii) 7% for taxable profits in excess of 35,000 thousand Euros. The referred taxes are applicable the period started on 1 January 2014.

Consequently, the tax rate used in the valuation of temporary taxable and deductible differences as of 31 December 2013, were calculated using the average tax rate expected in accordance with future perspective of taxable profits of the Company recoverable in the next periods.

Income tax credit / expense of the years ended 31 December 2013 and 2012 was as follows:

	'13	'12
Current income tax	67,941	22,128
Adjustaments of income tax from previous year	(499)	(5,374)
Deferred tax	(10,721)	37,896
Income tax	**56,721**	**54,650**

Reconciliation between tax calculated at the nominal tax rate and tax recorded in the consolidated statement of profit and loss is as follows:

	'13	'12
Consolidated profit before income tax	**178,024**	**178,211**
PERMANENT DIFFERENCES:		
Positive net worth variation	(139)	(139)
Non deductible costs	223	1,054
Non taxable income	(800)	(2,145)
TEMPORARY DIFFERENCES:		
Tariff deviations	31,752	(130,675)
Provisions	(6,211)	3,882
Revaluations	6,675	6,681
Pension, medical assistence and life insurance plans	(1,566)	(3,101)
Fair value of financial instruments	(156)	(166)
Others	-	(136)
Taxable income	**207,803**	**53,466**
Income tax computed at a 25% tax rate	51,901	13,449
State surcharge tax- taxable income	11,770	6,034
Municipal surcharge-1,5%	3,834	2,161
Autonomous taxation	437	484
Current income tax	**67,941**	**22,128**
Deferred tax	(10,721)	37,896
Deferred tax	**(10,721)**	**37,896**
Adjustments of estimated tax in previous years	(499)	(5,374)
Income tax	**56,721**	**54,650**
Effective tax rate	**31,86%**	**30,67%**

INCOME TAX

The caption “Income tax” payable and receivable at 31 December 2013 and 2012 is made up as follows:

	'13	'12
INCOME TAX:		
Corporate income tax - estimated tax	-	(18,995)
Corporate income tax - payments on account	-	31,414
Income withholding tax by third parties	-	1,565
Income tax receivable from the previous year	-	334
Income tax receivable	**-**	**14,318**
Corporate income tax - of the period	(67,941)	-
Corporate income tax - advance payments	19,987	-
Income withholding tax by third parties	3,020	-
Income tax payable	**(44,935)**	**-**

DEFERRED TAXES

The effect of the changes in the deferred tax captions in the years presented was as follows:

	'13	'12
IMPACT ON THE STATEMENT OF PROFIT AND LOSS		
Deferred tax assets	1,076	(21,974)
Deferred tax liabilities	9,645	(15,922)
	10,721	**(37,896)**
IMPACT ON EQUITY		
Deferred tax assets	5,509	20,131
Deferred tax liabilities	(805)	-
	4,705	**20,131**
Net impact of deferred taxes	**15,425**	**(17,765)**

The changes in deferred tax by nature were as follows:

CHANGE IN DEFERRED TAX ASSETS – DECEMBER 2013

	PROVISIONS / IMPAIRMENTS	PENSIONS	TARIFF DEVIATIONS	DERIVATIVE FINANCIAL INSTRUMENTS	OTHERS	TOTAL
At 1 January 2013	**3,483**	**30,684**	**18,185**	**8,858**	**5**	**61,215**
Increase/decrease through reserves	-	8,955	-	(3,445)	-	5,509
Reversal through profit and loss	(1,775)	(1,519)	(726)	(39)	(2)	(4,062)
Increase through profit and loss	41	1,009	4,088	-	-	5,138
Change in the period	**(1,735)**	**8,444**	**3,362**	**(3,484)**	**(2)**	**6,585**
At 31 December 2013	**1,749**	**39,128**	**21,548**	**5,373**	**2**	**67,800**

CHANGE IN DEFERRED TAX ASSETS – DECEMBER 2012

	PROVISIONS / IMPAIRMENTS	PENSIONS	TARIFF DEVIATIONS	DERIVATIVE FINANCIAL INSTRUMENTS	OTHERS	TOTAL
At 1 January 2012	**2,388**	**15,982**	**39,412**	**4,383**	**892**	**63,057**
Increase/decrease through reserves	-	15,602	-	4,529	-	20,131
Reversal through profit and loss	(290)	(1,248)	(21,227)	(54)	(887)	(23,707)
Increase through profit and loss	1,386	347	-	-	-	1,733
Change in the period	**1,096**	**14,702**	**(21,227)**	**4,474**	**(887)**	**(1,843)**
At 30 December 2012	**3,483**	**30,684**	**18,185**	**8,858**	**5**	**61,215**

Deferred tax assets at 31 December 2013 correspond mostly to liabilities for benefit plans granted to employees and tariff deviations liabilities to be settled in subsequent years.

EVOLUTION OF DEFERRED TAX LIABILITIES – DECEMBER 2013

	TARIFF DEVIATIONS	REVALUATIONS	AVAILABLE-FOR-SALE (FAIR VALUE)	TOTAL
At 1 January 2013	**52,373**	**30,424**	**-**	**82,797**
Increase / decrease through equity	-	-	805	805
Increase through profit and loss	-	-	-	-
Reversal trough profit and loss	(7,708)	(1,937)	-	(9,645)
Change in the period	**(7,708)**	**(1,937)**	**805**	**(8,840)**
At 30 December 2013	**44,666**	**28,486**	**805**	**73,956**

EVOLUTION OF DEFERRED TAX LIABILITIES – DECEMBER 2012

	TARIFF DEVIATIONS	REVALUATIONS	TOTAL
At 1 January 2012	**34,345**	**32,531**	**66,875**
Increase/decrease through equity	-	-	-
Increase through profit and loss	18,029	-	18,029
Reversal trough profit and loss	-	(2,107)	(2,107)
Change in the period	**18,029**	**(2,107)**	**15,922**
At 30 December 2012	**52,373**	**30,424**	**82,797**

Deferred tax liabilities relating to revaluations result from revaluations made in preceding years under legislation. The effect of these deferred taxes reflects the non tax deductibility of 40% of future depreciation of the revaluation component (included in the assets considered cost at the time of the transition to IFRS).

The legal documents that establish these revaluations were the following:

LEGISLATION (REVALUATION)

ELECTRICITY SEGMENT	NATURAL GAS SEGMENT
Decree-Law nº 430/78	Decree-Law nº 140/2006
Decree-Law nº 399-G/81	
Decree-Law nº 219/82	
Decree-Law nº 171/85	
Decree-Law nº 118-B/86	
Decree-Law nº 111/88	
Decree-Law nº 7/91	
Decree-Law nº 49/91	
Decree-Law nº 264/92	

12 FINANCIAL ASSETS AND LIABILITIES CLASSIFIED IN ACCORDANCE WITH IAS 39

The accounting policies for financial instruments in accordance with the IAS 39 categories have been applied to the following financial assets and liabilities:

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	NOTES	CREDITS AND OTHER RECEIVABLES	FAIR VALUE - HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	FAIR VALUE - NEGOTIABLE DERIVATIVES
ASSETS				
Cash and cash equivalents	17	167,987	-	-
Trade and other receivables	14	645,418	-	-
Other investments	12 and 33	-	-	-
Available-for-sale financial assets	13	-	-	-
Total financial assets		**813,405**	**-**	**-**
LIABILITIES				
Borrowings	20	-	-	-
Trade and other payables	23	-	-	-
Income tax payable	11	-	-	-
Drivative financial instruments	16	-	36,661	342
Total financial liabilities		**-**	**36,661**	**342**

'12

	NOTES	CREDITS AND OTHER RECEIVABLES	FAIR VALUE - HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	FAIR VALUE - NEGOTIABLE DERIVATIVES
ASSETS				
Cash and cash equivalents	17	61,246	-	-
Trade and other receivables	14	381,189	-	-
Other investments		-	-	-
Available-for-sale financial assets	13	-	-	-
Income tax receivable	11	14,318	-	-
Derivative financial instruments	16	-	6,853	416
Total financial assets		**456,753**	**6,853**	**416**
LIABILITIES				
Borrowings	20	-	-	-
Trade and other payables	23	-	-	-
Drivative financial instruments	16	-	27,958	811
Total financial liabilities		**-**	**27,958**	**811**

’13

AVAILABLE-FOR-SALE	FAIR VALUE - THROUGH PROFIT AND LOSS	OTHER FINANCIAL ASSETS / LIABILITIES	TOTAL CARRYING AMOUNT	FAIR VALUE
-	-	-	167,987	167,987
-	-	-	645,418	645,418
-	2,839	122,163	125,002	125,002
156,886	-	-	156,886	156,886
156,886	2,839	122,163	1,095,293	1,095,293
-	-	2,680,483	2,680,483	2,807,253
-	-	679,279	679,279	679,279
-	-	44,935	44,935	44,935
-	-	-	37,003	37,003
-	-	3,404,698	3,441,701	3,568,470

’12

AVAILABLE-FOR-SALE	FAIR VALUE - THROUGH PROFIT AND LOSS	OTHER FINANCIAL ASSETS / LIABILITIES	TOTAL CARRYING AMOUNT	FAIR VALUE
-	-	-	61,246	61,246
-	-	-	381,189	381,189
-	4,285	117,163	121,447	121,447
131,002	-	-	131,002	131,002
-	-	-	14,318	14,318
-	-	-	7,269	7,269
131,002	4,285	117,163	716,471	716,471
-	-	2,705,895	2,705,895	2,913,965
-	-	383,952	383,952	383,952
-	-	-	28,769	28,769
-	-	3,089,847	3,118,616	3,326,686

The caption “Fair value through profit and loss”, in the amount of 2,839 thousand Euros corresponds to the Group’s investment in the closed fund “Luso Carbon Fund” with a maturity of 10 years.

The caption “Financial Assets” includes a pledge bank deposit given to the EIB (Note 33.3) of 108,299 thousand euros and a bank deposit with maturity over 3 months , amounting to 13,864 thousand euros.

Loans obtained, as mentioned in Note 3.6 are measured, initially at fair value and subsequently at amortized cost, except for those which it has been contracted derivative fair value hedges (Note 16) which are measured at fair value. Nevertheless, REN proceeds to the disclosure of the fair value of the caption Borrowings, based on a set of relevant observable data, which fall within Level 2 of the fair value hierarchy.

The fair value of borrowings and derivatives are calculated by the method of discounted cash flows, using the curve of interest rate on the date of the statement of financial position in accordance with the characteristics of each loan.

The range of market rates used to calculate the fair value ranges between 0.446 % and 2.840 % (maturities of one day, week and twenty years, respectively).

The fair value of borrowings contracted by the Group at 31 December 2013 is 2,807,253 thousand euros (at 31 December 2012 was 2,913,965 thousand euros), of which 391,841 thousand euros are recorded partly at amortized cost and includes an element of fair value resulting from movements in interest rates.

ESTIMATED FAIR VALUE – ASSETS MEASURED AT FAIR VALUE

The following table presents the Group’s assets and liabilities measured at fair value at 31 December 2013 in accordance with the following hierarchy levels of fair value:

- Level 1: the fair value of financial instruments is based on net market prices as of the date of the balance sheet;
- Level 2: the fair value of financial instruments is not based on active market prices but rather on valuation models.
- Level 3: the fair value of financial instruments is not based on active market prices, but rather on valuation models, for which the main inputs are not taken from the market.

		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
ASSETS					
Available-for-sale financial assets	Shares	111,015	42,205	-	153,219
Financial assets at fair value	Cash flow hedge derivatives	-	-	-	-
Financial assets at fair value recorded in income	Negotiable derivatives	-	-	-	-
Other investments	Treasury funds	2,839	-	-	2,839
		113,854	42,205	-	156,059
LIABILITIES					
Financial liabilities at fair value	Loans	-	391,841	-	391,841
Financial liabilities at fair value	Cash flow hedge derivatives	-	29,185	-	29,185
Financial liabilities at fair value	Fair value hedge derivatives	-	7,476	-	7,476
Financial liabilities at fair value through profit and loss	Negotiable derivatives	342	-	-	342
		342	428,502	-	428,844

During the year ended 31 December 2013 the company proceeded to a valuation of the interests held in Hidroeléctrica de Cahora Bassa, S.A. ("HCB"), which is classified as an available-for-sale financial asset (Note 13). The fair value of this asset reflects its current exit selling price. This price was determined on the basis of an revenue approach, which reflects the current market expectations about those future amounts. Despite not listed, the data used in the price calculation is observable in the market. The fair value of this share amounts to 42,205 thousand Euros in the year ended on 31 December 2013.

QUALITY OF FINANCIAL ASSETS

The credit quality of the financial assets that have not yet matured or are impaired can be valued by reference to external credit ratings disclosed by Standard & Poor's or historical information about the entities to which they refer:

	'13	'12
TRADE AND OTHER RECEIVABLES		
A-	-	-
BBB	-	-
BB+	410,227	108,754
Others without rating	235,191	272,435
Total trade and other receivables	**645,418**	**381,189**
CASH AND CASH EQUIVALENTS		
AAA a AA-	-	-
A+ a A-	1,268	37
BBB+ a BBB-	2,579	2
BB+ a B-	164,122	61,192
Without rating	18	15
Total cash and cash equivalents	**167,987**	**61,246**

Trade and other receivables refer mainly to regulated electricity and gas services rendered. The main transactions are carried out with authorised distributors in each of the businesses, such as EDP, GALP and some European distributors.

Overdue credits or with impairment at 31 December 2013 are as follows:

i) Trade and other receivables include 822 thousand Euros (Note 14) which have been adjusted for impairment, for which a pending litigation in process exists;

ii) There are some fairly old receivables relating to transactions with EDP group companies, for which the credit risk is considered as nil.

With respect to the current receivables and payables balances, its carrying amount corresponds to a reasonable approximation of its fair value.

The non-current accounts receivable and accounts payable refers, essentially, to tariff deviations which amounts are communicated by ERSE, being its carrying amount a reasonable approximation of its fair value, given that they include the time value of money, being incorporated in the next two years tariffs.

13 ASSETS AVAILABLE FOR SALE

The assets recognised in this caption at 31 December 2013 and 2012 corresponds to equity interests held on strategic entities for the Group, which can be detailed as follows:

	HEAD OFFICE			BOOK VALUE	
	CITY	COUNTRY	% OWNED	'13	'12
OMEL - Operador del Mercado Ibérico de Energia (Polo Espanhol)	Madrid	Spain	10.00%	3,167	3,167
Red Eléctrica Corporación, S.A. (REE)	Madrid	Spain	1.00%	65,654	50,493
Enagás, S.A.	Madrid	Spain	1.00%	45,360	38,542
Med Grid SAS	Paris	France	5.45%	500	400
Hidroeléctrica de Cahora Bassa	Maputo	Mozmbique	7.50%	42,205	38,400
				156,886	131,002

The changes in this caption in 2013 and 2012 were as follows:

	OMEL	MEDGRID	HCB	REE	ENAGÁS	TOTAL
At 1 January 2012	**3,167**	**-**	**-**	**44,760**	**34,125**	82,051
Acquisicions	-	400	38,400	-	-	38,800
Fair value adjustments	-	-	-	5,733	4,418	10,151
At 31 December 2012	3,167	400	38,400	50,493	38,542	131,002
At 1 January 2013	**3,167**	**400**	**38,400**	**50,493**	**38,542**	131,002
Acquisicions	-	100	-	-	-	100
Fair value adjustments	-	-	3,805	15,161	6,818	25,784
At 31 December 2013	3,167	500	42,205	65,654	45,360	156,886

The interests held in REE and Enagás are recorded at fair value determined based on the shares closing quotations as of 31 December 2013.

Red Eléctrica de España ("REE") is the transmission system operator of electricity in Spain. REN, SGPS acquired 1% of equity interests in REE as part of the agreement signed by the Portuguese and Spanish Governments. REE is a listed company in Madrid`s index IBEX 35– Spain and the financial asset was recorded on the statement of financial position at the market price on 31 December 2013.

ENAGÁS is the transmission system operator of natural gas in Spain. REN, SGPS acquired a 1% stake in Enagás as part of a strategic partnership agreement. Enagás is a listed company in Madrid`s index IBEX 35– Spain and the financial asset was recorded on the statement of financial position at the market price on 31 December 2013.

During the period ended 31 December 2013, the Group increase its share interest in Medgrid, S.A.S through the subscription of 2,000 additional shares. With this operation, the Group became holder of 5,45% of the share capital in Medgrid S.A.S. This project consists in an international partnership to promote and develop the Mediterranean interconnection electric network, allowing the transportation of clean electricity produced in Africa to Europe.

REN SGPS holds 7.5% representative shares of Hidroeléctrica de Cahora Bassa S.A. share capital and voting rights, as a result of the conditions established in the agreement signed on 9 April 2012, between REN, Parpublica – Participações Públicas, SGPS, S.A. ("Parpublica"), CEZA – Companhia Eléctrica do Zambeze, S.A. and EDM – Electricidade de Moçambique. This participation was initially recorded at its acquisition cost (38,400 thousand Euros) and subsequently adjusted to its fair value (Note 12).

Within the scope of the creation of a sole operator in the electricity Iberian market (OMI), in 2011 and as agreed between the Portuguese republic and the Rein of Spain regarding the creation of the Iberian electrical energy market, the Group acquired 10% of the share capital of OMEL, Operador del Mercado Ibérico de Energia, S.A., in the amount of 3,167 thousand Euros.

As there are no available market price for the above referred investments (MedGrid and OMEL), and as it is not possible to determine the fair value of the period using comparable transactions, these shares are recorded at its acquisition cost deducted of impairment losses as described in Note 3.6, being REN understanding that there is no evidence of impairment loss of these investments on 31 December 2013.

The adjustments to fair value of available-for-sale financial assets are recognised in the equity caption "Fair value reserve". This caption at 31 December 2013 and 2012 is made up as follows:

	FAIR VALUE RESERVE (NOTE 19)
1 January 2012	**(14,244)**
Changes in fair value	10,151
31 December 2012	**(4,093)**
1 January 2013	**(4,093)**
Changes in fair value	25,784
Tax effect	(805)
31 December 2013	**20,886**

In the year ended 31 December 2013 the total amount of associated companies dividends recognized in the consolidated statement of profit and loss amounted to 7,558 thousand Euros, of which 7,493 thousand Euros were included in the cash flows statement.

The detail of dividends by entity is as follows:

	'13	'12
Red Eléctrica Corporación, S,A,	3,266	3,911
Enagás, S,A,	2,836	3,393
Hidroeléctrica de Cahora Bassa, S,A	1,405	-
OMEL - Operador del Mercado Ibérico de Energia (Polo Espanhol)	50	157
	7,558	**7,461**

14 TRADE AND OTHER RECEIVABLES

Trade and other receivables at 31 December 2013 and 2012 are made up as follows:

	'13			'12		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Trade receivables	488,794	155	488,949	191,321	155	191,476
Impairment of trade receivables	(822)	-	(822)	(822)	-	(822)
Trade receivables net	**487,972**	**155**	**488,127**	**190,499**	**155**	**190,654**
Tariff deviations	74,631	81,432	156,063	100,554	75,592	176,146
Impairment of trade receivables	-	-	-	-	(5,296)	(5,296)
State and Other Public Entities	3,320	-	3,320	19,685	-	19,685
Trade and other receivables	**565,923**	**81,588**	**647,510**	**310,738**	**70,451**	**381,189**

The most significant amount included in trade receivables caption is the receivable from EDP – Distribuição de Energia, SA in the amount of 398,712 thousand Euros (82,624 thousand Euros in 2012) and Galp in the amount of 20,216 thousand Euros (10,473 thousand Euros at 31 December 2012).

The receivable from EDP - Distribuição de Energia, S.A. includes a billing adjustment related to CMEC invoices issued in 2012 in the amount of 299,917 thousand Euros, which are also reflected in the trade and other payables caption (Note 23) due to EDP Gestão da Produção de Energia, S.A. invoicing. This transaction consists in a pass-through, being off set in the Group consolidated financial statement of profit and loss.

Changes to the impairment losses for trade receivable and other accounts receivable are made up as follows:

	'13	'12
Begining balance	**(6,118)**	**(3,472)**
Increases	-	(2,646)
Utilization	-	-
Reversal	5,296	-
Ending balance	**(822)**	**(6,118)**

During the year ended 31 December 2013, Group REN reversed the impairment loss related to the tariff deficit interests recorded in the period of 2008, in the amount of 5,296 thousand Euros, due to the commitment of the Portuguese Estate for the liquidation the above mentioned receivable. REN Group received this amount on 3 January 2014.

The ageing of trade receivables, net of impairment, is as follows:

AGEING OF RECEIVABLES	'13	'12
30 days or less	484,051	188,321
31-60 days	1,099	907
61-90 days	212	61
91-120 days	79	156
More than 120 days	2,686	1,209
	488,127	190,654

15 INVENTORIES

Inventories at 31 December 2013 and 2012 are made up as follows:

	'13	'12
Other materials	1,880	2,920
Inventories	1,880	2,920

16 DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2013 and 2012 the REN Group had the following derivative financial instruments contracted:

					31 DECEMBER 2013
			ASSETS		LIABILITIES
	NOTIONAL	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Derivatives designated as cash flow hedges					
Interest rate swaps	425,000,000 TEUR	-	-	2,341	15,997
Interest rate and currency swaps	10,000,000,000 TJPY	-	-	-	10,847
Derivatives designated as fair value hedges					
Interest rate swaps	400,000,000 TEUR	-	-	-	7,476
		-	-	2,341	34,320
Negotiable derivatives		-	-	342	-
Derivative financial instruments		-	-	2,683	34,320

					31 DECEMBER 2012
			ASSETS		LIABILITIES
	NOTIONAL	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Derivatives designated as cash flow hedges					
Interest rate swaps	350,000,000 TEUR	-	-	-	23,337
Interest rate swaps	75,000,000 TEUR	-	-	-	4,621
Interest rate and currency swaps	10,000,000,000 TJPY	-	6,853	-	-
		-	6,853	-	27,958
Negotiable derivatives		416	-	811	-
Derivative financial instruments		416	6,853	811	27,958

The valuation of the derivatives financial instruments portfolio is based on fair value valuations made by external specialized entities.

The amount recorded in this caption relates to eight interest rate swaps and one cross currency swap contracted by REN SGPS to hedge the risk of fluctuation of future interest and foreign exchange rates (Note 4.1).

The amounts presented above include the amount of interest receivable or payable at 31 December 2013 relating to these derivatives financial instruments, in the total net payable amount of 1,781 thousand Euros (951 thousand Euros at 31 December 2012).

The main features of the derivatives financial instruments contracted associated with financing operations at 31 December 2013 and 2012 is detailed as follows:

	REFERENCE VALUE	CURRENCY	REN'S RECEIPTS	REN'S PAYMENTS	MATURITY	FAIR VALUE AT 12.31.2013	FAIR VALUE AT 12.31.2012
Cash flow hedge							
Interest rate swaps	425 000 mEuros	EUR	[1.89%; 2.77%]	[0.28%; 0.34%] floating rates	[Oct-2014; Sep-2017]	(18,338)	(27,958)
Interest rate and currency swaps	10 000 000 000 JPY / 72 899 mEuros	EUR/JPY	5.64% (floating rate starting 2019)	2.71%	2024	(10,847)	6,853
						(29,185)	(21,105)
Fair value hedge:							
Interest rate swaps	400 000 mEuros	EUR	[0.67%; 0.74%] floating rates	1.72%	2020	(7,476)	-
						(7,476)	**-**
Total						(36,661)	(21,105)

The periodicity of paid and received flows of the derivative financial instruments portfolio is quarterly and half-yearly contracts to the cash flow hedge contracts and semi-annual and annual basis for derivative designated as a fair value hedge.

The detail of the notional reference of cash flows and fair value hedge derivatives is presented in the following table:

	2014	2015	2016	2017	2018	FOLLOWING YEARS	TOTAL
Interest rate swap (cash flow hedge)	150,000	5,769	205,769	63,492	-	-	425,000
Interest rate and currency swap (cash flow hedge)	-	-	-	-	-	72,899	72,899
Interest rate swap (fair value hedge)	-	-	-	-	-	400,000	400,000
Total	150,000	5,769	205,769	63,462	-	472,899	897,899

SWAPS:

CASH FLOW HEDGES

The Group hedges part of its future payments of interests on borrowings and bond issues through the designation of interest rate swaps, on which REN pays a fixed rate and receives a variable rate with a total notional amount of 425,000 thousand Euros (425,000 thousand Euros at 31 December 2012). This is the hedging of the interest rate risk on payments of interest at variable rates on recognized financial liabilities. The risk covered is the variable rate indexer to which the borrowing interest coupons relates. The objective of this hedging is to convert loans at variable interest rates to fixed interest rates, the credit risk not being hedged. The fair value of the interest rate swaps at 31 December 2013 was 18,338 thousand Euros negative (27,958 Euros negative at 31 December 2012).

In addition, the Group hedges its exposure to cash flow risk on its bond issue of 10,000 million JPY resulting from foreign exchange rate risk, through a cross currency swap with the main features equivalent to the debt issued. The same hedging instrument is used to hedge the fair value of the exchange rate risk of the bond issue through the forward start swap component which will only start in June 2019. The variations in the fair value of the hedging instrument are also recognized in hedging reserves. As from June 2019 the object will be to hedge exposure to JPY and the interest rate risk, transforming the operation into a fair value hedge, the changes in fair value of the debt issued resulting from the risks covered becoming recognized in the statement of profit and loss. The credit risk is not hedged.

The amounts resulting from the hedging instrument are recognized in the statement of profit and loss when the transaction hedged affects results for the year.

The fair value of the cross currency swap at 31 December 2013 was 10,847 thousand Euros negative (6,853 thousand Euros positive at 31 December 2012). The underlying exchange variation (borrowing) for 2013, in the amount of, approximately, 18,921 thousand Euros, was offset by a similar variation in the hedging instrument in the statement of profit and loss. The inefficient component of the fair value hedge amounted to 926 thousand Euros negative (156 thousand Euros positive at 31 December 2012).

The amount recorded in reserves relating to the above mentioned cash flow hedges was 23,362 thousand Euros (35,431 thousand Euros in December 2012).

The movements recorded in the hedging reserve (Note 19) were as follows:

	FAIR VALUE	DEFERRED TAXES IMPACT	HEDGING RESERVES
1 January 2012	**(14,793)**	**4,290**	**(10,503)**
Changes in fair value and ineffectiveness	(20,638)	4,529	(16,109)
31 December 2012	**(35,431)**	**8,819**	**(26,612)**
1 January 2013	**(35,431)**	**8,819**	**(26,612)**
Changes in fair value and ineffectiveness	12,069	(3,445)	8,624
31 December 2013	**(23,362)**	**5,373**	**(17,989)**

FAIR VALUE HEDGE

During the year 2013, the company issued debt in the amount of 400,000 thousand Euros at a fixed rate. To manage the fair value floating of this issue debt, the company contracted two swaps on which REN pays a variable rate and receives a fixed rate, with a notional amount of 400,000 thousand Euros. The risk covered is the fixed rate index to debt issued. The covered risk is related with fair value floating of the debt issues according to the interest rate fluctuations. The objective of this hedging is to convert loans at fixed interest rates to variable interest rates, the credit risk not being hedged. The fair value of these interest rate swaps at 31 December 2013 was 7,476 thousand Euros negative.

Changes in the fair value of the debt issued resulting from the interest rate risk are recorded in the income statement to offset changes in the fair value of the hedge instrument recorded in the income statement.

In the year ended 31 December 2013, the debt fair value changes related to the interest rates risk recorded in the income statement was 8,159 thousand Euros (positive), resulting in an inefficient component of 368 thousand Euros (positive).

Futures

REN SGPS through its subsidiary REN Trading, S.A., has carried out some financial operations in the energy, coal and carbon emission licences futures market, through entering into standard contracts of International Swaps and Derivatives Association Inc. ("ISDA") as well as through participation in futures trading exchanges.

REN SGPS and REN Trading entered into an agreement under which REN Trading manages the financial derivative contracts on account and for the benefit of REN SGPS, therefore ensuring a clear and transparent separation between these businesses, always on a predefined basis, continuously monitored as being of low exposure to risk.

These financial derivatives contracts in the futures market does not imply any physical liquidation of the underlying assets, being an activity of a purely financial nature, merely the financial management of assets, not being viewed as a regulated activity of the Commercial Agent.

The fair value of the futures energy contracts and carbon licences at 31 December 2013 and 2012 was as follows:

	2013	
	CURRENT ASSETS	CURRENT LIABILITIES
Carbon licences	-	342
Fair vale at 31 December 2013	**-**	**342**

	2012	
	CURRENT ASSETS	CURRENT LIABILITIES
Financial contracts in the energy market for 2013	416	-
Carbon licences	-	811
Fair vale at 31 December 2012	**416**	**811**

The change in fair value of trading derivatives were recognized in profit and loss was in a total amount to 1,469 positive thousands of Euros (443 thousand Euros negative at 31 December 2012).

17 CASH AND CASH EQUIVALENTS

The amounts considered as cash and cash equivalents in the consolidated statements of cash flows for the years ended 31 December 2013 and 2012 are made up as follows:

	'13	'12
Cash	-	-
Bank deposits	167,987	61,246
Cash and cash equivalents in the statement of financial position	**167,987**	**61,246**
Bank overdrafts (Note 20)	(861)	-
Cash and cash equivalents in cash flow statement	**167,126**	**61,246**

18 EQUITY INSTRUMENTS

REN's subscribed and paid up share capital at 31 December 2013 was made up of 534,000,000 shares of 1 euro each.

	NUMBER OF SHARES	SHARE CAPITAL
Share Capital	534,000,000	534,000

At 31 December 2013 REN SGPS had the following own shares:

	NUMBER OF SHARES	PROPORTION	AMOUNT
Own shares	3,881,374	0.73%	(10,728)

No own shares were acquired or sold in the years ended 31 December 2013 and 2012.

In accordance with the Commercial Company Code (Código das Sociedades Comerciais) REN SGPS must at all times ensure that there are sufficient Equity Reserves to cover the value of own shares, in order to limit the amount of reserves available for distribution.

19 RESERVES AND RETAINED EARNINGS

The caption "Reserves" includes:

- Legal reserves: The Commercial Company Code in place requires that at least 5% of the net profit must be transferred to this reserve until it has reached 20% of the share capital. The reserve can only be used to cover losses or to increase capital.
- Fair value reserves: includes changes in the fair value of held for sale assets (20,886 thousand Euros), as detailed in Note 13;
- Hedging reserve: includes changes in the fair value of hedging derivative financial instruments when cash flow hedge is effective (negative 17,989 thousand Euros) as detailed in Note 16.
- Free reserves: This caption is used for applying the period end net income. The amount included in this caption can be disbursed to shareholders with the exception imposed by the Commercial Company Code regarding own shares (Note 18).

In accordance to the legislation in place in Portugal, increase in capital as a result of the incorporation of fair value (fair value reserves and hedging reserves) can only be disbursed to shareholders when the assets that gave place to its fair values have been sold, exercised, extinct, settled or used.

20 BORROWINGS

The segregation of borrowings between current and non-current and by nature, at 31 December 2013 and 2012 was as follows:

	'13			'12		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Bonds	150,000	1,444,440	1,594,440	850,000	771,676	1,621,676
Bank Borrowings	71,194	784,042	855,236	66,123	670,085	736,208
Commercial Paper	30,000	200,000	230,000	250,000	93,000	343,000
Bank overdrafts (note 17)	861	-	861	-	-	-
Finance Lease	719	1,676	2,395	643	734	1,377
	252,774	2,430,159	2,682,933	1,166,766	1,535,495	2,702,261
Accrued interest	24,778	-	24,778	18,816	-	18,816
Prepaid interest	(27,227)	-	(27,227)	(15,183)	-	(15,183)
Borrowings	250,325	2,430,159	2,680,483	1,170,400	1,535,495	2,705,895

At 31 December 2013 borrowings settlement plan was as follows:

	2014	2015	2016	2017	2018	FOLLOWING YEARS	TOTAL
Debt - Non current	-	342,038	673,626	88,766	398,821	926,909	2,430,159
Debt - Current	252,774	-	-	-	-	-	252,774
	252,774	342,038	673,626	88,766	398,821	926,909	2,682,933

The Group has six active commercial paper programmes, in the amount of 775,000 thousand Euros, of which 545,000 thousand Euros are available. From the total amount of commercial paper programs, 675,000 thousand Euros have subscription guarantee.

Detailed information regarding bond issues as of 31 December 2013 is as follows:

				31 DECEMBER 2013
EMISSION DATE	MATURITY	AMOUNT	INTEREST RATE	PERIODICITY OF INTEREST PAYMENT
REN SGPS PRIVATE EMISSION				
27/04/2011	27/10/2014	EUR 100,000 (i)	Floating rate (ii)	Bi-Annual
12/07/2011	12/07/2014	EUR 50,000 (i)	Floating rate (ii)	Bi-Annual
14/03/2012	14/03/2015	EUR 20,000 (i)	Floating rate	Bi-Annual
EURO MEDIUM TERM NOTES PROGRAMME EMISSIONS				
26/06/2009	26/06/2024	JPY 10,000,000 (i)	Fixed rate	Bi-Annual
08/03/2012	09/03/2015	EUR 63,500 (i)	Fixed rate	Bi-Annual
21/09/2012	21/09/2016	EUR 300,000	Fixed rate EUR 6.25%	Bi-Annual
28/09/2012	28/09/2015	EUR 50,000 (i)	Fixed rate	Annual
10/12/2012	10/12/2015	EUR 100,000 (i)	Fixed rate	Bi-Annual
16/01/2013	16/01/2020	EUR 150,000 (i)	Floating rate	Quarterly
31/01/2013	31/01/2018	EUR 300,000	Fixed rate EUR 4.125%	Annual
17/10/2013	16/10/2020	EUR 400,000 (ii)	Fixed rate EUR 4.75%	Annual

(i) These emissions correspond to private placements.
(ii) These emissions has interest currency rate swaps associated.

The bank loans are mainly (609,239 thousand Euros) represented by EIB loans.

Following the strategic partnership made with State Grid International Development Ltd, under de scope of the second phase of the re-privatization of REN, the conditions for the financing of the irreversible amount of 800,000 thousand Euros were agreed to (amount corresponding to 80% of the global commitment amount of 1,000,000 thousand Euros). This financing will be paid in two batches, of 400,000 thousand Euros each, the first batch was signed in 2013 (having already been used 100,000 thousand Euros) and the second batch was in the process of conclusion as of 31 December 2013.

In 2013 the Group also agreed a credit line with the Industrial and Commercial Bank of China in the amount of 160,000 thousand Euros, having already disbursed 10,000 thousand Euros.

The Group has also credit lines negotiated and not used in the amount of 81,500 thousand Euros, maturing up to one year, which are automatically renewable periodically (if they are not terminated in the contractually specified period for that purpose).

As a result of the fair value hedge related to the debt emission made in 2013, in the amount of 400,000 thousand Euros, fair value changes concerning interest rate risk were recognized directly in statement of profit and loss, in a positive amount of 8,159 thousand Euros (Note 16).

The REN financial liabilities have the following main types of covenants: *Cross default, Pari Passu, Negative Pledge, Gearing* (ratio of total consolidated equity to the amount of the Group's total conceded assets). The borrowings from EIB – European Investment Bank include ratings covenants. In the event of ratings below the levels specified, REN can be called to provide a guarantee acceptable to EIB (Note 33.3).

Following the legal standards and usual market practices, contractual terms and free market competition, establish that neither REN nor its counterparts in borrowing agreements are authorized to disclose further information regarding the content of these financing agreements.

REN and its subsidiaries are a part of certain financing agreements and debt issues, which include change in control clauses typical in this type of transactions (including, though not so expressed, changes in control as a result of takeover bids) and essential to the realization of such transactions on the appropriate market context. In any case, the practical application of these clauses is limited to considering the legal ownership of shares of REN restrictions.

The exposure of the Group's borrowings to changes in interest rates on the contractual re-pricing dates is as follows:

	'13	'12
6 month or less	1,081,350	1,482,241
6 - 12 month	150,000	281
1 - 5 years	1,288,500	1,031,500
Over 5 years	166,882	172,962
	2,686,732	2,686,984

The effect of the foreign exchange rate exposure was not considered as this exposure is totally covered by the hedge derivate in place.

The average interest rates for borrowings including commissions and other expenses were 5.54% in 2013 and 5.70% in 2012.

LEASES

Minimal payments regarding lease contacts and the carrying amount of the finance lease liabilities as of 31 December 2013 and 2012 are made up as follows:

	'13	'12
Finance lease liabilities - minimum lease payments		
No later than 1 year	795	695
Later than 1 year and no later than 5 years	1,768	771
	2,563	1,466
Future finance charges on finance leases	(168)	(89)
Present value of finance lease liabilities	2,395	1,377

	'13	'12
The present value of finance lease liabilities is as follows		
No later than 1 year	719	643
Later than 1 year and no later than 5 years	1.676	734
	2.395	1.377

21 POS-EMPLOYMENT BENEFITS AND OTHERS BENEFITS

As explained in Note 3.10 REN – Rede Eléctrica Nacional, S.A. grants supplementary retirement, early-retirement and survivor pensions (hereinafter referred to as pension plan), provides its retirees and pensioners with a health care plan on a similar basis to that of its serving personnel, and grants other benefits such as long service bonuses, retirement bonuses and a death grant (referred to as "other benefits" in Note 21.2). The Group also grants their employees life assurance plans. There were no changes in relation to 31 December 2012 in the benefits granted to the employees.

Following the adoption of IAS 19 - Employee Benefits amendment, the applicability of which is mandatory for financial years beginning on or after 1 January 2013 (Note 3.1), the reported amounts of 31 December 2012 have been restated, due to the use of a single discount rate in accordance with the new IAS 19, resulting in an increase in the caption of "Personnel costs" in the consolidated income statement for 2012 (and as such a reduction net profit for the financial year 2012) and the caption "Retained earnings" in the amount of 331 thousand Euros.

At 31 December 2013 and 2012 the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

	'13	'12
Liability on the Balance Sheet		
Pension plan	90,579	68,208
Healthcare plan and other benefits	35,514	37,477
Life assurance plan	138	123
	126,231	105,808

During the years ended 31 December 2013 and 2012, the following operating expenses were recorded regarding benefit plans with employees:

	'13	'12
Charges to the statement of profit and loss (note 28)		
Pension plan	4,742	2,064
Healthcare plan and other benefits	1,838	1,005
Life assurance plan	5	15
	6,585	3,084

The actuarial assumptions used to calculate the post-employment benefits, which are considered by the REN Group and the entity specialized in actuarial studies to be those that best meet the commitments established in the pension plan and related retirement benefit liabilities, are as follows:

	'13	'12
Annual discount rate	3.25%	3.25%
Expected percentage of serving employees elegible for early retirement (more than 60 years of age and 36 years in service) by Collective Work Agreement	20.00%	20.00%
Expected percentage of serving employees elegible for early retirement - Management act	20.00%	20.00%
Rate of salary increase	3.30%	3.30%
Pension increase	1.70%	2.00%
Future increases of Social Security Pension amount	-	2.00%
Inflation rate	2.00%	2.00%
Medical trend	3.50%	3.50%
Management costs (per employee/year)	219€	215€
Expenses medical trend	2.00%	2.20%
Retirement age (number of years)	66	65
Mortality table	TV 88/90	TV 88/90

The actuarial valuation of 31 December 2013 reflects the changed assumption of retirement age by the Social Security from 65 years to 66 years of age in accordance with Decree-Law No. 167-E/2013 of 31 December and Ordinance 378-G/2013 of 31 December.

The annual discount rate of 3.25% used in the valuation of liabilities, was obtained through an analysis of rates of return on bonds considered appropriate and in line with the duration of the liabilities associated with different benefit plans (see discount rate determination in note 3.10).

SENSITIVITY ANALYSIS

In the scenario where a discount rate of 4.25% and 2.25% have been considered in determination of the responsibilities with pension plan and medical & other benefits plan, the following variations would occur:

	DISCOUNT RATE FOR SENSITIVITY ANALYSIS		
	2.25%	3.25%	4.25%
PENSION PLAN			
Liabilities	145,702	133,883	123,815
Impact on liabilities	11,819	-	(10,068)
HEALTHCARE PLAN			
Liabilities	23,699	20,445	17,857
Impact on liabilities	3,254	-	(2,588)
OTHER BENEFITS			
Liabilities	18,148	15,069	12,721
Impact on liabilities	3,079	-	(2,348)

The evolution of the eligible population for the pension plan and the healthcare and other benefits plan is as follows:

	'13	'12
Active	376	434
Early retirees	195	159
Retirees	592	581

21.1 PENSION PLAN

To cover its liability for supplementary retirement pensions, REN contributes to an autonomous pension fund.

In the years ended 31 December 2013 and 2012 no contributions were made to the REN Pension Fund. No contributions are expected for the following year.

The expected payments plan, given its maturity, of the obligations of the pension plan is in the following table:

	2014	2015	2016	2017	2018	2019-2023
Expected benefits payments	11,896	13,062	13,163	13,096	12,771	48,170

The weighted average duration of the obligation to the pension plan amounted to 7 years.

The assets portfolio of the REN Pension Fund at 31 December 2013 and 2012 were as follows, in accordance with information provided by the financial institution in charge for the management of REN`s Pension Fund:

PLAN ASSETS	'13	%	'12	%
Bonds	37,105	86%	37,866	86%
Shares	5,904	14%	5,649	13%
Readily available deposits	116	0%	279	1%
Operations to be settled	179	0%	-	-
Total	43,304	100%	43,794	100%

The assets effective rate of return in 2013 was 3.9% (8.1% in 2012).

Evolution of the assets of the Pension Fund in 2013 and 2012 was as follows:

	'13	'12
At 1 January	**43,794**	**42,338**
Actuarial gain / (loss)	268	1,290
Benefits paid	(2,146)	(1,902)
Return on plan assets (i)	1,388	2,068
At 31 December	43,304	43,794

(i) Unique rate applied to the obligation and assets pension plan.

Employees that fulfil certain predefined conditions of age and length of service and choose to take an early retirement, as well as those that agree with the Company to take pre-retirement are also included in the plans.

The liability and corresponding annual costs are determined by annual actuarial calculations, using the projected unit credit method, made by an independent actuary based on assumptions that reflect the demographic conditions of the population covered by the plan and the economic and financial conditions at the time of the calculations.

The amount of the liability recognized in the consolidated statement of financial position was determined as follows:

	'13	'12
Present value of the liability	(133,883)	(112,002)
Fair value of plan assets	43,304	43,794
	(90,579)	**(68,208)**

The reconciliation of the remeasurement of liability net of benefits is as follows:

	'13	'12
At 1 January	**68,208**	**25,416**
Current service costs	2,644	945
Net interest on net defined benefit liability	2,098	1,119
Actuarial (gains)/losses	24,645	46,437
Benefits paid	(7,016)	(5,708)
At 31 December	**90,579**	**68,208**

The changes in the present value of the underlying liability of the pension plan were as follows:

RECONCILIATION OF THE OBLIGATION OF THE PENSION PLAN

	'13	'12
At 1 January	**112,002**	**67,754**
Current Service costs	2,644	945
Interest costs	3,486	3,187
Benefits paid	(9,162)	(7,610)
Actuarial(gains)/losses	24,913	47,727
At 31 December	**133,883**	**112,002**

The impact on the consolidated statement of profit and loss for the year was as follows:

	'13	'12
Current service costs	2,644	945
Net interest on net defined benefit liability	2,098	1,119
Total included in personnel costs	**4,742**	**2,064**

HISTORICAL ANALYSIS OF THE ACTUARIAL GAINS AND LOSSES

The actuarial gains and losses that result from the adjustments made to de actuarial assumptions, experience assumptions (difference between the actuarial assumptions and what effectively occurred) or in the defined benefits are as follows:

	'13	'12
Discount rate	**3.25%**	**3.25%**
Liabilities amount	(133,883)	(112,002)
Value of the pension fund	43,304	43,794
Actuarial gains/(losses) on liabilities	(24,913)	(47,727)
- for change in assumptions	(22,938)	(44,212)
- from experience	(1,975)	(3,515)
Actuarial gains/(losses) on fund assets	268	1,290

21.2 HEALTHCARE AND OTHER BENEFITS

The healthcare and other benefits plan does not have a fund, the liability being covered by a specific provision.

The amounts of the liability recognized in the statements of financial position were as follows:

	'13	'12
Present value of the obligation	35,514	37,476
Liability in the statement of financial position	**35,514**	**37,476**

The changes in the amount of the obligation for healthcare and other benefits were as follows:

	'13	'12
At 1 January	**37,476**	**29,586**
Current service costs	641	441
Interest costs	1,197	1,447
Benefits paid	(1,276)	(1,164)
Actarial (gain)/loss	(2,670)	7,032
Other benefits	145	134
At 31 December	**35,514**	**37,476**

The effects of the plan on the consolidated statements of profit and loss were as follows:

	'13	'12
Current service costs	641	441
Interest costs	1.197	1.447
Medical plan utilizations	-	(883)
Total included in personnel costs	**1.838**	**1.005**

MEDICAL EXPENSES TREND RATE IN THE HEALTHCARE PLAN

The medical cost increase rate adopted by the Group assessed by reference to historical series statistics expenses increases was 3.5%.

The effect of an increase of one percentage point of the healthcare expenses growth rate, represents a 12% increase in liabilities, where a decrease of one percentage point results in a decrease of 10% in liabilities as shown below:

	GROWTH RATE FOR SENSITIVITY ANALYSIS		
	2.50%	3.50%	4.50%
Current service and interest costs	831	953	1,109
Impact on current service and interest costs	(122)	-	156
Past service liabilities	18,398	20,445	22,963
Impact on past service liabilities	(2,047)	-	2,518

HISTORICAL ANALYSIS OF THE ACTUARIAL GAINS AND LOSSES IN THE MEDICAL AND OTHER BENEFITS PLAN

The actuarial gains and losses that result from the adjustments made to de actuarial assumptions, experience assumptions (difference between the actuarial assumptions and what effectively occurred) or in the defined benefits are as follows:

	'13	'12
Discount rate	**3.25%**	**3.25%**
Liabilities amount	(35,514)	(37,476)
Actuarial (gains)/losses on liabilities	2,670	(7,032)
- for change in assumptions	(191)	(8,600)
- from experience	2,860	1,568

The expected payments plan, given its maturity, of the obligations of the pension plan is in the following table:

	2014	2015	2016	2017	2018	2019-2023
Expected benefits payments	1,324	1,397	1,443	1,483	1,540	8,250

The weigh average duration of these liabilities is 14 years for healthcare and 18 years for other benefits.

21.3 LIFE INSURANCE

The amount of the liability recognized on the consolidated statement of financial position was determined as follows:

	'13	'12
Provision	138	123
Total liabilities	**138**	**123**

The impact of the life insurance plan on the consolidated statement of profit and loss was as follows:

	'13	'12
Increase in the provision for the liabilities	5	15
Total included in personal costs	**5**	**15**

HISTORICAL ANALYSIS OF THE ACTUARIAL GAINS AND LOSSES IN LIFE INSURANCES

The actuarial gains and losses that result from the adjustments made to de actuarial assumptions, experience assumptions (difference between the actuarial assumptions and what effectively occurred) or in the defined benefits are as follows:

	'13	'12
Discount rate	**3.25%**	**3.25%**
Liabilities amount	(138)	(123)
Actuarial (gains)/losses on liabilities	(11)	-

22 PROVISIONS

The changes in provisions in the years ended 31 December 2013 and 2012 were as follows:

	'13	'12
Begining balance	**7,220**	**32,314**
Increases	226	2,833
Reversing	(438)	(197)
Utilization	(1,105)	(27,730)
Ending balance	**5,903**	**7,220**
Current provision	1,213	2,419
Non-current provision	4,690	4,801
	5,903	**7,220**

At 31 December 2013 the caption "Provisions" corresponds essentially to estimates of the payments to be made by REN resulting from legal processes in progress for damage caused to third parties and a restructuring provision amounting to 1,213 thousand Euros related to the on-going restructuring process.

The utilization in 2012 refers essentially to the payment of 27,837 thousand Euros in January 2012 of the indemnity on the Amorim Energia B.V. litigation process ended during 2012, plus interest owed up to the date of payment being the provision used in the amount of 27,730 thousand Euros for this process and an additional 153 thousand Euros for another litigation in progress.

23 TRADE AND OTHER PAYABLES

The caption "Trade and other payables" at 31 December 2013 and 2012 was made up as follows:

	'13			'12		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
TRADE PAYABLES						
Current suppliers (Note 12)	436,441	-	436,441	146,588	-	146,588
OTHER CREDITORS						
Other creditors (Note 12)	50,456	28,058	78,514	78,596	6,822	85,418
Tariff deviations (Note 12)	23,265	29,459	52,724	32,106	30,900	63,006
Fixed assets suppliers (Note 12)	83,065	-	83,065	83,890	-	83,890
TAX PAYABLES (NOTE 12) (1)	25,898	-	25,898	-	-	-
DEFERRED INCOME						
Grants related to assets	19,119	312,781	331,901	20,851	323,173	344,024
ACCRUED COSTS						
Holidays and holidays subsidies (Note 12)	4,728	-	4,728	5,050	-	5,050
Trade and other payables	**642,972**	**370,298**	**1,013,272**	**367,081**	**360,895**	**727,977**

(1) Tax payables refer to VAT, personnel income taxes and other taxes.

The caption "Current suppliers " includes the correction of the "CMEC" of 2012 invoiced by EDP – Gestão da Produção de Energia, S.A., in the amount of 299,917 thousand Euros, also reflected under caption "Trade and other receivables" (Note 14) through the invoice issued to EDP – Distribuição de Energia, S.A. This transaction sets a pass-through in the consolidated income statement of REN.

The caption "Other creditors" includes on 31 December 2013, an amount of 4,505 thousand Euros (4,642 thousand Euros at 31 December 2012), relating to the concession contract of private use of the Sines terminal land.

The ageing of trade suppliers, sundry creditors and suppliers of fixed assets is as follows:

AGEING OF DEBTS	'13	'12
30 days or less	466,460	267,983
31-60 days	103,126	33,871
61-90 days	55	640
91-120 days	-	705
More than 120 days	28,380	12,697
	598,021	315,896

The movement in the caption “Grants related to assets” current and non-current, in the years ended 31 December 2013 and 2012 was as follows:

GRANTS	
At 1 January 2012	361,730
Increases	658
Recognition of investment grants (Note 26)	(18,364)
Decreases	-
At 31 December 2012	344,024
Increases	7,010
Recognition of investment grants (Note 26)	(19,119)
Decreases	(15)
At 31 December 2013	331,901

24 SALES AND SERVICES RENDERED

Sales and services rendered recognized in the consolidated statement of profit and loss is made up as follows:

	'13	'12
GOODS		
Domestic market	112	405
	112	405
SERVICES		
Electricity transmission and overall systems management	393,972	408,296
Natural gas transmission	121,939	122,647
Regasification	36,692	35,865
Underground gas storage	13,192	13,502
Telecommunications network	5,401	5,231
Trading	3,927	1,633
Others	764	1,393
	575,886	588,568
Total sales of goods and services	575,998	588,973

25 REVENUE AND COSTS FOR CONSTRUCTION ACTIVITIES – CONCESSION / REGULATED ASSETS

As part of the concession contracts treated under IFRIC 12, the construction activity is subcontracted to specialized suppliers. Therefore the Group obtains no margin in the construction of these assets. The detail of the revenue and expenses with the acquisition of concession assets as of 31 December 2013 and 2012 were made up as follows:

	'13	'12
REVENUE FROM CONSTRUCTION OF CONCESSION ASSETS		
- Acquisitions	162,179	172,892
- Own work capitalised :		
Financial expenses (Note 8)	9,126	13,132
Overhead and management costs (Note 8)	16,160	14,483
	187,464	200,507
COST OF CONSTRUCTION OF CONCESSION ASSETS		
- Acquisitions	162,179	172,892
	162,179	172,892

26 OTHER OPERATING INCOME

The caption "Other operating income" is made up as follows:

	'13	'12
Recognition of investment subsidies (Note 23)	19,119	18,364
Supplementary income	1,823	1,686
Financial contracts i)	1,469	369
Disposal of unused materials	2,729	315
Others	604	408
	25,744	21,143

i) This amount corresponds to gain on financial operations in the futures energy market, coal, and carbon emission licences, through the operations managed under standardized by International Swaps and Derivatives Association Inc. ("ISDA"), as well as participation in futures trading exchanges. The operations are merely financial not involving physical deliveries.

27 EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" for the years ended 31 December 2013 and 2012 is made up as follows:

	'13	'12
Gas transport subcontracts	2,849	2,419
Maintenance costs	10,507	14,781
Fees relating to external entities i)	10,809	15,143
Cross border interconnection costs ii)	1,573	4,732
Electric energy costs	4,555	4,904
Insurance costs	2,816	2,795
Reserve capacity costs iii)	1,359	1,471
Advertising and communication costs	1,616	2,486
Security and surveillance	1,757	1,947
Other (less than 1,000 thousand Euros)	6,185	6,854
External supplies and services	**44,028**	**57,532**

i) The fees paid to external entities refer to specialized work and fees paid by REN for contracted services and specialized studies.

ii) The cross border interconnection costs refer to the cost assumed on cross-border trade in electricity. The decrease in the period ended 31 December 2013, when compared with the same period of last year reflects the reduction of the flows of electricity imported.

iii) Reserve capacity costs correspond to costs incurred by REN relating to production available required from producers, to maintain the system always operational and available. These costs are recorded in the global management activity of the REN S.A. system in accordance with the regulatory model currently in force.

The "Others" caption includes financial statements audit services as well as consulting services rendered by audit companies recorded as expenses in 2013, as follows:

	'13	'12
Audit and revision of accounts	276	246
Other assurance services	106	239
Tax consulting	17	76
Other non audit services	106	28
	505	**589**

28 PERSONNEL COSTS

Personnel costs are made up as follows:

	'13	'12
REMUNERATION		
Board of directors	2,130	2,509
Personnel	34,945	34,328
	37,074	**36,837**
SOCIAL CHARGES AND OTHER EXPENSES		
Post-employement and other benefits cost (Note 21)	6,585	3,084
Social constribuition costs	7,494	7,670
Social support costs	1,944	2,656
Other	502	424
	16,525	**13,834**
Total personnel costs	**53,599**	**50,671**

The Corporate bodies' remuneration includes remunerations paid to the Board of Directors as well as the General Shareholders meeting attendance.

The average number of employees of the Group in 2013 was 702 (2012: 739).

29 OTHER OPERATING COSTS

Other operating costs are made up as follows:

	'13	'12
ERSE operating costs i)	8.761	8,761
Donations	195	370
Taxes	1,141	1,513
Others	2,653	1,868
	12.750	12.512

i) The caption "ERSE operating costs" corresponds to ERSE's operating costs, to be recovered through electricity and gas tariffs.

30 FINANCIAL COSTS AND INCOME

Financial costs and income are made up as follows:

	'13	'12
FINANCIAL COSTS		
Interest on bonds issued	130,984	88,759
Interest on commercial paper issued	7,637	27,711
Other borrowing interests	21,461	27,889
Other financing expenditure	1,650	-
Other financial investments	971	1,382
	162,703	145,740
FINANCIAL INCOME		
Interest income	10,989	2,166
Derivative financial instruments	1,928	90
	12,917	2,257

31 EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2013 and 2012 were calculated as follows:

		'13	'12
Consolidated net profit used to calculate earnings per share	(1)	121,303	123,561
Number of ordinary shares outstanding during the period (Note 18)	(2)	534,000,000	534,000,000
Effect of own shares (Note 18)		3,881,374	3,881,374
Number of shares in the period	(3)	530,118,626	530,118,626
Basic earnings per share (euro per share)	**(1)/(3)**	**0.23**	**0.23**

The basic earnings per share is the same as the diluted earnings as there are no situation that could origin dilution effects.

32 DIVIDENDS PER SHARE

During the Shareholders General Assembly meeting held on 30 April 2013, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2012, in the amount of 90,780 thousand Euros (0.17 Euros/share). The dividends attributable to own shares amounted to 660 thousand Euros, being paid to the shareholders a total amount of 90,120 thousand of Euros.

The dividends paid during the year ended 31 December 2012, determined on the 2011 net profit amounted to 90,246 thousand Euros (0,169 Euros per share).

33 CONTINGENT ASSETS AND LIABILITIES

33.1 COMMITMENTS

The commitments assumed by REN Group relating to investments contracted but not yet realized, not reflected in the statement of financial position as of 31 December 2013 and 2012, were as follows:

	'13	'12
Power lines	3,726	19,643
Substations	26,328	67,471
Gas pipelines	294	17,609
Sines Terminal	2,513	220
Underground gas storage	269	10,812
	43,130	115,755

33.2 GUARANTEES GIVEN

At 31 December 2013 and 2012 the REN Group had given the following bank guarantees:

BENEFICIARY	SCOPE	'13	'12
Ministry of the Economy and Innovation	To guarantee settlement of executing	-	1
European Community	To comply with the contractual requirements of the loan contract	-	3
EP - Estradas de Portugal	To guarantee compliance with the obligations assumed	84	84
Tax Authority and Customs	Ensure the suspension of tax enforcement proceedings	205	193
NORSCUT - Concessionária de Auto-estradas, S.A.	To guarantee prompt payment of liabilities assumed by REN in the contract ceding utilization	200	200
EUROSCUT NORTE - Sociedade Concessionária da SCUT do Norte Litoral, S.A.	Ensure compliance with the obligations assumed	-	250
Fortia - Energia para Grandes Consumidores	Financial contract under the ISDA contract (International Swaps and Derivatives Association, Inc.)	1,000	1,000
OMEL - Operador del Mercado Español de Electricidad	To guarantee payments resulting from trading participation as purchaser in the Spanish market	2,000	2,000
Municipal Council of Silves	Guarantee for expropriation processes	352	-
Municipal Council of Odivelas	Guarantee for expropriation processes	1,119	-
Municipal Council of Aveiro	Guarantee for expropriation processes	43	-
Municipal Council of Seixal	Guarantee for expropriation processes	4,079	4,469
Municipal Council of Vila Nova de Gaia	Guarantee for expropriation processes	2	-
Judge of District Court	Guarantee the suspension of process nº 412/13	5,549	5.681
Direcção Geral de Geologia e Energia	To guarantee compliance with the obligations assumed resulting from the contract relating to the public service concession	20,500	20,500
European Investment Bank	To guarantee loans	318,225	359,022
		353,359	393,403

The given guarantees have the following maturities:

				31 DECEMBER 2013
	LESS 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
Loans	49,964	164,880	103,382	318,225
Others	-	-	35,133	35,133
	49,964	164,880	138,515	353,359

				31 DECEMBER 2012
	LESS 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
Loans	-	209,760	149,262	359,022
Others	-	-	34,381	34,381
	-	209,760	183,643	393,403

33.3 ASSETS GIVEN AS COLLATERAL

During November 2012 a guarantee was given to EIB in the form of a secured deposit in the amount of 117,163 thousand Euros. As of 31 December 2013, and following the reduction of the capital outstanding to EIB, the amount of the pledge bank deposit is 108,299 thousand Euros.

This guarantee is required until the REN`s rating of investment grade is re-established or this guarantee replaced by another acceptable by EIB (including bank guarantees presented by financial institutions acceptable by EIB).

33.4 GUARANTEES RECEIVED

REN possesses collateral guarantees regarding accounts receivable, namely bank guarantees, which amount to, approximately, 48,214 thousand Euros as of 31 December 2013 (19,171 thousand Euros as of 31 December 2012).

34 RELATED PARTIES

MAIN SHAREHOLDERS AND SHARES HELD BY CORPORATE BODIES

At 31 December 2013 and 2012, the shareholder structure of Group REN was as follows:

	‘13		‘12	
	NUMBER OF SHARES	%	NUMBER OF SHARES	%
State Grid Europe Limited (Grupo State Grid)	133,500,000	25.00%	133,500,000	25.00%
Mazoon B,V, (Grupo Oman Oil Company S.A.O.C.)	80,100,000	15.00%	80,100,000	15.00%
EGF - CGF, S.A.	45,019,666	8.43%	45,019,666	8.43%
Parpública - Participações Públicas (SGPS), S.A.	52,871,340	9.90%	52,871,340	9.90%
Gestmin, SGPS, S.A.	31,326,951	5.87%	31,046,951	5.81%
Oliren, SGPS, S.A.	26,700,000	5.00%	26,700,000	5.00%
EDP - Energias de Portugal, S.A.	26,707,335	5.00%	26,707,335	5.00%
Red Eléctrica Corporación, S.A.	26,700,000	5.00%	26,700,000	5.00%
Columbia Wanger	-	0.00%	10,703,317	2.00%
Caixa Geral de Depósitos, S.A.	6,290,967	1.18%	6,118,772	1.15%
Own shares	3,881,374	0.73%	3,881,374	0.73%
Free float	100,902,367	18.90%	90,651,245	16.98%
	534,000,000	100.00%	400,500,000	100.00%

The number of shares held by corporate bodies at 31 December 2013 and 2012 is detailed in the director report.

MANAGEMENT REMUNERATION

The Board of Directors of REN, SGPS was considered in accordance with IAS 24 to be the only key entity in the management of the Group.

Remuneration of the Board of Directors of REN, SGPS in the year ended 31 December 2013 amounted to 2,130 thousand Euros (2,503 thousand Euros in 2012), as shown in the following table:

	'13	'12
Remuneration and other short term benefits	1,395	1,345
Compensation for early termination of the mandate	-	362
Management bonuses (estimate)	735	796
	2,130	2,503

ACQUISITION OF BONDS BY THE MEMBERS OF THE BOARD OF DIRECTORS

On February 2013 the Director, Mr. Manuel Carlos de Melo Champalimaud, bought 35,700 shares of REN.

Besides the situation mentioned above, no other cases of transactions made by board members, compared to the consolidated financial statements of REN, on 31 December 2012, were made.

TRANSACTIONS WITH GROUP OR DOMINATED COMPANIES

In its activity REN maintains transactions with Group entities or with dominated parties. The terms in which these transactions are held are substantially identical to those practiced between independent parties in similar operations.

In the consolidation process the amounts related to such transactions or open balances are eliminated (Note 3.2) in the financial statements.

The main transactions held between Group companies were: (i) borrowings and shareholders loans; and (ii) shared services namely, legal services, administrative services and informatics.

BALANCES AND TRANSACTIONS HELD WITH SHAREHOLDERS, ASSOCIATES AND OTHER RELATED PARTIES

During the periods ended 31 December 2013 and 2012, Group REN carried out the following transactions with reference shareholders, qualified shareholders and related parties:

REVENUE

	'13	'12
SALES AND SERVICES PROVIDED		
Invoicing issued- EDP	1,520,092	1,361,316
Invoicing issued- OMIP	18	15
Invoicing issued- State Grid	-	137
Invoicing issued - North China International Power (State Grid Group)	20	-
Invoicing issued - REE	3	-
Invoicing issued - Centro de Investigação em Energia REN - State Grid	108	-
FINANCIAL INCOME		
Interest on financial aplications-CGD	1,156	286
DIVIDENDS RECEIVED		
REE	3,266	3,911
	1,524,663	1,369,214

The amounts shown as invoicing issued relate to the overall management of the electricity system tariff (UGS) and electricity transmission tariff (TEE) that includes the same pass through amounts reversed in the consolidated statement of profit and loss.

COSTS

	'13	'12
EXTERNAL SUPPLIES AND SERVICES		
Invoicing received-EDP	693,186	523,733
Invoicing received-OMIP	349	348
Invoicing received - REE	43	-
Invoicing received - Norfin - Serviços, S.A.[1]	1	-
Invoicing received - CMS Rui Pena & Arnaut [2]	94	-
FINANCIAL COSTS		
Interests on Commercial paper - CGD	302	3,550
Borrowings fees - CGD	1,222	3,474
Derivative financial instruments	2,594	1,293
	697,791	532,399

[1] Entities related to the Board member Filipe Maurício de Botton

[2] Entity related to the Board member José Luis Arnaut

The amounts shown as invoicing received relate to the intermediation role of REN in the purchase and sale of electricity, the income and costs of which are reversed in the statement of profit and loss, since they are pass through amounts in the income recognition.

BALANCES

The balances at 31 December 2013 and 2012 resulting from transactions with related parties were as follows:

	'13	'12
TRADE AND OTHER RECEIVABLES		
EDP - Trade receivables	408,798	107,487
EDP - Other receivables	1,429	1,267
OMIP - Trade receivables	-	2
OMIP - Other receivables	915	920
OMIP - Guarantees	1,173	-
Oman Oil - Other receivables	1	1
Centro de Investigação em Energia REN - State Grid - Other receivables	186	-
Centro de Investigação em Energia REN - State Grid - Trade receivable	301	-
REE - Trade receivables	3	-
CASH AND EQUIVALENTS		
CGD - Bank deposits	1,710	551
	414,517	110,227
TRADE AND OTHER PAYABLES		
EDP - Trade payables	304,178	3,937
OMIP - Other payables	1,128	889
OMIP - Guarantees	27	-
Centro de Investigação em Energia REN - State Grid - Other payables	15	-
Norfin Sociedade Gestora de Fundos - Guarantees[1]	9	-
Norfin Serviços, S.A.[1]	5	
CMS - Rui Pena & Arnaut - Trade payables[2]	27	-
BORROWINGS		
CGD - Borrowings (Commercial paper)	30,000	93,000
CGD - Finance lease	1,841	1,001
	337,230	98,827

[1] Entities related to the Board member Filipe Maurício de Botton

[2] Entity related to the Board member José Luis Arnaut

35 SUBSEQUENT EVENTS

There were no subsequent events after the balance sheet date.

36 EXPLANATION ADDED FOR TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as endorsed by the European Union at 1 January 2013. In the event of discrepancies, the Portuguese language version prevails.

STATEMENT PROVIDED FOR IN ARTICLE 245, NO. 1, PARAGRAPH C) OF THE SECURITIES CODE

Pursuant to and for the purposes of Article 245, No. 1, paragraph c) of the Securities Code, each member of the Board of Directors of REN - Redes Energéticas Nacionais, SGPS, SA, identified on next page by their name, endorsed the statement which is transcribed herein[1]:

"I solemnly declare, pursuant to and for the purposes specified in Article 245, No. 1, paragraph c) of the Securities Code, to the best of my knowledge, and serving as and in the scope of the functions assigned to me, based on the information made available to me within the Board of Directors and / or Executive Committee, as applicable, the condensed financial statements have been prepared in accordance with the applicable accounting standards, thus providing a true and fair view of assets and liabilities, financial position and results of REN - Redes Energéticas Nacionais, SGPS, S.A. and of the companies included in its scope of consolidation, and that the management report for the fiscal year of 2013 faithfully describes the occurrences in that period and the impact in the respective financial statements, also containing a description of the principal risks and uncertainties for the following year."

Lisbon, 6th March 2014

1) The originals of the individual statements are available for consultation at the head office of the company.

The Accountant

Maria Teresa Martins

The Board of Directors

Rui Manuel Janes Cartaxo
(President and Executive Director)

João Caetano Carreira Faria Conceição
(Executive Director)

Gonçalo Morais Soares
(Executive Director)

Guangchao Zhu
(Vice-President of the Board of Directors appointed by State Grid International, Development Limited)

Mengrong Cheng
(Non-Executive Director)

Haibin Wan
(Non-Executive Director)

Hilal Ali Saif Al-Kharusi
(Non-Executive Director)

Aníbal Durães dos Santos
(Director appointed by Parpública – Participações Públicas, SGPS, S.A.)

Filipe Maurício de Botton
(Director appointed by EGF – Gestão e consultoria Financeira, S.A.)

Manuel Carlos Mello Champalimaud
(Director appointed by Gestmin, SGPS, S.A.)

José Luís Folgado Blanco
(Director appointed by Rede Eléctrica Corporation, S.A.)

José Luis Arnaut
(Non-Executive Director)

José Luís Alvim Marinho
(President of the Audit Committee)

José Frederico Vieira Jordão
(Member of the Audit Committee)

Emílio Rui Vilar
(Member of the Audit Committee)

REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A.

REPORT AND OPINION OF THE AUDIT COMMITTEE

CONSOLIDATED ACCOUNTS

Within the scope of its duties, the Audit Committee has monitored the development of the activity of REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A. and its subsidiaries, supervised compliance with the law, regulations and the Articles of Association, supervised compliance with accountancy policies and practices, and supervised the process of preparation and disclosure of financial information, the legal review of accounts and the effectiveness of the internal control and risk management systems. It further supervised the activity of the Statutory Auditor and the External Auditor, including their independence and impartiality.

The Audit Committee also examined the consolidated financial information comprised within the Management Report and the financial statement of REN – REDES ENERGÉTICAS, SGPS, S.A. and its subsidiaries attached thereto in relation to the financial year ended on December 31, 2013 which consist of the Consolidated Financial Statement, evidencing a total of 5,061,349 thousand Euros and 1,079,566 thousand Euros of Equity Capital, including a Consolidated Net Profit of 121,303 thousand Euros, the Consolidated Profit and Loss Accounts, Comprehensive Income, Changes in Equity Capital and Cash Flows in relation to the financial year closed on the abovementioned date and the respective Annex.

The Audit Committee analysed the Legal Certification of Accounts and the Audit Report on the consolidated financial information, prepared by the Statutory Auditor and the External Auditor, which has been agreed by the Audit Committee.

Within the context of the analysis undertaken, the Audit Committee further supervised the compliance and adequacy of the accounting policies, procedures, practices and adopted valuation criteria, as well as the regulatory and quality of the Company´s accounting information.

In light of the above, it is the opinion of the Audit Committee that the Consolidated Financial Statements and Consolidated Management Report, as well as proposal expressed therein, abide by applicable accounting, legal and statutory provisions, wherefore it recommends its approval by the General Meeting of Shareholders.

Lisbon, 06 March 2014

José Luis Alvim (Chairman)

José Frederico Jordão (Member)

Emílio Rui Vilar (Member)

STATUTORY AUDIT REPORT AND AUDITORS` REPORT
CONSOLIDATED FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese – Note 36)

Introduction

1. In accordance with the applicable legislation, we hereby present the Statutory Audit Report and Auditors` Report on the consolidated financial information contained in the Directors' Report and the consolidated financial statements of REN – Redes Energéticas Nacionais, S.G.P.S., S.A. ("the Company") and subsidiaries ("the Group") which comprise the Consolidated Statement of Financial Position as of 31 December 2013 that presents total assets of 5,061,349 thousand Euros and equity of 1,079,566 thousand Euros, including a consolidated net profit of 121,303 thousand Euros, the Consolidated Statements of Profit and Loss, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended and the corresponding Notes.

Responsibilities

2. The Board of Directors is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the financial position of the companies included in the consolidation, the consolidated results and comprehensive income from their operations, the consolidated changes in their equity and their consolidated cash flows; (ii) the preparation of historical financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and that is complete, true, timely, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate system of internal control; and (iv) informing any significant facts that have influenced its operations and the operations of the companies included in the consolidation, their financial position and comprehensive income.

3. Our responsibility is to examine the financial information contained in the above mentioned documents of account, including verifying if, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Securities Market Code, and issue a professional and independent opinion, based on our examination.

Scope

4. Our examination was performed in accordance with the auditing standards ("Normas Técnicas e as Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. Our examination included verifying, on a sample basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgments and criteria defined by the Board of Directors, used in their preparation. Our examination also included verifying the consolidation procedures used and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting policies used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and assessing the adequacy of the overall presentation of the consolidated financial statements and assessing if, in all material respects, the information is complete, true, timely, clear, objective and licit. Our examination also included verifying that the consolidated financial information contained in the Directors' Report is in accordance with the other consolidated documents of account, and making the verifications required by items 4 and 5 of article 451 of Commercial Companies Code. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated financial position of REN – Redes Energéticas Nacionais, S.G.P.S., S.A. and subsidiaries as of 31 December 2013, the consolidated results and comprehensive income from their operations, the consolidated changes in their equity and their consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and that the financial information contained in them is, in the terms defined in the standards mentioned in the paragraph 4 above, complete, true, timely, clear, objective and licit.

Report on other legal requirements

6. It is also our opinion that the financial information contained in the consolidated Directors' Report is in accordance with the consolidated financial statements of the year and the report on corporate governance practices includes the items required of the Company in accordance with article 245-A of the Securities Market Code.

Lisbon, 6 March 2014

Deloitte & Associados, SROC S.A.
Represented by Jorge Carlos Batalha Duarte Catulo

3. INDIVIDUAL FINANCIAL STATEMENTS

Statements of financial position as of 31st December 2013 and 2012

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS - tEUROS
(TRANSLATION OF STATEMENTS OF FINANCIAL POSITION ORIGINALLY ISSUED IN PORTUGUESE - NOTE 31)

ASSETS	NOTES	'13	'12
NON-CURRENT ASSETS:			
Tangible fixed assets	5 and 6	642	564
Investments - equity method	7	879,938	815,832
Available-for-sale financial assets	11	45,871	131,002
Other receivables	9	2,232,287	1,514,427
Other financial assets	9	102,274	112,583
Derivative financial instruments	10	-	6,853
Deferred tax assets	8	5,414	8,973
Total non-current assets		**3,266,427**	**2,590,235**
CURRENT ASSETS:			
Trade receivables	9	329	368
State and other public entities	16	-	14,318
Other receivables	9	470,800	1,122,491
Deferrals	12	78	101
Derivative financial assets	10	-	416
Other financial assets	9	8,864	8,864
Cash and bank deposits	4	158,002	54,929
Total current assets		**638,073**	**1,201,486**
Total assets		**3,904,500**	**3,791,721**
EQUITY AND LIABILITIES			
EQUITY:			
Share Capital	13	534,000	534,000
Own shares	13	(10,728)	(10,728)
Legal reserve	13	91,492	85,437
Other reserves	13	166,005	149,484
Adjustments to financial assets	13	14,137	(3,167)
Retained earnings		247,172	222,252
		1,042,078	977,277
Net profit for the period		116,071	121,095
Total equity		**1,158,149**	**1,098,372**
LIABILITIES			
NON-CURRENT LIABILITIES:			
Provisions	14	134	-
Borrowings	15	2,354,797	1,418,254
Post employment benefit liabilities		5	3
Derivative financial instruments	10	34,320	27,958
Total non-current liabilities		**2,389,390**	**1,446,215**
CURRENT LIABILITIES:			
Provisions	14	40	1,372
Trade payables	15	2,299	6,189
State and othe public entities	16	45,642	816
Derivative financial instruments	10	2,683	811
Borrowings	15	246,294	1,163,243
Other payables	15	59,563	73,556
Deferrals	17	574	1,147
Total current liabilities		**357,095**	**1,247,134**
Total liabilities		**2,746,351**	**2,693,348**
Total equity and liabilities		**3,904,500**	**3,791,721**

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2013.

THE ACCOUNTANT THE BOARD OF DIRECTORS

Statements of profit and loss by nature for the years ended 31st December 2013 and 2012

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS – tEUROS
(TRANSLATION OF STATEMENTS OF FINANCIAL POSITION ORIGINALLY ISSUED IN PORTUGUESE - NOTE 31)

REVENUES AND EXPENSES	NOTES	'13	'12
Services rendered	18	14,663	14,203
Gains / loss from subsidiaries and associates	7 and 19	121,709	125,831
Supplies and services	20	(8,280)	(12,592)
Personnel costs	21	(6,544)	(7,072)
Provisions (increases /decreases)	14	(115)	(440)
Other income	22	16,096	476
Other expenses	23	(987)	(1,189)
Profit before amortization, depreciation, finance costs and taxes		**136,543**	**119,218**
Depreciation charge / reversal	5	(158)	(124)
Operating profit (before finance costs and taxes)		**136,385**	**119,094**
Interest and similar income	24	130,766	132,233
Interest and similar costs	24	(164,057)	(146,628)
Dividends	25	6,578	7,461
Profit before taxes		**109,671**	**112,159**
Income tax for the period	8	6,400	8,936
Net profit for the period		**116,071**	**121,095**
Basic earnings per share		**0.22**	**0.23**

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2013.

THE ACCOUNTANT THE BOARD OF DIRECTORS

Statement of changes in equity for the years ended 31st December 2013 and 2012

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS - tEUROS
(TRANSLATION OF STATEMENTS OF FINANCIAL POSITION ORIGINALLY ISSUED IN PORTUGUESE - NOTE 31)

'12

	NOTES	CAPITAL	OWN SHARES	LEGAL RESERVE	HEDGING RESERVE (NOTE 10)	FAIR VALUE RESERVE (NOTE 11)	OTHER RESERVES	RETAINED EARNINGS	ADJUSTMENT OF FINANCIAL ASSETS (NOTE 13)	NET PROFIT FOR THE PERIOD	TOTAL EQUITY
Balances at the beginning of 2012		**534,000**	**(10,728)**	**79,809**	**(10,503)**	**(14,244)**	**163,510**	**221,596**	**(3,171)**	**112,553**	**1,072,823**
CHANGES IN THE YEAR:											
Changes in fair value	10 and 11	-	-	-	(16,109)	10,151	-	-	-	-	(5,958)
Appropriation of the profit for the preceding year	13	-	-	5,627	-	-	16,679	656	-	(22,963)	-
Adjustments in financial assets	7	-	-	-	-	-	-	-	4	-	4
		-	-	5,627	(16,109)	10,151	16,679	656	4	(22,963)	(5,955)
OPERATIONS DURING THE YEAR WITH SHAREHOLDERS											
Distribution of dividends	13	-	-	-	-	-	-	-	-	(89,590)	(89,590)
		-	-	-	-	-	-	-	-	(89,590)	(89,590)
Net profit for the year										121,095	121,095
Comprehensive income		-	-	-	(16,109)	10,151	-	-	-	121,095	115,137
Balances at the end of 2012		534,000	(10,728)	85,437	(26,612)	(4,093)	180,189	222,252	(3,167)	121,095	1,098,372

'13

	NOTES	CAPITAL	OWN SHARES	LEGAL RESERVE	HEDGING RESERVE (NOTE 10)	FAIR VALUE RESERVE (NOTE 11)	OTHER RESERVES	RETAINED EARNINGS	ADJUSTMENT OF FINANCIAL ASSETS (NOTE 13)	NET PROFIT FOR THE PERIOD	TOTAL EQUITY
Balances at the beginning of 2013		**534,000**	**(10,728)**	**85,437**	**(26,612)**	**(4,093)**	**180,189**	**222,252**	**(3,167)**	**121,095**	**1,098,372**
CHANGES IN THE YEAR:											
Changes in fair value	10 e 11	-	-	-	8,624	22,285	-	-	-	-	30,909
Available-for-sale financial assets disposals	11	-	-	-	-	(14,387)	-	-	-	-	(14,387)
Appropriation of the profit for the preceding year	13	-	-	6,055	-	-	-	24,920	-	(30,975)	-
Adjustments in financial assets	7 e 13	-	-	-	-	-	-	-	17,304	-	17,304
		-	-	6,055	8,624	7,898	-	24,920	17,304	(30,975)	33,826
OPERATIONS DURING THE YEAR WITH SHAREHOLDERS											
Distribution of dividends	13	-	-	-	-	-	-	-	-	(90,120)	(90,120)
		-	-	-	-	-	-	-	-	(90,120)	(90,120)
Net profit for the year										116,071	116,071
Comprehensive income		-	-	-	8,624	22,285	-	-	-	116,071	146,980
Balances at the end of 2013		534,000	(10,728)	91,492	(17,989)	3,805	180,189	247,172	14,137	116,071	1,158,149

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013.

THE ACCOUNTANT THE BOARD OF DIRECTORS

Statements of cash flow for the years ended 31st December 2013 and 2012

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS - tEUROS
(TRANSLATION OF STATEMENTS OF FINANCIAL POSITION ORIGINALLY ISSUED IN PORTUGUESE - NOTE 31)

	NOTES	'13		'12	
CASH FLOW FROM OPERATING ACTIVITIES:					
Cash receipts from customers		28,390		20,452	
Cash paid to suppliers		(22,047)		(14,370)	
Cash paid to personnel		(6,510)		(5,883)	
Cash generated by operations		**(168)**		**199**	
Income tax (paid)/received		14,069		43,945	
Other payments/receipts relating to operating activities	4	(4,338)		(30,175)	
Flows generated by /(used in) operations [1]			**9,563**		**13,969**
FLOWS FROM INVESTING ACTIVITIES:					
Payments relating to:					
Financial investments	7	(44,730)		-	
Borrowings		(800,000)		(668,500)	
Other financial assets	4 and 9	(210,000)		(117,162)	
Available-for-sale financial assets	11	(100)		(38,800)	
Tangible assets		(20)	(1,054,851)	(41)	(824,503)
Receipts relating to:					
Available-for-sale financial assets	11	107,516		-	
Other financial assets	9	207,264		-	
Supplementary contributions	7	-		2,000	
Borrowings		884,147		99,155	
Interest and similar income		127,560		128,853	
Dividends	7 e 25	125,645	1,452,131	120,156	350,163
Flows generated by investing activities [2]			**397,280**		**(474,340)**
FLOWS FROM FINANCING ACTIVITIES:					
Receipts relating to:					
Borrowings		2,444,001		10,320,502	
Interest and similar income		-	2,444,001	63	10,320,565
Payments relating to:					
Borrowings		(2,511,166)		(9,625,009)	
Interest and similar costs		(160,349)		(150,833)	
Dividends	13	(90,120)	(2,761,634)	(89,590)	(9,865,431)
Flows from financing activities [3]			**(317,633)**		**455,134**
Changes in cash and cash equivalents [4]=[1]+[2]+[3]			**89,209**		**(5,237)**
Cash and cash equivalents at the beginning of the year	**4**		**54,929**		**60,166**
Cash and cash equivalents at the end of the year	**4**		**144,138**		**54,929**

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2013.

THE ACCOUNTANT THE BOARD OF DIRECTORS

4. NOTES TO THE FINANCIAL STATEMENTS AS OF 31st DECEMBER 2013

1 INTRODUCTORY NOTE

REN – Redes Energéticas Nacionais, SGPS, S.A. (hereinafter referred to as "REN SGPS" or "the Company"), with head office in Avenida Estados Unidos da América, 55 – Lisbon, resulted from the transformation on 5 January 2007 of REN – Rede Eléctrica Nacional, S.A. into an investment holding company.

At the same time a spin-off was made of the electricity business from REN – Rede Eléctrica Nacional, S.A. to the group company REN – Serviços de Rede, S.A., the name of which was subsequently changed to REN – Rede Eléctrica Nacional, S.A..

REN SGPS is the parent company of the REN Group, being is organized into two main segments Electricity and Gas, and one secondary business, in the area of Telecommunications.

The Electricity business includes the following companies:

a) REN – Rede Eléctrica Nacional, S.A., founded on 26 September 2006, the activities of which are carried out under a concession contract for a period of 50 years as from 2007 and establishes the overall management of the Public Electricity Supply System (Sistema Eléctrico de Abastecimento Público - SEP);

b) REN Trading, S.A., founded on 13 June 2007, the main function of which is the management of Power Purchase Agreements (PPA) from Turbogás, S.A. and Tejo Energia, S.A., which did not terminate on 30 June 2007, date of the entry into force of the new Contracts for the Maintenance of the Contractual Equilibrium (Contratos para a Manutenção do Equilíbrio Contratual - CMEC). The operations of this company include the trading of electricity produced and of the installed production capacity, with domestic and international distributors;

c) Enondas, Energia das Ondas, S.A. was founded on 14 October 2010, its capital being fully owned by REN - Redes Energéticas Nacionais, S.A., with the main activity being management of the concession to operate a pilot area for the production of electric energy from sea waves. The Portuguese government awarded it, the concession to operate a pilot area for the production of electricity from sea waves in accordance with paragraph 3, Article 5 of Decree –Law 5 / 2008 of 8 January and Decree-Law 238/2008 of 15 December. In accordance with Decree-Law 238/2008 of 15 December, the concession has a duration of 45 years, and includes authorization to install the infrastructures necessary to connect to the public electricity network and use the water resources of the public water domain, monitoring the use by others of the water resources needed to produce electricity from wave energy, as well as competence to award licenses for the establishment and operation of the business of electricity generation and the monitoring of it.

The **Gas business** covers the following companies:

a) REN Gás, S.A. was founded on 29 March 2011, with the corporate objective of promoting, developing and carrying out projects and developments in the natural gas sector, as well as defining the overall strategy and coordination of the companies in which it has direct participations.

b) REN Gasodutos, S.A., founded on 26 September 2006, the capital of which was paid up through integration into it of the gas transport infrastructures (network; connections; compression). The company's object is to transport natural gas at high pressure and overall technical management of the National Natural Gas System, considering the security and continuity of supply of natural gas in the Portugal. It includes especially the management and operation of the National Natural Gas Transportation Network, including the transport of natural gas, the planning, construction, maintenance and operation of the infrastructures and installations necessary for this, in accordance with the law and its public service concession, as well as any other related services.

c) REN Armazenagem, S.A., founded on 26 September 2006, the capital of which was paid up through integration into the company of the gas underground storage assets. The company's purpose is the underground storage of natural gas and the construction, operation and maintenance of the infrastructures and facilities necessary for that purpose, in accordance with the law and the company's public service concession, and any other related activities.

d) REN Atlântico, Terminal de GNL, S.A., acquired under the acquisition of the gas business, previously designated "SGNL – Sociedade Portuguesa de Gás Natural Liquefeito". The operations of this company consist of the supply, reception, storage and re-gasification of natural liquefied gas through the GNL marine terminal, being responsible for the construction, utilization and maintenance of the necessary infrastructures.

The operations of REN Gasodutos, S.A., REN Armazenagem S.A. and REN Atlântico S.A. are carried within three concession contracts granted separately for periods of 40 years as from 26 September 2006.

The **telecommunications business** is managed by RENTELECOM – Comunicações, S.A. which activity is the establishment, management and operation of telecommunications infrastructures and systems, the rendering of telecommunications services and optimizing the over capacity of the fibber optic and the installations owned by REN Group.

REN SGPS wholly owns REN – Serviços, S.A., which has the objective of rendering services in the energetic areas and general services on the support of the business development, for related companies and third parties, receiving remuneration for these services, as well as the management of participations the company has in other companies.

The subsidiaries REN Gás, S.A., REN Gasodutos S.A. and REN Armazenagem, S.A. are indirectly fully owned by REN SGPS, S.A. through its subsidiary REN Serviços, S.A. (fully owned by REN SGPS).

On 10 May 2013 REN Finance, B.V. was incorporated being, fully owned by REN SGPS, based in Netherlands, whose object is to participate, finance, collaborate and lead the management of related companies.

Additionally on 24 May 2013, together with China Electric Power Research Institute, society of the State Grid Group, was established the Centro de Investigação em Energia REN – State Grid, S.A. ("Centro de Investigação") under a Joint Venture in which REN holds 1,499,997 shares representing 49.99% of the total capital. The social object of this company is to implement a Center for Research and Development in Portugal, dedicated to the research, development, innovation and demonstration in the areas of electricity transmission and systems management, the rendering of advisory services and education and training services as part of these activities, as well as performing all related activities and complementary services to its object.

On 31 December 2013, REN SGPS, has also:

a) 40% interests in the share capital of OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A. ("OMIP SGPS"), having as its social object the management of participations in other companies as an indirect way of exercising economic activities. The company became the shareholder of OMIP – Operador do Mercado Ibérico de Energia (Portuguese Pole), which function is the management of the derivatives market in MIBEL and Omiclear – Sociedade de Compensação de Mercados de Energia, S.A., a company owned by the OMIP and which has the corporate object of clearing futures and options operations.

b) 10% interests in the share capital of OMEL - Operador do Mercado Ibérico de Energia, S.A., the spanish pole of the Sole operator.

c) A participation representing 5.45% of the share capital in Medgrid, SAS; and

d) A participation of 7.5% of the share capital of Hidroeléctrica de Cahora Bassa, S.A. ("HCB").

The accompanying financial statements were approved by the Board of Directors meeting of 6 March 2014. However, they are still subject to approval by the Shareholders' Meeting under the terms of current Portuguese legislation.

The Board of Directors believes that the financial statements fairly reflect the Company's financial position, the results of its operations, changes in its equity and its cash flows.

2 ACCOUNTING FRAMEWORK FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with the requirements of Decree-Law 158/2009 of 13 July, and the conceptual framework, accounting and financial reporting standards and interpretations applicable for the year ended 31 December 2013 (generally accepted accounting principles in Portugal).

The accompanying financial statements are presented in thousands of Euros.

3 MAIN ACCOUNTING POLICIES

The main accounting policies used to prepare these financial statements are as follows:

3.1 BASES OF PRESENTATION

The accompanying financial statements were prepared on a going concern basis from the accounting records of the Company, maintained in accordance with generally accepted accounting principles in Portugal.

The accompanying financial statements reflect only the Company's individual financial statements, prepared as required by law for approval by the Shareholders' Meeting. As explained in Note 3.2 investments are stated in accordance with the equity method.

In accordance with Decree Law 158/2009 of 13 July, the Company also prepare consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS"), for approval in separate, which reflect, as of 31 December 2013, in relation to the accompanying individual financial statements, the following differences:

Total net assets	(1,154,741)
Total liabilities	(1,233,325)
Net profit for the period	(5,232)
Total revenue	(525,377)
Total equity	78,584

As of 31 December 2013, the differences between net profit and equity (individual and consolidated financial statements) results essentially from: (i) the fact that the subsidiaries record actuarial gains and losses relating to employee benefits in accordance with the "corridor" method, this effect being reflected by the Company in applying the equity method to value investments in subsidiaries, while in the consolidated financial statements prepared in accordance with IFRS, actuarial gains and losses are recorded directly in equity; and (ii) the fact of the investment held in OMIP SGPS in the IFRS consolidated financial statements, have been revalued in 2011, in the sequence of the loss in control, when OMIP became an Associate.

3.2 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries and associates are recorded based on the equity method, under which they are initially recorded at cost and then adjusted based on the post-acquisition changes in the Company's share of the net assets of these companies. The Company's results include the proportion of the results of these entities. In addition dividends received from these companies are recorded as decreases in the amount of the investments.

The excess of cost in relation to the fair value of identifiable assets and liabilities of each entity acquired on the acquisition date is recognized as goodwill and is maintained in the amount of the investment. If the difference between cost and the fair value of assets and liabilities is negative, it is recognized as income for the year.

A valuation of investments is made when there are indications that an asset can be impaired, any impairment losses being recognized as cost in the statement of profit and loss.

When the Company's proportion on the accumulated losses of a subsidiary or associate exceeds its book value, the investment is recorded at a nil amount, except when the Company has assumed commitments to cover the losses of the subsidiary or associate, when the additional require the recognition of a liability. If these companies subsequently report profits, the Company only starts recognizing its share of those profits after its share of the profits equals the losses not recognized.

Unrealized gains on transactions with subsidiaries and associates are eliminated in proportion to the Company's interest in them, by corresponding entry to the caption investment. Unrealized losses are also eliminated but only up to the point that such loss does not result in the transferred asset being impaired.

3.3 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

Cost includes the purchase price of the assets, costs directly attributable to their acquisition and costs incurred to prepare the assets to start operating.

Current repair and maintenance costs are charged to the statement of profit and loss for the period in which they are incurred.

Tangible fixed assets are depreciated on a straight-line basis over their estimated period of useful life, as from the date they are ready for use.

The estimated periods of useful life of tangible fixed assets are as follows:

	Years
Transport equipment	from 4 to 6 years
Administrative equipment	from 3 to10 years

The useful life of the assets is reviewed annually. Changes in useful life's are treated as changes in accounting estimates and are applied prospectively.

Gains and losses on the sale of assets are determined by the difference between the proceeds of the sale and the book value of the asset, these being recorded in the statement of profit and loss in the year of sale.

3.4 LEASES

Classifying a lease as finance or an operating lease depends upon the substance of transaction rather than the form of the lease arrangement.

Leases, in which REN has substantially all the risks and rewards of ownership of an asset, are classified as finance leases. Agreements in which an analysis of one or more of the conditions of the contract point a finance lease are also classified as such. All other leases are classified as operating leases.

Finance lease contracts are initially recognized at the lower of the fair value of the leased assets or the present value of the minimum lease payments, determined at the inception date. The lease liability is recognized net of interest costs in the caption Borrowings. Interest costs included in the lease payments and depreciation of the leased assets are recognized in the consolidated statement of profit and loss in the period they refer to.

Tangible fixed assets acquired under finance lease contracts, are depreciated by the lower period between the useful life period of the asset and the maturity of the lease contract, when the company doesn`t have a purchase option on the maturity date, or by the useful life period estimated, when the Company has the commitment to acquire the asset by the end period of the contract.

Under operating lease contracts, the lease payments due are recognized as expenses in the statement of profit and loss, on a straight-line basis over the lease term.

3.5 FINANCIAL ASSETS AND LIABILITIES

The Company chose to apply in full IAS 32 - Financial Instruments: Presentation, IAS 39 - Financial Instruments Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures, in accordance with paragraph 2 of the NCRF 27.

The Board of Directors decides upon the classification of financial assets at the time of their initial recognition in accordance with the purpose of their acquisition.

FINANCIAL ASSETS

Financial assets may be classified into the following categories:

(i) Financial assets at fair value through profit and loss – includes non-derivative financial assets acquired for short-term trading and assets designated at fair value through profit and loss at the inception date;

(ii) Loans granted and receivables – includes non-derivative financial assets with fixed or determinable payments that are not listed in active market;

(iii) Investments held to maturity – includes non-derivative financial assets with fixed or determinable payments and fixed maturities, that the entity intends and has the capacity to hold until the maturity date; and

(iv) Available-for-sale financial assets – includes non-derivative financial assets designated as available-for-sale at inception date or other financial assets not classified in any of the other financial asset categories. Available-for-sale financial assets are recognized as non-current assets unless management intends to sell them within 12 months of the statement of financial position date.

Purchases and sales of investments in financial assets are recognized on the transaction date – the date on which the Company commits itself to purchase or sell the asset.

Financial assets at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed in the statement of profit and loss. Such assets are subsequently adjusted to fair value, gains and losses arising from changes in fair value being recognized in the statement of profit and loss caption net financial costs for the period in which they arise, which also includes interest income and dividends received.

Loans and receivables are classified as "Trade and other receivables" are initially recorded at fair value, and subsequently measured at amortised cost using the effective interest rate method, less any impairment loss. An impairment loss of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the transactions that gave rise to the receivables which are recorded in the statement of profit and loss in the caption "Impairment loss of trade receivables".

Financial assets held to maturity are measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets are initially recognized at fair value including transaction costs. In subsequent periods these assets are adjusted to fair value, the changes in fair value being recognized in a fair value reserve within Equity until the investment be sold or received or until the fair value of the investment be below the acquisition cost on a longstanding perspective, situations on which the loss is recorded in the statement of profit and loss. Dividends and interest income from available-for-sale financial assets are recognized in the statement of profit and loss caption other financial income for the period in which the right to receive them is established.

The fair value of listed investments is based on current market prices ("bid"). If the market for a financial asset is not active, the Company establishes fair value through valuation techniques. These include the use of recent transactions, provided that they are at market prices, reference to other instruments that are substantially the same and discounted cash flow analysis when information is available, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

In the situations the investments are equity instruments not valued under active market quotations, and for which is not possible to estimate with reliability its fair value, these investments are measured at the acquisition cost deducted of impairments losses, if any, being the impairment losses recorded in the profit and loss statement of the year.

Financial assets are derecognized when the rights to receive cash flows from the investments expire or are transferred, as well as all the risks and rewards of their ownership.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets included in the category "at cost or amortized cost" are subject to impairment tests at each financial statement date. Such financial assets are impaired when there is objective evidence that, as a result of one or more happenings that occur after their initial recognition, their estimated future cash flows are affected.

Impairment losses to be recognized on financial assets measured at amortized cost corresponds to the difference between the book value of the asset and its present value as of the date of reporting the new estimated future cash flows discounted at the original effective interest rate.

Impairment losses to be recognized on financial assets measured at cost correspond to the difference between the book value of the asset and the best estimate of the fair value of the asset as of the financial statement date.

Impairment losses are recognized in the statement of profit and loss caption "Impairment losses" in the period they are determined.

If subsequently the impairment loss decreases and such decrease can be objectively related to an occurrence that happened after recognition of the loss, this must be reversed to the statement of profit and loss. The reversal must be recognized up to the amount that would have been recognized (amortized cost) if the loss had not been initially recognized. The reversal of impairment losses is recognized in the statement of profit and loss caption "Reversal of impairment losses".

In the case of financial assets classified as "held for sale", a significant and longstanding decrease of its fair value below the acquisition cost is considered an indicator that the financial asset is impaired. If evidence of impairment on the financial asset held for sale exists, the accumulated loss is determined by the difference between the acquisition cost and the actual fair value, less any impairment losses previously recorded is transferred from the fair value reserve in equity into profit and loss of the period. Impairment losses of equity instruments recorded in profit and loss are not reversible.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, bank deposits, other short-term highly liquid investments with initial maturities of up to twelve months.

These assets are measured at amortized cost. Usually, the amortized cost does not differ from the nominal amount.

FINANCIAL LIABILITIES

A financial instrument is classified as a financial liability when a contractual obligation exists by the issuer to liquidate capital and/or interests, by the delivery of cash or other financial asset, independently on its legal form.

IAS 39 establishes the classification of financial liabilities in two categories:

I) Financial liabilities at fair value through profit and loss; and

II) Other financial liabilities.

Other financial liabilities include “Borrowings” and “Trade and other payables”.

Trade and other payables are initially recognized at fair value and subsequently adjusted to amortized cost, using the effective interest rate method.

Loans obtained are initially measured at fair value, net of transaction incremental costs incurred. The subsequent measurement of these loans are made at amortised cost, being the difference between the nominal value and the initial fair value recognised in the in profit and loss statement over the loan maturity, using the effective interest method.

Financial liabilities are classified as current, except when the Company has an unconditional right to defer the payment of the correspondent liability for, at least, 12 months after the reporting date, being this liability, in these circumstances classified as non-current.

Financial liabilities are derecognized when the related obligations are settled, cancelled or expire.

3.6 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recorded at fair value at the date of the transaction being subsequently measured at fair value.. The method for recognizing gain and loss in fair value depends upon the designation made of the derivative financial instruments. If they are trading financial derivative instruments, gains and losses are recognized in the statement of profit and loss captions financial costs or income. When they are designated as hedging derivative financial instruments, the recognition of gains and losses depends on the nature of the item hedged, it being a fair value hedge or a cash flow hedge.

The fair value of derivative financial instruments corresponds to its market value. In the absence of market value, the fair value is determined by external independent entities, through valuation techniques accept in the market.

Derivative financial instruments are recognized in the caption “Derivative financial instruments”, and if they have a positive or negative fair value they are recognized as financial assets or liabilities, respectively.

A derivative financial instrument is recorded as non-current if its remaining period to maturity is more than 12 months and it is not expected to be realized or settled within 12 months.

HEDGE ACCOUNTING

In hedging its interest rate and exchange rate risk the Company contracts a series of derivative financial instruments, namely swaps.

The criteria for applying hedge accounting rules are:

- Adequate documentation of the hedge;
- The risk to be covered is one of the risks described in IAS 39; and
- It is expected that the changes in fair value or cash flows of the hedged item, attributable to the risk covered, are virtually offset by changes in fair value or cash flows of the hedging instrument.

At the inception of the hedge operation, the Company documents the relationship between the hedging instrument and the hedged item, its risk management objectives and its strategy for managing the risk. Additionally, in the beginning of the operation and at each reporting period it is assessed the effectiveness of the hedging instrument to offset variations in the fair value and cash flows of the item hedged.

The fair value of the derivative financial instruments contracted and the movements in hedge reserves are disclosed in Note 10.

In the fair value hedge of an asset or liability (fair value hedge), the carrying amount of the asset or liability, determined based on the accounting policy used, is adjusted so as to reflect the variation of its fair value attributable to the risk hedged.

Variations in the fair value of the hedging instruments are recognized in the statement of profit and loss together with variations in the fair value of the assets or liabilities hedged attributable to the risk hedged.

In a hedging operation of the exposure to variations of great probability in future cash flows (cash flow hedge) the effective part of the fair value variation of the hedging instrument is recognized in hedging reserves, being transferred to the statement of profit and loss in the period the item hedged affects results. The ineffective part of the hedge in recognized in the statement of profit and loss.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires, is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

Any amount recorded as “Other reserves – hedge reserves” is only reclassified to the statement of profit and loss when the hedged position affects results. When the hedged position relates to a future transaction which is not expected to occur, any amount recorded as “Other reserves – hedge reserves” is immediately reclassified to the statement of profit and loss.

3.7 REVENUE

Revenue includes the fair value of the income received or receivable from services rendered, net of tax and discounts, returns and other deductions.

Revenue relating to services rendered refers to charges to subsidiaries corresponding to management costs.

Revenue relating to investments in subsidiaries and associates is recognized in accordance with the equity method.

Interest revenue is recognized in accordance with the effective interest method provided that it is probable that economic benefits flow to the company and they can be reliably measured.

The revenue from dividends is recognised as gain in the year they are assigned to the shareholders.

3.8 CRITICAL ACCOUNTING JUDGMENTS AND MAIN SOURCES OF UNCERTAINTIES RELATING TO ESTIMATES

When preparing the accompanying financial statements, value judgments and estimates were made using assumptions that affect the amounts of assets and liabilities, as well as the amounts recorded relating to gains and losses of the period.

The estimates and underlying assumptions were determined with reference to the reporting date based on the best knowledge available as of the date of approval of the financial statements, of the events and transactions in process, as well as experience of past and/or current events. However, situations can occur in subsequent periods that were not predictable as of the date of approval of the financial statements and so were not considered in the estimates. Changes in the estimates that occur after the date of the financial statements will be corrected on a prospective basis. Therefore, given the degree of uncertainty, actual results of the transactions can differ from the corresponding estimates.

SIGNIFICANT ACCOUNTING ESTIMATES

3.8.1 PROVISIONS

Provisions are recognized when REN SGPS has: I) a present legal or constructive obligation as a result of past events; II) it is more likely than not that an outflow of resources will be required to settle the obligation; and III) the amount can be reliably estimated. When one of these criteria is not fulfilled or the existence of the liability is dependent upon a future event, REN SGPS discloses it as a contingent liability, except if the outflow of resources to settle it is considered to be remote.

Provisions for restructuring expenses are recognised by the Company when there is a formal and detailed restructuring plan and that such plan has been communicated to the involved parties. In the measurement of the restructuring provision, are only considered the expected outflows that directly result from the implementation of such plan, not considering, the current activities of the Company.

Provisions are measured at the present value of the estimated expenditure required to settle the liability using a pre-tax rate that reflects the market assessment of the discount period and the risk of the provision.

3.8.2 FAIR VALUE

The fair value of listed investments is based on current market prices ("bid"). If the market for a financial asset is not active, REN SGPS establishes fair value by using valuation techniques. These include the use of recent transactions, provided that they are at market prices, reference to other instruments that are substantially the same and discounted cash flow analysis when information is available, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The fair value of derivative financial instruments is based on its market value. In the absence of market value, the fair value is determined by external independent entities, through valuation techniques accepted in the market.

3.9 INCOME TAX

Income tax for the year recognized in the statement of profit and loss includes current income tax and deferred tax. Current and deferred tax are recognized in the statement of profit and loss, except when deferred tax relates to items recognized directly in equity, in which case it is also recognized in equity.

Current tax payable is computed based on the Company's taxable profit. Taxable profit differs from the accounting profit because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax refers to temporary differences between the amounts of assets and liabilities for accounting purposes and the amounts for tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the temporary differences revert, based on tax rates (and tax laws) that have been enacted on the date of the financial statements.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized, or temporary taxable differences that revert in the same period as the deductible temporary differences. At the end of each reporting period a revision is made of the deductible temporary differences and they are adjusted based on the expectation of their future utilization.

3.10 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are translated to Euros, the functional currency, using the exchange rates prevailing at the dates of the transactions. Exchange gains and losses resulting from the settlement of such transactions and from the translation of foreign currency monetary assets and liabilities at the year-end exchange rates are recognized as "finance costs" in the statement of profit and loss if relating to borrowings and in "other operating income and costs" in the case of all the other balances/ transactions.

3.11 ACCRUAL BASIS OF ACCOUNTING

The Company records income and expenses on an accruals basis, under which income and expenses are recorded in the period to which they relate, independently of when they are received or paid. Differences between the amounts received and paid and the related income and expenses are recorded as assets or liabilities.

3.12 DISTRIBUTION OF DIVIDENDS

The distribution of dividends to shareholders is recognized as a liability in the Company's financial statements in the period the dividends are approved by the shareholders and up to the time of their payment.

3.13 CAPITAL AND OWN SHARES

Ordinary shares are classified in equity. Incremental costs directly attributable to the issuance of new shares or options are shown net of tax, as a deduction in equity from the amount issued.

Own shares acquired through contract or directly on the stock market are recognized as a deduction in equity. In accordance with the Portuguese Commercial Company Code REN SGPS must ensure at all times that there are reserves in Equity to cover the value of own shares, limiting the amount of reserves available for distribution.

Own shares are recorded at cost if they are acquired in a spot transaction or at estimated fair value if acquired in a deferred purchase.

3.14 CASH FLOW STATEMENT

The caption cash and cash equivalents includes cash on hand, bank deposits, other short-term highly liquid investments with initial maturities of up to three months, and bank overdrafts. Bank overdrafts are shown in the current liabilities "Borrowings" caption on the statement of financial position, and are included in the statement of cash flows as cash and cash equivalents.

The cash flow statement is prepared under the direct method, being presented the collections and payments in operational activities, investment activities and financing activities.

The Company classifies interests and dividends received as investment activities and interests and dividends paid as financing activities.

3.15 BORROWING COSTS

Borrowings costs are recognized as costs in the period they are incurred.

3.16 FINANCIAL RISK MANAGEMENT POLICIES

FINANCIAL RISK FACTORS

REN's activities are exposed to a variety of financial risks: including credit risk, liquidity risk and cash flow risk relating to interest rate, among others.

REN has developed and implemented a risk management program that, together with permanent monitoring of the financial markets, seeks to minimise potential adverse effects on the REN`s financial performance.

Risk management is carried out by the financial management department under policies approved by the Board of Directors. The financial management department identifies, assesses and realises operations to minimise the financial risks. The Board of Directors defines the principles for overall risk management and policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, and the investment of excess liquidity.

I) Foreign exchange rate risk

REN has limited exposure to foreign exchange rate risk. The risk of fluctuation of foreign exchange rates on the bonds totalling 10,000 million Yens ("JPY") is fully hedged by a cross currency swap of the same notional amount. An increase of 5% in the exchange rate of Euro/JPY, all other factors remaining constant, would lead to a decrease on equity in the amount of 836 thousand Euros as of 31 December 2013 (1,126 thousand Euros as of 31 December 2012), while a decrease of that exchange rate would lead to an increase on equity in the amount of 928 thousand Euros as of 31 December 2013 (1,243 thousand Euros as of 31 December 2012).

II) Credit risk

REN's exposure to credit risk is not significant, since the services rendered are invoiced to group companies.

REN's counterparty risk on bank deposits, financial applications, and contracting of derivative instruments is mitigated by the selection of top rate institutions with solid credit rating.

III) Liquidity risk

REN's liquidity risk management (except for REN Atlântico) is made by the central treasury management. All the liquidity excess and needs of each group company are transferred to REN SGPS, which manages the consolidated balances with financial institutions.

In order to guarantee the current treasury needs of the Group and to have the necessary dynamic and flexible to fulfil the current liquidity needs, the Company, as of 31 December 2013, has credit lines contracted and not used in the amount of 71,500 thousand Euro and six commercial paper programmes, in the amount of 775,000 thousand Euros, being available 545,000 thousand Euros and used as of 31 December 2013, 230,000 thousand of Euros. From the total amount of commercial paper programmes, 675,000 thousand Euros have subscription guarantee.

The following table shows the Company liabilities by intervals to residual contracted maturity and includes derivative financial instruments whose financial liquidation of the related flows is made at the net amount. The amounts shown in the table are non-discounted cash flows contracted, including future interests, as so, do not correspond to its carrying amounts:

31 DECEMBER 2013

	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
BORROWINGS:				
Bank borrowings	74,584	308,201	297,746	680,531
Bonds	238,519	1,138,513	718,342	2,095,374
Commercial paper	40,732	250,355	-	291,088
Others	186	305	-	491
	354,022	1,697,374	1,016,088	3,067,483
Derivative financial instruments	4,916	(2,033)	(7,544)	(4,661)
Trade and others payables	61,862	-	-	61,862
TOTAL	420,800	1,695,340	1,008,544	3,124,684

31 DECEMBER 2012

	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
BORROWINGS:				
Bank borrowings	68,469	226,769	325,644	620,882
Bonds	951,898	815,521	87,291	1,854,710
Commercial paper	253,052	93,966	-	347,018
Others	145	338	-	483
	1,273,564	1,136,594	412,935	2,823,093
Derivative financial instruments	9,151	22,752	-	31,903
Trade and others payables	79,745	-	-	79,745
TOTAL	1,362,459	1,159,346	412,935	2,934,740

The following table shows the derivative financial instruments, financial settlement of which is made at gross amounts:

31 DECEMBER 2013

	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
CROSS CURRENCY INTEREST RATE SWAP				
Outflows	(4,169)	(16,686)	(83,446)	(104,301)
Inflows	1,873	7,490	79,398	88,761
	(2,296)	(9,196)	(4,048)	(15,540)

31 DECEMBER 2012

	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
CROSS CURRENCY INTEREST RATE SWAP				
Outflows	(4,169)	(16,686)	(87,359)	(108,214)
Inflows	2,385	9,541	103,525	115,452
	(1,783)	(7,144)	16,166	7,238

IV) Interest rate risk
The Company presents exposure to interest rates risk mainly on borrowings.

Borrowings at variable interest rates expose REN to cash flow risk resulting from changes in interest rates. Borrowings at fixed rates expose REN Group to fair value risk, as a result of changes in interest rates. Risk management is performed centrally aiming to avoid volatility in financial costs; using simple derivative financial instruments such as interest rate swaps. In this kind of operations REN exchanges with banking counterparties in specific dates and with defined maturities, the difference between the fixed interest rates and the variable rates with reference to the notional amounts covered. All operations undertaken with this end can, mostly, be considered perfect interest rate hedging operations.

A sensivity analysis was made based on REN`s total debt less applications in funds and cash and cash equivalents as of 31 December 2013 and 2012, using the following assumptions:

- Changes in market interest rates affecting interest income and costs of variable financial instruments;
- Changes in market interest rates affecting only results or equity in relation to fixed interest rate financial instruments if they are recognized at fair value (or when the carrying amount was adjusted by the interest rate risk in a fair value hedge);
- Changes in market interest rates affecting the fair value of derivative financial instruments and other financial assets and liabilities; and
- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are estimated discounting future cash flows, using market rates at the year end.

Using these assumptions, a 0.25% increase in market interest rates for all the currencies in which the Group has borrowings or derivative financial instruments at 31 December 2013 would result in a decrease of profit before tax of, approximately, 3,374 thousand Euros, from which 360 thousand Euros correspond to the impact on financial instruments (as of 31 December 2012 the impact was 1,941 thousand Euros).

The increase in equity resulting from an increase in interest rates of 0.25% would be, approximately, 1,550 thousand Euros, this impact entirely attributed to derivatives (on 31 December, 2012 corresponded to an increase of 1,778 thousand Euros).

The sensivity analysis is merely illustrative and not represent an actual gain or loss neither other variations in the income statement or in equity.

3.17 SHARE-BASED PAYMENT

The benefits granted under the medium-term variable remuneration policy are recorded in accordance with the provisions of IFRS 2 - Share-based Payment ("IFRS 2").

The payments settled in cash or cash equivalents ("cash settled"), which are based on the share quotations, give rise to the recognition of a liability initially measured at fair value, determined on the date on which the corresponding benefits are awarded. The benefits are recorded as personnel costs against liabilities, as the beneficiaries rendered the service. The fair value of the liability is reviewed at each reporting date, with the effect of any changes recognized in net income.

The share-based payments are not material for the purpose of disclosure in the notes to the financial statements.

3.18 SUBSEQUENT EVENTS

Events that occur after the statement of financial position date that provide additional information on conditions that existed at the date of the statement of financial position ("adjusting events" or events after the statement of financial position date that lead to adjustments) are recognized in the financial statements. Events that occur after the statement of financial position date that provide information on conditions that exist after that date ("non-adjusting events" or events after the statement of financial position date that do not lead to adjustments) is disclosed in the notes to the individual financial statements, if material.

4 CASH FLOW

For the purpose of the statement of cash flow, cash and cash equivalents includes cash, bank deposits readily available (with terms not exceeding three months) and treasury securities in the monetary market, net of bank overdrafts and other short-term financing equivalents.

The caption cash and cash equivalents at 31 December 2013 and 2012 is made as follows:

	'13	'12
Bank deposits repayable on demand	4,138	1,629
Term deposits until 3 months	140,000	53,300
Cash and cash equivalents	**144,138**	**54,929**
Term deposits more than 3 months	13,864	-
Cash and deposits in balance	**158,002**	**54,929**

The cash flow statement as of 31 December 2012 includes in the caption "Other receipts / payments" relating to operating activities" the payment of 27,837 thousands of Euros made in January 2012 related with the Amorim process (Note 14).

5 TANGIBLE FIXED ASSETS

The changes in tangible fixed assets and accumulated depreciation and impairment losses in the years ended 31 December 2013 and 2012 were as follows:

'13

	TRANSPORT EQUIPMENT	ADMINISTRATIVE AND IT EQUIPMENT	TOTAL
ASSETS			
Beginning balance	825	189	1,014
Acquisitions	220	16	236
Disposals/write offs	(142)	(8)	(150)
Ending balance	**904**	**196**	**1,100**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
Beginning balance	364	85	449
Depreciation for the year	125	33	158
Disposals/write offs	(142)	(8)	(150)
Ending balance	**348**	**110**	**457**
Net assets	**556**	**86**	**642**

'12

	TRANSPORT EQUIPMENT	ADMINISTRATIVE AND IT EQUIPMENT	TOTAL
ASSETS			
Beginning balance	459	157	616
Acquisitions	366	32	398
Ending balance	**825**	**189**	**1,014**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
Beginning balance	271	55	326
Depreciation for the year	94	30	124
Ending balance	**364**	**85**	**450**
Net assets	**461**	**103**	**564**

6 FINANCE LEASES

The Company had the following assets under finance lease agreements at 31 December 2013 and 2012:

	'13			'12
	COST	DEPRECIATION	CARRYING AMOUNT	CARRYING AMOUNT
Equipamento de transporte	788	(235)	553	461
	788	**(235)**	**553**	**461**

The minimum payments under finance lease contracts at 31 December 2013 and 2012 are as follows:

	PRESENT VALUE OF MINIMUM PAYMENTS		MINIMUM PAYMENTS	
	'13	'12	'13	'12
Up to 1 year (Note 15)	171	131	186	145
From 1 to 5 years (Note 15)	291	322	305	338
	462	452	491	483

7 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The Company's investments in subsidiaries and associates at 31 December 2013 and 2012 were as follows:

		31 DECEMBER 2013				INVESTMENT HELD		
ENTITY	HEAD OFFICE	ASSETS	LIABILITIES	REVENUES	NET RESULT	%	INVESTMENT	PROPORTIONAL AMOUNT OF RESULT (NOTE 19)
EQUITY METHOD:								
Subsidiaries:								
REN - Rede Eléctrica Nacional, S.A.	Lisbon	3,222,384	2,516,570	420,929	101,874	100	705,814	101,874
REN Trading, S.A.	Lisbon	55,990	53,880	4,330	2,023	100	2,109	2,023
REN Atlântico, Terminal de GNL, S.A.	Sines	359,812	227,316	46,477	2,501	100	(i) 86,271	2,501
RENTELECOM - Comunicações, S.A.	Lisbon	5,839	2,134	5,575	2,602	100	3,704	2,602
REN Serviços, S.A.	Lisbon	977,867	944,796	71,384	27,177	100	33,071	(ii) 12,789
Enondas, Energia das Ondas, S.A.	Pombal	2,611	2,265	333	66	100	346	66
Ren Finance, B.V.	Amsterdam	551,765	510,730	705	215	100	41,035	215
							872,349	122,070
Associates:								
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Lisbon	30,318	2,971	1,298	744	40	6,044	(iii) (405)
Centro de Investigação em Energia REN - STATE GRID, S.A.	Lisbon	7,599	4,509	841	90	50	1,544	45
							7,588	(361)
							879,938	121,709

(i) At December 2013 and 2012, the financial investment in REN Atlântico comprises a goodwill of 3,774 thousand Euros.
(ii) The proportional value of the result in REN Services is presented net for cancellation of capital gains realized between group companies in the amount of 14,387 thousand euros.
(iii) The proportional value of the result in OMIP SGPS includes the effect of the adjustment arising from changes to the financial statements of the previous year, in that associated, made after application of the equity method by REN SGPS.

ENTITY	HEAD OFFICE	ASSETS	LIABILITIES	REVENUES	NET RESULT	%	INVESTMENT	"PROVISION (NOTE 14)"	PROPORTIONAL AMOUNT OF RESULT (NOTE 19)
	31 DECEMBER 2012					INVESTMENT HELD			
EQUITY METHOD:									
Subsidiaries:									
REN - Rede Eléctrica Nacional, S.A.	Lisbon	2,936,098	2,238,087	430,715	99,022	100	698,011	-	99,022
REN Trading, S.A.	Lisbon	94,891	95,805	1,977	(1,180)	100	-	(913)	(1,180)
REN Atlântico, Terminal de GNL, S.A.	Sines	367,573	287,578	41,317	1,913	100	83,770	-	1,913
REN TELECOM - Comunicações, S.A.	Lisbon	6,005	2,510	6,262	2,519	100	3,495	-	2,519
REN Serviços, S.A.	Lisbon	900,204	875,316	69,152	22,829	100	24,888	-	22,829
Enondas, Energia das Ondas, S.A.	Pombal	2,140	1,861	99	63	100	280	-	63
							810,442	(913)	125,166
Associates:									
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Lisbon	26,904	99	1,408	1,899	35	5,390	-	665
							815,832	(913)	125,831

The changes in these captions in 2013 and 2012 were as follows:

'13

	INVESTMENT - EQUITY METHOD			
	PROPORTION OF CAPITAL HELD (ASSETS)	GOODWILL	PROPORTION OF EQUITY HELD - PROVISIONS (NOTE 14)	TOTAL
Beginning balance	812,059	3,774	(913)	814,919
Result appropriated by the equity method (Note 19)	120,796	-	913	121,709
Capital subscribed-REN Finance	20	-	-	20
Supplementary capital - REN Finance	40,800	-	-	40,800
Purchase 5% OMIP SGPS (May 2013)	837	-	-	837
Capital subscribed-Centro de Investigação em Energia REN - STATE GRID, S.A.	1,500	-	-	1,500
Supplementary capital - REN Trading	1,000	-	-	1,000
Appropriation of changes in equity in subsidiaries and associates	17,304	-	-	17,304
Distribution of dividends by subsidiaries and associates	(118,151)	-	-	17,304
Ending balance	876,165	3,774	-	879,938

'12

	INVESTMENT - EQUITY METHOD			
	PROPORTION OF CAPITAL HELD (ASSETS)	GOODWILL	PROPORTION OF EQUITY HELD - PROVISIONS (NOTE 14)	TOTAL
Beginning balance	801,832	3,774	-	805,605
Result appropriated by the equity method (Note 19)	126,744	-	(913)	125,831
Distribution of dividends by subsidiaries and associates	(114,520)	-	-	(114,520)
Appropriation of changes in equity in subsidiaries	4	-	-	4
Supplementary capital - REN Trading	(2,000)	-	-	(2,000)
Ending balance	812,059	3,774	(913)	814,919

On 10 May 2013 REN Finance, B.V. was incorporated, being fully owned by REN SGPS, based in Netherlands, whose object is to participate, finance, collaborate and lead the management of related companies.

Following a joint agreement of technology partnership between REN – Redes Energéticas Nacionais and the State Grid International Development (SGID), it was incorporated in May 2013, an R&D center in Portugal, dedicated to power systems designed – Centro de Investigação em Energia REN – STATE GRID, SA ("Centro de Investigação") jointly controlled by the above mentioned two entities.

The Research Centre aims to become a platform for international knowledge, a catalyst for innovative solutions and tools, applied to the planning and operation of transmission power.

The investment in the subsidiary REN Atlântico, includes a goodwill in the amount of 3,744 thousand Euros.

The "Goodwill" represents the difference between the amount paid on the acquisition of the participation in subsidiaries and the fair value of the equity of REN Atlântico, S.A. on the acquisition date, under the natural gas business unbundling process. At 31 December 2013 and 2012 goodwill included in the caption "Investments - Equity method" was made up as follows:

			PERCENTAGE INTEREST HELD			
ENTITY	YEAR OF ACQUISITION	ACQUISITION COST	%	AMOUNT	'12	'13
REN Atlântico , Terminal de GNL, S.A.	2006	32,580	100%	28,806	3,774	3,774

Goodwill impairment test
REN made an impairment test of goodwill at 31 December 2013, in terms of the cash generating unit to which REN Atlântico belongs. The business of REN Atlântico is subject to a concession contract and regulated tariffs so that the recoverable amount was determined based on value-in-use calculations. The cash flow projections considered the expected regulatory terms in place for the remaining term of the concession (concession for a period of 40 years beginning on the 26 September 2006), which cash inflows correspond to the regulated remuneration obtained over the net book value of the corresponding regulated assets which will have a negative trend in the projections after the period ended 2014, and until the Concession maturity period.

The cash flow was discounted considering an average market pre-tax interest rate, adjusted for the natural gas regasification activities risk, of 7.98% (post-tax discount rate of 5.79%, 5.68% in 2012).

		ASSUMPTIONS		
CASH GENERATION UNIT	METHOD	CASH FLOW	GROWING FACTOR	DISCOUNTED RATE
REN Atlântico, Terminal de GNL, S.A.	DFC (discounted cash flow)	Operating cash flows projected to the remaining concession period	The rate decrease according of average rate of assets depreciation	7,98% (before taxes) 5,79% (after taxes)

In accordance with the assumptions used no impairment losses were identified.

The Group made sensitivity analysis considering a variation of 10% on the discount rate of the remunerations of the assets and no impairments were noted.

8 INCOME TAX

The companies belonging to the REN group are taxed based on the special regime for the taxation of group companies ("RETGS"). Consequently, estimated income tax, tax amounts withheld by third parties and corporate income tax paid in advance are recorded in the statement of financial position as accounts payable to and receivable from REN SGPS.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for social security), except when there are tax losses, tax benefits granted or tax inspections, claims or contestations in progress, in which case the period can be extended or suspended, depending on the circumstances. Consequently, the Company's tax returns for the years from 2010 to 2013 are still subject to review.

The Company's Board of Directors understands that any correction to the tax returns resulting from tax reviews /inspections carried out by the tax authorities will not have a significant effect on the financial statements as of 31 December 2013 and 2012.

The Company is taxed in Corporate Income Tax rate of 25%, increased by: (i) municipal surcharge up the maximum of 1.5% over the taxable profit; (ii) a state surcharge of an additional 3% of taxable profit between 1,500 thousand Euros and 7,500 thousand Euros, and (iii) an additional 5% over the taxable profit in excess of 7,500 thousand Euros, which results in a maximum aggregate tax rate of 31.5%.

The deferred taxes, as of 31 December 2013, were updated considering the new rates established under the Law n. 2/2014 of 16 January, which establishes a Corporate Income Tax rate of 23% and a municipal surcharge up to a maximum of 1.5% of taxable profit, and a State surcharge of an additional (i) 3% of taxable profit between 1,500 thousand Euros and 7,500 thousand Euros, (ii) of 5% over the taxable profit in excess of 7,500 thousand Euros and up to 35,000 thousand Euros; and (iii) 7% for taxable profits in excess of 35,000 thousand Euros. The referred tax rates are applicable for taxable profits generated on periods after the period started on 1 January 2014.

Consequently, the tax rate used in the valuation of temporary taxable and deductible differences as of 31 December 2013, were calculated using the average tax rate expected in accordance with future perspective of taxable profits of the Company recoverable in the next periods.

Income tax credit / expense of the years ended 31 December 2013 and 2012 was as follows:

	'13	'12
Current tax	6,727	3,504
Adjustments relating to prior year income tax	(214)	5,378
Deferred tax	(113)	55
Income tax credit/(expense)	**6,400**	**8,936**

The reconciliation of current income tax for 2013 and 2012 is made up as follows:

	'13	'12
Profit before income tax	**109,671**	**112,159**
Positive net worth variation	(131)	(131)
PERMANENT DIFFERENCES		
Non tax deductible costs	69	359
Non taxable revenue	(136,419)	(126,963)
TEMPORARY DIFFERENCES		
Provision for life assurance	2	2
Other provisions	(284)	440
Derivative financial instruments	(156)	(166)
Taxable profit / (loss)	**(27,247)**	**(14,302)**
Cost / (credit) of income tax at the rate of 25%	(6,812)	(3,576)
Autonomous taxation	85	72
Current tax	**(6,727)**	**(3,504)**
Deferred tax	113	(55)
Adjustments relating to prior year income tax	214	(5,378)
Income tax	**6,400**	**8,936**

The non-taxable revenue amounts respects essentially to revenue from the equity method in the measurement of investments in subsidiaries and associates.

DEFERRED TAXES

The amounts of deferred tax assets and liabilities as of 31 December 2013 and 2012 are made up as follows:

	31 DECEMBER				INCREASE/ (DECREASE) IN THE PERIOD	
	'13		'12			
NATURE	BASE	DEFERRED TAX	BASE	DEFERRED TAX	RESULTS	EQUITY (NOTE 10)
DEFERRED TAX ASSETS						
Provision for legal processes	134	31	19	5	26	-
Restructuring provision	40	9	440	110	(101)	-
Provision for life assurance	5	1	3	1	-	-
Derivative financial instruments	23,362	5,373	35,431	8,858	(39)	(3,446)
	23,541	**5,414**	**35,892**	**8,973**	**(114)**	**(3,446)**

9 FINANCIAL ASSETS

TRADE AND OTHER RECEIVABLES

Trade and other receivables at 31 December 2013 and 2012 are made up as follows:

	'13	'12
NON CURRENT:		
Other receivables:		
Group companies - shareholders loans (Note 26)	2,232,287	1,514,427
CURRENT:		
Trade receivables	329	368
Other receivables:		
Group companies - shareholders loans (Note 26)	84,147	884,147
Group companies - treasury management (Note 26)	278,522	163,339
Group companies - RETGS (Note 26)	80,155	41,349
Group companies - other debtors (Note 26)	4,138	5,286
Group companies - Interest receivable from shareholders loans (Note 26)	23,559	27,296
Other	280	1,075
	470,800	**1,122,491**
	2,703,416	**2,637,285**

As of 31 December 2013 the Company made shareholders loans to its subsidiaries in the total amount 2,316,434 thousands of Euros, which terms and conditions reflect actual market conditions.

The Company agreed a Central Cash pooling agreement. This agreement is valid for annual periods at market conditions.

The caption “Other receivables – Group companies - RETGS” includes income tax charged to subsidiaries resulting from the adoption of the CIT special regime for taxation of groups of companies.

OTHER FINANCIAL ASSETS

The caption “Other financial assets” as of 31 December 2013 and 2012 is made up as follows:

	‘13	‘12
CURRENT:		
Pledged deposit	8,864	8,864
NON CURRENT:		
Pledged deposit	99,435	108,298
Luso Carbon Fund	2,839	4,285
	102,274	112,583
Other financial assets	111,138	121,447

Luso Carbon Fund corresponds to a financial investment of 126 participating units in the closed investment fund “Luso Carbon Fund”, with a maturity of 10 years. This asset is recorded at fair value through profit and loss using the market value of each participating unit. On October 2013, a partial capital repayment was made in the amount of 474 thousand Euros.

The caption “Pledged deposit” includes essentially guarantee given to EIB on November 2012, as a pledge bank deposit, in the amount of 117,162 thousands of Euros. As of 31 December 2013, and following the reduction of the capital outstanding to EIB, the amount of the pledge bank deposit is 108,299 thousand Euros. This guarantee is required until the reestablishment of the rating of the Company, or by the replacement of other similar guarantee acceptable by the EIB (including bank guarantees given by financial institutions accepted by EIB).

10 DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2013 and 2012 the Company had the following derivative financial instruments contracted:

					31 DECEMBER 2013
		ASSETS		LIABILITIES	
	NOTIONAL	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Derivatives designated as cash flow hedges					
Interest rate swaps	425,000,000 TEUR	-	-	2,341	15,997
Interest rate and currency swaps	10,000,000,000 TJPY	-	-	-	10,847
				2,341	26,844
Derivatives designated as fair value hedges					
Interest rate swaps	400,000,000 TEUR	-	-	-	7,476
		-	-	-	7,476
Trading derivatives		-	-	342	-
Total derivatives designated as cash flow hedge		-	-	2,683	34,320

					31 DECEMBER 2012
		ASSETS		LIABILITIES	
	NOTIONAL	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Derivatives designated as cash flow hedges					
Interest rate swaps	350,000,000 TEUR	-	-	-	23,337
Interest rate swaps	75,000,000 TEUR	-	-	-	4,621
Interest rate and currency swaps	10,000,000,000 TJPY	-	6,853	-	-
		-	6,853	-	27,958
Trading derivatives		416	-	811	-
Total derivatives designated as cash flow hedge		416	6,853	811	27,958

The valuation of the derivatives financial instruments portfolio is based on fair value valuations made by external entities.

The amount recorded in this caption relates to eight interest rate swaps and one cross currency swap to hedge the risk of fluctuation of future interest and foreign exchange rates, whose counterpart are financial foreign and internal entities with a solid credit rating.

The amounts presented above include the amount of interest receivable or payable at 31 December 2013 relating to these derivatives financial instruments, in the total net amount of 1,781 thousand Euros (951 thousand Euros at 31 December 2012).

The main features of the derivatives financial instruments used for REN's major financing operations at 31 December 2013 and 2012 are detailed as follows:

	REFERENCE VALUE	CURRENCY	REN'S PAYMENTS	REN'S RECEIPTS	MATURITY	FAIR VALUE AT 31.12.2013	FAIR VALUE AT 31.12.2012
Cash flow hedge							
Interest rate swaps	425 000 mEuros	EUR	[1.89%; 2.77%]	[0.28%; 0.34%] floating rates	[Oct-2014; Sep-2017]	(18,338)	(27,958)
Interest rate and currency swaps	10 000 000 000 JPY / 72 899 mEuros	EUR/JPY	5.64% (floating rate starting 2019)	2.71%	2024	(10,847)	6,853
Fair value hedge:							
Interest rate swaps	400 000 mEuros	EUR	[0.67%; 0.74%] floating rates	1.72%	2020	(7,476)	-
					Total	(36,661)	(21,105)

The timing of the flows of the derivative financial instruments portfolio is quarterly and half-yearly for cash flow hedge contracts and semi-annual and annual basis for derivatives designated as a fair value hedge.

The notional reference of cash flows and fair value hedge derivatives is presented in the following table:

	2014	2015	2016	2017	2018	FOLLOWING YEARS	TOTAL
Interest rate swap (cash flow hedge)	150,000	5,769	205,769	63,492	-	-	425,000
Interest rate and currency swap (cash flow hedge)	-	-	-	-	-	72,899	72,899
Interest rate swap (fair value hedge)	-	-	-	-	-	400,000	400,000
Total	150,000	5,769	205,769	63,462	-	472,899	897,899

SWAPS:

CASH FLOW HEDGES

The Company hedges part of its future payments of interests on borrowings and bond issues through the designation of interest rate swaps, on which REN pays a fixed rate and receives a variable rate with a total notional amount of 425,000 thousand Euros (425,000 thousand Euros at 31 December 2012). This is the hedging of the interest rate risk on payments of interest at variable rates on recognized financial liabilities. The risk covered is the variable rate index to which the borrowing interest coupons relates. The objective of this hedging is to convert loans at variable interest rates to fixed interest rates, the credit risk not being hedged. The fair value of the interest rate swaps at 31 December 2013 was 18,338 thousand Euros negative (27,958 Euros negative at 31 December 2012).

In addition, the Company hedges its exposure to cash flow risk on its bond issue of 10,000 million JPY resulting from foreign exchange rate risk, through a cross currency swap with the main features equivalent to the debt issued. The same hedging instrument is used to hedge the fair value of the exchange rate risk of the bond issue through the forward start swap component which will only start in June 2019. The variations in the fair value of the hedging instrument are also recognized in hedging reserves. As from June 2019 the object will be to hedge exposure to JPY and the interest rate risk, transforming the operation into a fair value hedge, the changes in fair value of the debt issued resulting from the risks covered becoming recognized in the statement of profit and loss. The credit risk is not hedged.

The amounts resulting from the hedging instrument are recognized in the statement of profit and loss when the transaction hedged affects results for the year.

The fair value of the cross currency swap at 31 December 2013 was 10,847 thousand Euros negative (6,853 thousand Euros positive at 31 December 2012). The underlying exchange variation (borrowing) for 2013, in the amount of, approximately, 18,921 thousand Euros, was offset by a similar variation in the hedging instrument in the statement of profit and loss. The inefficient component of the fair value hedge amounted to 926 thousand Euros negative (156 thousand Euros positive at 31 December 2012).

The amount recorded in reserves relating to the above mentioned cash flow hedges was 23,362 thousand Euros (35,431 thousand Euros in December 2012).

The movements recorded in the hedging reserve were as follows:

	FAIR VALUE	DEFERRED TAXES IMPACT	HEDGING RESERVES
1 January 2012	**(14,793)**	**4,290**	**(10,503)**
Changes in fair value and ineffectiveness	(20,638)	4,529	(16,109)
31 December 2012	**(35,431)**	**8,819**	**(26,612)**
1 January 2013	**(35,431)**	**8,819**	**(26,612)**
Changes in fair value and ineffectiveness	12,069	(3,445)	8,624
31 December 2013	**(23,362)**	**5,373**	**(17,989)**

FAIR VALUE HEDGE

During the year 2013, the company issued debt in the amount of 400,000 thousand Euros at a fixed rate. To manage the fair value floating of this issue debt, the company contracted two swaps on which REN pays a variable rate and receives a fixed rate, with a notional amount of 400,000 thousand Euros. The risk covered is the fixed rate indexer to debt issued. The covered risk is related with fair value floating of the debt issues according to the interest rate fluctuations. The objective of this hedging is to convert loans at fixed interest rates to variable interest rates, the credit risk not being hedged. The fair value of these interest rate swaps at 31 December 2013 was 7,476 thousand Euros negative.

Changes in the fair value of the debt issued resulting from the interest rate risk are recorded in the income statement to offset changes in the fair value of the hedge instrument recorded in the income statement.

In the year ended 31 December 2013, the debt fair value changes related to the interest rates risk recorded in the income statement was 8,159 thousand Euros (positive), resulting in an inefficient component of 368 thousand Euros (positive).

Futures:

The Company, through its subsidiary REN Trading, S.A., has carried out some financial operations in the energy, coal and carbon emission licences futures market, through entering into standard contracts of International Swaps and

Derivatives Association Inc. ("ISDA") as well as through participation in futures trading exchanges.

The Company and REN Trading entered into an agreement under which REN Trading manages the financial derivative contracts on account and for the benefit of REN SGPS, therefore ensuring a clear and transparent separation between these businesses, always on a predefined basis, continuously monitored as being of low exposure to risk.

These financial derivatives contracts in the futures market does not imply any physical liquidation of the underlying assets, being an activity of a purely financial nature, merely the financial management of assets, not being viewed as a regulated activity of the Commercial Agent.

The fair value of the futures energy contracts and carbon licences at 31 December 2013 and 2012 was as follows:

	2013	
	CURRENT ASSETS	CURRENT LIABILITIES
Carbon licences	-	342
Fair vale at 31 December 2013	**-**	**342**

	2012	
	CURRENT ASSETS	CURRENT LIABILITIES
Financial contracts in the energy market for 2013	416	-
Carbon licences	-	811
Fair vale at 31 December 2012	**416**	**811**

The change in fair value of trading derivatives were recognized in profit and loss, and amounted to 53 positive thousands of Euros (443 thousand Euros negative at 31 December 2012). This amount is recorded in "Other income and expenses" caption, in the same caption of realized gains (Note 22).

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

The assets recognised in this caption at 31 December 2013 and 2012 corresponds to equity interests held on strategic entities in the electricity and gas market, which can be detailed as follows:

	HEAD OFFICE		% OWNED		BOOK VALUE	
	CITY	COUNTRY	'13	'12	'13	'12
OMEL - Operador del Mercado Ibérico de Energia (Polo Espanhol)	Madrid	Spain	10.0%	10.0%	3,167	3,167
Red Eléctrica Corporación, S.A.	Madrid	Spain	-	1.0%	-	50,493
Enagás, S.A.	Madrid	Spain	-	1.0%	-	38,542
Med Grid SAS	Paris	France	5.5%	5.5%	500	400
Hidroeléctrica de Cahora Bassa	Maputo	Mozambique	7.5%	7.5%	42,205	38,400
					45,871	**131,002**

The changes in this caption were as follows:

	OMEL	MEDGRID	HCB	REE	ENAGÁS	TOTAL
At 1 January 2012	**3,167**	**-**	**-**	**44,760**	**34,125**	82,051
Acquisitions	-	400	38,400	-	-	38,800
Fair value adjustments	-	-	-	5,733	4,418	10,151
At 31 December 2012	**3,167**	**400**	**38,400**	**50,493**	**38,542**	**131,002**
At 1 January 2013	**3,167**	**400**	**38,400**	**50,493**	**38,542**	131,002
Acquisitions	-	100	-	-	-	100
Fair value adjustments	-	-	3,805	12,630	5,851	22,285
Sales	-	-	-	(63,123)	(44,393)	(107,516)
At 31 December 2013	**3,167**	**500**	**42,205**	**-**	**-**	**45,871**

On 19 December 2013, the participations hold in REE and Enagás were sold to the group company, REN Serviços, S.A. at its fair value determined based on the shares closing quotations as of that date. This sale generated a gain in the amount of 14,387 thousand Euros (Note 22), whose value was previously reflected in the caption "Fair value reserve".

REN SGPS holds 7.5% representative shares of Hidroeléctrica de Cahora Bassa S.A., Mozambican company, transmitted following the contract signed at 9 April 2012, between REN, Parpublica – Participações Públicas, SGPS, S.A. ("Parpublica"), CEZA – Companhia Eléctrica do Zambeze, S.A. and EDM – Electricidade de Moçambique, EP for the acquisition from Parpublica of 2,060,661,943 shares, representing 7.5% of the capital and voting rights of HCB. This participation was initially recorded at its acquisition cost (38,400 thousand Euros) and subsequently adjusted to its fair value (Note 28).

At 31 December 2013, REN SGPS also holds the following interests in non-listed entities:

(i) Medgrid, S.A.S.: During 2012 REN became shareholder of Medgrid, and currently holds 5,000 shares representing 5.45% of the share capital, in amount of 500 thousand Euros. This project is an international partnership to promote and develop interconnection electric network of the Mediterranean, allowing the transportation of clean electricity produced in Africa to Europe.

(ii) OMEL, Operador del Mercado Ibérico, S.A. ("OMEL"): In the process to create the Sole Operator of the Iberian Electricity Market (Operador Único do Mercado Ibérico de Electricidade - OMI) in 2011, and in accordance with the Agreement between the Portuguese Republic and the Kingdom of Spain regarding the creation Iberian electric energy market, REN SGPS acquired 10% of the shares of OMEL for 3,167 thousand Euros.

As there are no available market price for the above referred investments (MedGrid and OMEL), and as it is not possible to determine the fair value using comparable transactions, these investments are recorded at acquisition cost deducted by impairment losses. At this date no evidences of impairment losses exist.

Adjustments to the fair value of assets held for sale are recorded in equity under the caption “fair value reserve”, which as of 31 December 2013 and 2012 presents the following amounts:

	FAIR VALUE RESERVE
1 January 2012	**(14,244)**
Changes in fair value	10,151
31 December 2012	**(4,093)**
1 January 2013	**(4,093)**
Changes in fair value	22,285
Sale of available-for-sale financial assets	(14,387)
31 December 2013	**3,805**

The dividends distributed are detailed in Note 25.

12 DEFERRALS

At 31 December 2013 and 2012 the caption “Deferrals” was made up as follows:

	‘13	‘12
DEFERRED COSTS		
Prepaid insurance	51	56
Other costs	27	44
	78	**101**

13 EQUITY INSTRUMENTS

SHARE CAPITAL

As of 31 December 2013 the Company’s subscribed and paid up capital was made up of 534,000,000 shares of 1 euro each.

Share capital at 31 December 2013 and 2012 is made up as follows:

	NUMBER OF SHARES	CAPITAL
	534,000,000	534,000,000
Capital	534,000,000	534,000,000

The main shareholders at 31 December 2013 e 2012 and were as follows:

	'13		'12	
	NUMBER OF SHARES	%	NUMBER OF SHARES	%
State Grid Europe Limited (State Grid Group)	133,500,000	25%	133,500,000	25%
Mazoon B.V. (Oman Oil Company S.A.O.C. Group)	80,100,000	15%	80,100,000	15%
EGF - CGF, S.A.	45,019,666	8%	45,019,666	8%
Parpública - Participações Públicas (SGPS), S.A.	52,871,340	10%	52,871,340	10%
Gestmin, SGPS, S.A.	31,326,951	6%	31,046,951	6%
Oliren, SGPS, S.A.	26,700,000	5%	26,700,000	5%
EDP - Energias de Portugal, S.A.	26,707,335	5%	26,707,335	5%
Red Eléctrica Corporación, S.A.	26,700,000	5%	26,700,000	5%
Columbia Wanger	-	0%	10,703,317	2%
Caixa Geral de Depósitos, S.A.	6,290,967	1%	6,118,772	1%
Own shares	3,881,374	1%	3,881,374	1%
Free float	100,902,367	19%	90,651,245	17%
	534,000,000	100%	534,000,000	100%

At 31 December 2013 and 2012 the Company had the following own shares:

	NUMBER OF SHARES	INTERESTS HELD	AMOUNT
Own shares	3,881,374	0.7268%	10,728

There were no purchases or sales of own shares in 2013.

In accordance with the Commercial Company Code (Código das Sociedades Comerciais) REN SGPS must at all times ensure the existence of sufficient Equity Reserves to cover the value of own shares, in order to limit the amount of reserves available for distribution.

LEGAL RESERVE

In accordance with the Commercial Company Code (Código das Sociedades Comerciais) the Company must transfer a minimum of 5% of its annual net profit to a legal reserve until the reserve reaches 20% of share capital. The legal reserve cannot be distributed to the shareholders but may in certain circumstances be used to increase capital or to absorb losses after all the other reserves have been used up.

At 31 December 2013 the caption "Legal reserve" amounted to 91,492 thousand Euros (85,437 thousand Euros in 2012).

OTHER RESERVES

The caption "Other Reserves" includes changes in the fair value of assets held for sale, derivative financial instruments hedging cash flows and other reserves.

In accordance with the Commercial Company Code, increases resulting from the adoption of fair value can only be distributed to shareholders when the assets or liabilities that originated the fair value are sold, executed, extinguished, liquidated or when they are used. At 31 December 2013, the Company had in equity the non-distributable negative amount of 14,184 thousand Euros (30,705 thousand Euros negative in 2012) relating to decreases resulting from the application of fair value.

The caption “Other Reserves” includes free reserves in the amount of 180,189 thousand Euros. This caption is increased with the application of net profits, being eligible for distribution to the shareholders, except for the limitation set on the Commercial Company Code in relation to own shares.

ADJUSTMENTS TO FINANCIAL ASSETS

The caption “Adjustments to financial assets” reflects changes in the subsidiaries equity when applying the equity method.

On 31 December 2013 this caption amounted to 14,137 thousand Euros and includes mainly the effect of correction by the equity method of the disposal to REN Serviços of the participations held in REE and Enagas in the amount of 14,387 thousand Euros.

DIVIDENDS DISTRIBUTIONS

During the Shareholders General Assembly meeting held on April 30, 2013, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2012, in the amount of 90,780 thousand Euros (0.17 Euros/share). The dividends attributable to own shares amounted to 660 thousand Euros, being paid to the shareholders a total amount of 90,120 thousand of Euros.

The dividends paid during the year ended 31 December 2012, determined on the 2011 net profit amounted to 89,590 thousand Euros (0.169 Euros per share).

14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGEN ASSETS

GUARANTEES GIVEN

At 31 December 2013 and 2012 the Company had given the following bank guarantees:

BENEFICIARY	SCOPE	‘13	‘12
BEI	For loan outstanding balances	214,844	249,760
Direcção Geral de Geologia e Energia	Guarantee complete fulfillment of the obligations of the Concession Contract	10,000	10,000
Fortia	Financial contracts under the ISDA contract (International Swaps and Derivatives Association, Inc.)	1,000	1,000
Municipal Council of Vila Nova de Gaia	Ensure the suspension of tax enforcement proceedings n.º 412/13	2	-
		225,846	260,760

The guarantees given have the following maturities:

	31 DECEMBER 2013			
	LESS 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
Loans	49,964	164,880	-	214,844
Others	-	-	11,002	11,002
	49,964	164,880	11,002	225,846

PROVISIONS

At 31 December 2013 and 2012 the caption “Provisions” was made up as follows:

	'13			'12		
	OTHER PROVISIONS	PROVISION FOR INVESTMENTS (NOTE 7)	TOTAL	OTHER PROVISIONS	PROVISION FOR INVESTMENTS (NOTE 7)	TOTAL
Beginning balance	458	913	1,372	27,749	-	27,749
Increases	115	-	115	440	913	1,353
Utilizations	(399)	-	(399)	(27,730)	-	(27,730)
Decreases	-	(913)	(913)	-	-	-
Ending balance	174	-	174	458	913	1,372

The utilizations in provisions in the amount of 399 thousand Euros relates to the provision recorded in 2012 in the amount of 440 thousand Euros, according to the restructuring plan in course.

The 2012 utilizations refer essentially to the payment of 27,837 thousand Euros in January 2012 of the indemnity regarding Amorim Energia B.V. litigation ended during 2012, plus interest owed up to the date of payment, being the provision used in the amount of 27,730 thousand Euros for this process.

The expense related with payment and the income related with the reversal of provision are not visible in the statement of profit and loss as they were recorded in the same caption, as recommended by the accounting principles, avoiding the overstatement of expenses and revenue, respectively.

15 FINANCIAL LIABILITIES

At 31 December 2013 and 2012 the captions “Suppliers” and “Other payables” were made up as follows:

	'13	'12
CURRENT		
Current suppliers:		
Group (Note 26)	126	137
Domestic	1,339	2,038
Foreign	834	4,014
	2,299	6,189
OTHER PAYABLES		
Investment suppliers	1	1
Group companies - RETGS (Note 26)	5,553	18,930
Group companies - treasury management (Note 26)	50,167	50,501
Accrued costs:		
Remunerations	377	420
Other	1,978	2,811
Other accounts payables (Note 26)	1,488	892
	59,563	73,556
	61,862	79,745

The Company agreed a central cash pooling agreement with its subsidiaries. This agreement is valid for one year periods. The terms and conditions of this agreement are market conditions.

BORROWINGS

The borrowings are made up, in terms of maturity (current and non-current) and nature, as of 31 December 2013 and 2012 as follows:

	'13	'12
NON-CURRENT		
Commercial paper	200,000	93,000
Bonds	1,044,440	771,676
Bank loans	564,216	553,256
Finance leases (Note 6)	291	322
Group - Commercial paper (Note 26)	35,850	-
Group - Bonds (Note 26)	510,000	-
	2,354,797	1,418,254
CURRENT		
Commercial paper	30,000	250,000
Bonds	150,000	850,000
Bank loans	64,191	59,504
Finance leases (Note 6)	171	131
Group - Interest payable (Note 26)	4,866	220
Interest payable	23,788	18,941
Interest receivable	(26,723)	(15,552)
	246,294	1,163,243
	2,601,091	2,581,497

During 2013 the Company proceeded to the refinancing of a set of borrowings, having increase the maturity of the loans obtained, thereby increasing the non-current liabilities, and reducing current liabilities.

On 31 December 2013, the Company had issued commercial paper in the amount of 35,850 thousand Euros and contracted bond loans in the amount of 510,000 thousand Euros, subscribed within the Group. The financial conditions of these loans are market conditions.

As a result of the fair value hedge related to the bond emissions made in 2013, in the amount of 400,000 thousand Euros (Note 10), fair value changes concerning interest rate risk were recognized directly in income, with a positive amount of 8,159 thousand Euros.

The company external borrowings have the following capital repayment schedule:

	2014	2015	2016	2017	2018	FOLLOWING YEARS	TOTAL
Debt - Non current	-	326,625	650,296	65,083	365,045	401,898	1,808,947
Debt - Current	244,362	-	-	-	-	-	244,362
	244,362	326,625	650,296	65,083	365,045	401,898	2,053,309

As of 31 December 2013, the Company had six active commercial paper programs in the amount of 775,000 thousand Euros, of which 545,000 thousand Euros are available and 230,000 Euros are in use. Out of the total commercial paper programs there are 675,000 Euros with subscription guarantee. The bank loans are mainly (515,256 thousand Euros) represented by EIB - European Investment Bank loans.

The Company has also credit lines negotiated and not used in the amount of 71,500 thousand Euros, maturing up to one year, which are automatically renewable periodically (if they are not resigned in the contractually specified period for that purpose), and from the total amount, 10,000 thousands of Euros, respects to a group line, which can be used in total or in portions by several group companies, namely REN – Rede Eléctrica Nacional, S.A., REN Gasodutos, S.A.; REN Gás, S.A.; REN Serviços, S.A.; REN TELECOM, S.A.; REN Trading S.A.; REN Armazenagem S.A. e Enondas, S.A..

Given the credit lines and loans already contracted and not yet used, the refinancing of the current debt is guarantee for 2014.

Detailed information regarding bond issues as of 31 December 2013 is as follows:

				31 DE DEZEMBRO DE 2013
EMISSION DATE	MATURITY	AMOUNT	INTEREST RATE	PERIODICITY OF INTEREST PAYMENT
REN SGPS PRIVATE EMISSION				
27/04/2011	27/10/2014	EUR 100,000 (i)	Floating rate (ii)	Bi-annual
12/07/2011	12/07/2014	EUR 50,000 (i)	Floating rate (ii)	Bi-annual
14/03/2012	14/03/2015	EUR 20,000 (i)	Floating rate	Bi-annual
EURO MEDIUM TERM NOTES PROGRAMME EMISSIONS				
26/06/2009	26/06/2024	JPY 10,000,000 (i)	Fixed rate (ii)	Bi-annual
08/03/2012	09/03/2015	EUR 63,500 (i)	Fixed rate	Bi-annual
21/09/2012	21/09/2016	EUR 300,000	Fixed rate EUR 6.25%	Bi-annual
28/09/2012	28/09/2015	EUR 50,000 (i)	Fixed rate	Annual
10/12/2012	10/12/2015	EUR 100,000 (i)	Fixed rate	Bi-annual
16/01/2013	16/01/2020	EUR 150,000 (i)	Floating rate	Quarterly
31/01/2013	31/01/2018	EUR 300,000	Fixed rate EUR 4.125%	Annual

(i) These emissions correspond to private placements.
(ii) These emissions has interest and currency rate swaps associated

The REN financial liabilities have the following main types of covenants: Cross default, Pari Passu, Negative Pledge, Gearing (ratio of total consolidated equity to the amount of the Group's total concession assets). The borrowings from EIB – European Investment Bank include ratings covenants. In the event of ratings below the levels specified, REN can be called to provide a guarantee acceptable to EIB (Note 9).

16 STATE AND OTHER PUBLIC ENTITIES

At 31 December 2013 and 2012 the caption “State and other public entities” was made up as follows:

	‘13	‘12
CURRENT ASSETS		
Income tax	-	14,318
State and other public entities - Asset	**-**	**14,318**

	‘13	‘12
CURRENT LIABILITIES		
Income tax	44,930	-
VAT payable	452	571
Retained income tax	167	114
Social support contribution	93	131
State and other public entities - Liability	**45,642**	**816**

The REN group entities are included in the CIT – RETGS regime (Note 8).

17 DEFERRALS (LIABILITIES)

At 31 December 2013 and 2012 the liability caption “Deferrals” was made up as follows:

	‘13	‘12
DEFERRALS (LIABILITIES)		
Other revenue to be recognised	574	1,147
	574	**1,147**

18 REVENUE

The revenue recognized by the Company in the year ended 31 December 2013 and 2012 was as follows:

	‘13	‘12
SERVICES RENDERED		
Technical and admninistrative management of REN Group (Note 26)	14,663	14,203
	14,663	**14,203**

19 GAINS AND LOSSES FROM SUBSIDIARIES AND ASSOCIATES

The gains and losses from subsidiaries and associates in the years ended 31 December 2013 and 2012 were made up as follows:

	'13	'12
SUBSIDIARIES		
REN Rede Eléctrica Nacional, S.A.	101,874	99,022
REN Atlântico, S.A.	2,501	1,913
Rentelecom - Comunicações, S.A.	2,602	2,519
REN Serviços, S.A.	12,789	22,829
Enondas – Energia das ONDAS, S.A.	66	63
REN Trading, S.A.	2,023	(1,180)
REN Finance, B.V.	215	-
ASSOCIATES		
OMIP, SGPS, S.A.	(405)	665
Centro de Investigação em Energia REN-State Grid, S.A.	45	-
	121,709	125.,831

20 SUPPLIES AND SERVICES

The caption "Supplies and services" for the years ended 31 December 2013 and 2012 is made up as follows:

	'13	'12
Specialized services	3,299	7,691
Services rendered to Group companies (Note 26)	2,991	2,101
Advertising and promotional expenses	561	1,553
Travel and lodging	673	598
Other services	756	648
	8,280	12,592

21 PERSONNEL COSTS

The caption "Personnel costs" for the years ended 31 December 2013 and 2012 is made up as follows:

	'13	'12
Board of directors	2,130	2,509
Personnel	3,383	3,495
Charges on remuneration	930	817
Other	27	184
Insurance	74	67
	6,544	7,072

The board of Directors caption includes the Board of Directors members' remunerations and the General Assembly members' remunerations.

PERSONNEL EMPLOYED

During the years ended 31 December 2013 and 2012 the average number of personnel employed by the Company was 43.

22 OTHER INCOME

The caption "Other income" for the years ended 31 December 2013 and 2012 is made up as follows:

	'13	'12
Financial contracts in the energy market	1,469	370
Supplementary income	161	62
Capital gains - REE and Enagás (Note 11)	14,387	-
Other income	79	44
	16,096	476

The caption "Financial contracts in the energy market" respects essentially to gains realized with OTC financial energy contracts in the amount of 1,416 thousand Euros in December 2013, plus recognized unrealized gains of 53 thousand Euros (Note 10).

23 OTHER EXPENSES

The caption "Other expenses" for the years ended 31 December 2013 and 2012 is made up as follows:

	'13	'12
Donations	195	350
Subscriptions	181	215
Taxes	599	501
Other expenses	12	123
	987	1,189

24 INTEREST A ND SIMILAR INCOME AND EXPENSES

The caption "Interest and similar income and expenses" for the years ended 31 December 2013 and 2012 is made up as follows:

	'13	'12
INTEREST AND SIMILAR COSTS		
Bonds	126,577	88,759
Bank loans	19,777	23,316
Commercial Paper	7,637	27,711
Centralized treasury management (Note 26)	2,611	5,013
Group-Commercial paper (Note 26)	227	-
Group-Bonds (Note 26)	4,926	-
Other financial assets- Luso Carbon	971	1,382
Other financial costs	1,331	448
	164,057	146,628
INTEREST AND SIMILAR INCOME		
Interest on sharehoders loans (Note 26)	112,046	118,509
Interest on centralized treasury management (Note 26)	5,946	11,741
Interest on bank deposits	10,805	1,892
Derivative financial assets	1,928	-
Other income	41	90
	130,766	132,233

Interest cash flows of derivative financial instruments (swaps) are presented net of flows related with borrowings, that are being subject to an hedge.

25 DIVIDENDS

During the years ended 31 December 2013 and 2012 the Company received the following dividends from financial assets held for sale:

	'13	'12
DIVIDENDS RECEIVED		
REE	2,286	3,911
Enagás	2,836	3,393
HCB	1,405	-
OMEL	50	157
	6,578	7,461

The total amount of dividends received from subsidiaries, associates and financial assets held for sale, included in the cash flow statement in the amount of 125,645 thousand Euros, includes 7,493 thousand Euros, of which 915 thousand Euros are related to dividends attributed in 2012.

26 RELATED PARTIES

During the years ended 31 December 2013 and 2012 the following transactions were carried out with related parties:

GROUP

'13

RELATED PARTY	SERVICES RENDERED (NOTE 18)	INTEREST AND SIMILAR INCOME - SHAREHOLDERS LOANS (NOTE 24)	INTEREST AND SIMILAR INCOME - TREASURY MANAGEMENT (NOTE 24)	SUPPLIES AND SERVICES (NOTE 20)	INTEREST AND OTHER SIMILAR COSTS - TREASURY MANAGEMENT (NOTE 24)	INTEREST AND OTHER SIMILAR COSTS - COMMERCIAL PAPER (NOTE 24)	INTEREST AND OTHER SIMILAR COSTS - BONDS (NOTE 24)
REN - Rede Eléctrica Nacional, S.A.	8,029	74,712	644	1,079	575	-	-
REN Trading, S.A.	186	-	1,466	390	-	-	-
Enondas, S.A.	7	-	69	-	-	-	-
REN Serviços, S.A.	1,893	35,319	2,277	817	-	-	-
REN TELECOM - Comunicações, S.A.	123	-	-	-	141	-	-
REN Gás, S.A.	-	-	-	-	1,709	-	-
REN Gasodutos, S.A.	3,051	-	461	-	186	-	-
REN Armazenagem, S.A.	308	-	1,029	-	-	-	-
REN Atlântico, Terminal de GNL, S.A.	1,067	2,015	-	-	-	-	-
REN Finance, B.V.	-	-	-	705	-	227	4,926
	14,663	112,046	5,946	2,991	2,611	227	4,926

'12

RELATED PARTY	SERVICES RENDERED (NOTE 18)	INTEREST AND SIMILAR INCOME - SHAREHOLDERS LOANS (NOTE 24)	INTEREST AND SIMILAR INCOME - TREASURY MANAGEMENT (NOTE 24)	SUPPLIES AND SERVICES (NOTE 20)	INTEREST AND OTHER SIMILAR COSTS - TREASURY MANAGEMENT (NOTE 24)
REN - Rede Eléctrica Nacional, S.A.	7,820	77,303	6,020	890	115
REN Trading, S.A.	180	-	354	330	1,075
Enondas, S.A.	7	-	40	-	-
REN Serviços, S.A.	1,752	38,641	1,528	702	46
REN TELECOM - Comunicações, S.A.	123	-	-	180	115
REN Gás, S.A.	-	-	-	-	2,204
REN Gasodutos, S.A.	2,978	-	2,613	-	1,460
REN Armazenagem, S.A.	303	-	1,187	-	-
REN Atlântico, Terminal de GNL, S.A.	1,041	2,565	-	-	-
	14,203	118,509	11,741	2,101	5,013

OTHER RELATED PARTIES

	'13	'12
FINANCIAL INCOME		
Interest on financial aplications-CGD	1,156	286
	1,156	286
DIVIDENDS RECEIVED		
REE	2,286	3,911
FINANCIAL COSTS		
Borrowings interests - CGD	278	3,555
Borrowings fees - CGD	1,141	3,347
Derivative financial instruments - CGD	2,594	1,293
	4,013	8,196
EXTERNAL SUPPLIES AND SERVICES		
CMS - Rui Pena & Arnaut [1]	53	-

[1] Entity related with the Member of the Board Directors, José Luis Arnaut.

At 31 December 2013 and 2012 the Company had the following balances with related parties:

GROUP

'13

	CURRENT ASSETS					NON CURRENT ASSETS
RELATED PARTY	OTHER RECEIVABLES - SHAREHOLDERS LOANS (NOTE 9)	OTHER RECEIVABLES - TREASURY MANAGEMENT (NOTE 9)	OTHER RECEIVABLES - INTEREST RECEIVABLES FROM SHAREHOLDERS LOANS (NOTE 9)	OTHER RECEIVABLES - RETGS (NOTE 9)	OTHER DEBTORS (NOTE 9)	OTHER RECEIVABLES - SHAREHOLDERS LOANS (NOTE 9)
REN - Rede Eléctrica Nacional, S.A.	19,231	32,031	7,863	59,533	2,025	1,461,538
REN Trading, S.A.	-	3,280	-	1,517	112	-
REN Serviços, S.A.	64,916	175,102	15,521	-	729	679,928
REN Gasodutos, S.A.	-	36,189	-	13,209	821	-
REN Armazenagem, S.A.	-	29,798	-	1,681	158	-
REN Atlântico, Terminal de GNL, S.A.	-	-	176	2,783	248	90,820
REN Gás, S.A.	-	-	-	431	-	-
ENONDAS, S.A.	-	2,121	-	-	8	-
RENTELECOM - Comunicações, S.A.	-	-	-	1,002	34	-
REN Finance, B.V.	-	-	-	-	4	-
	84,147	278,522	23,559	80,155	4,138	2,232,287

'13

	CURRENT LIABILITIES						NON CURRENT LIABILITIES	
RELATED PARTY	OTHER PAYABLES - TREASURY MANAGEMENT (NOTE 15)	OTHER PAYABLES - RETGS (NOTE 15)	OTHER PAYABLES - INTEREST PAYABLES FROM BONDS (NOTE 15)	OTHER PAYABLES - INTEREST PAYABLES FROM COMMERCIAL PAPER (NOTE 15)	OTHERS CREDITORS (NOTE 15)	SUPPLIERS (NOTE 15)	OTHER PAYABLES - COMMERCIAL PAPER (NOTE 15)	OTHER PAYABLES - BONDS (NOTE 15)
REN - Rede Eléctrica Nacional, S.A.	-	-	-	-	177	-	-	-
REN Trading, S.A.	-	-	-	-	467	-	-	-
REN Serviços, S.A.	-	5,522	-	-	3	126	-	-
REN Gasodutos, S.A.	-	-	-	-	-	-	-	-
REN Gás, S.A.	46,574	-	-	-	127	-	-	-
ENONDAS, S.A.	-	31	-	-	-	-	-	-
RENTELECOM - Comunicações, S.A.	3,592	-	-	-	9	-	-	-
REN Finance, B.V.	-	-	4,643	223	705	-	35,850	510,000
	50,167	5,553	4,643	223	1,488	126	35,850	510,000

'12

ENTIDADE	CURRENT ASSETS: OTHER RECEIVABLES - SHAREHOLDERS (NOTE 9)	OTHER RECEIVABLES - TREASURY MANAGEMENT (NOTE 9)	OTHER RECEIVABLES - INTEREST RECEIVABLES FROM SHAREHOLDERS LOANS (NOTE 9)	OTHER RECEIVABLES - RETGS (NOTE 9)	OTHER DEBTORS (NOTE 9)	NON CURRENT ASSETS: OTHER RECEIVABLES - SHAREHOLDERS LOANS (NOTE 9)
REN - Rede Eléctrica Nacional, S.A.	819,231	46,076	7,953	26,116	2,675	680,769
REN Trading, S.A.	-	47,600	-	-	288	-
REN Serviços, S.A.	64,916	38,302	19,175	-	742	744,844
REN Gasodutos, S.A.	-	4,805	-	11,386	1,001	-
REN Armazenagem, S.A.	-	25,226	-	2,247	213	-
REN Atlântico, Terminal de GNL, S.A.	-	-	167	33	319	88,814
REN Gás, S.A.	-	-	-	602	-	-
ENONDAS, S.A.	-	1,330	-	-	8	-
RENTELECOM - Comunicações, S.A.	-	-	-	965	38	-
	884,147	163,339	27,296	41,349	5,286	1,514,427

'12

RELATED PARTY	CURRENT LIABILITIES: OTHER PAYABLES - TREASURY MANAGEMENT (NOTE 9)	OTHER PAYABLES - RETGS (NOTE 15)	OTHER PAYABLES - INTEREST PAYABLES FROM SHAREHOLDERS LOANS (NOTE 15)	OTHERS CREDITORS (NOTE 15)	SUPPLIERS (NOTE 15)
REN - Rede Eléctrica Nacional, S.A.	-	-	-	365	-
REN Trading, S.A.	-	12,392	-	293	-
REN Serviços, S.A.	-	6,534	220	2	137
REN Gasodutos, S.A.	-	-	-	1	-
REN Armazenagem, S.A.	-	-	-	-	-
REN Gás, S.A.	46,883	-	-	205	-
ENONDAS, S.A.	-	4	-	-	-
RENTELECOM - Comunicações, S.A.	3,618	-	-	26	-
	50,501	18,930	220	892	137

OTHER RELATED PARTIES

	'13	'12
ASSETS		
CGD - Bank deposits	2,544	-
EDP - Trade receivables	-	29
Other receivables - OMIP	8	17
Other receivables- Oman Oil	1	1
Other receivables - Centro de Investigação em Energia REN - STATE GRID, S.A.	178	-
	2,731	47
LIABILITIES		
Borrowings		
CGD - Loans (commercial paper)	30,000	93,000
CGD - Loans (leasings)	462	452
Suppliers		
EDP	1	1
CMS - Rui Pena & Arnaut [1]	2	-
	30,465	93,454

[1] Entity related with the Member of the Board Directors, José Luis Arnaut.

INFORMATION ON SHARE TRANSACTIONS BY MEMBERS OF THE BOARD OF DIRECTORS

On February 2013, the board Director Manuel Carlos de Melo Champalimaud acquired 37,500 shares of the company.

Besides the above situation, no other transactions were made by Board of Directors members as compared to the financial statements ended 31 December 2012.

27 REMUNERATION OF THE BOARD OF DIRECTORS

The Board of Directors of REN were considered in accordance with NCRF 5 to be the only key members of the management of the Group. Remuneration of the Board of Directors of REN in the years ended 31 December 2013 and 2012 was as follows:

	'13	'12
Remuneration and other short term benefits	1,395	1,345
Compensation for early termination of the mandate	-	362
Management bonuses (estimated)	735	796
	2,130	2,503

There are no loans granted to the members of the Board of Directors.

28 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES IN ACCORDANCE WITH IAS 39

The accounting policies for financial instruments in accordance with the IAS 39 categories have been applied to the following financial assets and liabilities:

'13

	NOTES	TRADE AND OTHER RECEIVABLES	FAIR VALUE - HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	FAIR VALUE - NEGOTIABLE DERIVATIVES	AVAILABLE FOR SALE	FAIR VALUE - THROUGH PROFIT AND LOSS	OTHER FINANCIAL ASSETS/ LIABILITIES	TOTAL CARRYING AMOUNT	FAIR VALUE
ASSETS									
Cash and cash equivalents	4	158,002	-	-	-	-	-	158,002	158,002
Trade and other receivables	9	2,703,416	-	-	-	-	-	2,703,416	2,703,416
Other investments	9 and 12	-	-	-	-	2,839	108,377	111,216	111,216
Available-for-sale financial assets	11	-	-	-	45,871	-	-	45,871	45,871
Total financial assets		2,861,418	-	-	45,871	2,839	108,377	3,018,506	3,018,506
LIABILITIES									
Borrowings	15	-	-	-	-	-	2,601,091	2,601,091	2,742,393
Trade and other payables	15 and 17	-	-	-	-	-	62,436	62,436	62,436
Income tax payable	16	-	-	-	-	-	45,642	45,642	45,642
Drivative financial instruments	10	-	36,661	342	-	-	-	37,003	37,003
Total financial liabilities		-	36,661	342	1,394,749	-	2,709,169	2,746,172	2,887,474

'12

	NOTES	TRADE AND OTHER RECEIVABLES	FAIR VALUE - HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	FAIR VALUE - NEGOTIABLE DERIVATIVES	AVAILABLE FOR SALE	FAIR VALUE - THROUGH PROFIT AND LOSS	OTHER FINANCIAL ASSETS/ LIABILITIES	TOTAL CARRYING AMOUNT	FAIR VALUE
ASSETS									
Cash and cash equivalents	4	54,929	-	-	-	-	-	54,929	54,929
Trade and other receivables	9	2,637,285	-	-	-	-	-	2,637,285	2,637,285
Other investments	9 and 12	-	-	-	-	4,285	117,163	121,447	121,447
Available-for-sale financial assets	11	-	-	-	131,002	-	-	131,002	131,002
Income tax receivable	16	14,318	-	-	-	-	-	14,318	14,318
Derivative financial instruments	10	-	6,853	416	-	-	-	7,270	7,270
Total financial assets		2,706,532	6,853	416	131,002	4,285	117,163	2,966,251	2,966,251
LIABILITIES									
Borrowings	15	-	-	-	-	-	2,581,497	2,581,497	2,767,010
Trade and other payables	15 and 17	-	-	-	-	-	79,745	79,745	79,745
Income tax payable	16	-	-	-	-	-	816	816	816
Drivative financial instruments	10	-	27,958	811	-	-	-	28,769	28,769
Total financial liabilities		-	27,958	811	-	-	2,662,058	2,690,827	2,876,340

ESTIMATED FAIR VALUE – ASSETS MEASURED AT FAIR VALUE

The following table presents the Company assets and liabilities measured at fair value at 31 December 2013 in accordance with the following levels of fair value hierarchy:

- Level 1: the fair value of financial instruments is based on net liquid market prices as of the date of the balance sheet;
- Level 2: the fair value of financial instruments is not based on active market prices but rather on valuation models. The main inputs of the models used are taken from the market, the discount rate intervals used for the Euro curve being between 0.446% to 2.84% (maturities of one week and twenty years respectively);
- Level 3: the fair value of financial instruments is not based on active market prices, but rather on valuation models, for which the main inputs are not taken from the market observations.

During the year ending 31 December 2013, no financial assets or liabilities transfers were made between fair value hierarchy levels.

		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
ASSETS					
Available-for-sale financial assets	Shares	-	42,205	-	42,205
Other investments	Treasury funds	2,839	-	-	2,839
LIABILITIES					
Financial liabilities at fair value	Loans	-	391,841	-	391,841
Financial liabilities at fair value	Cash flow hedge derivatives	-	29,185	-	29,185
Financial liabilities at fair value	Fair value hedge derivatives	-	7,476	-	7,476
Financial liabilities at fair value through profit and loss	Negotiable derivatives	342	-	-	342
		2,497	(386,297)	-	(383,800)

During the year ended 31 December 2013 the company performed the valuation of Hidroeléctrica de Cahora Bassa, S.A. ("HCB"), which is classified as an available-for-sale financial asset (Note 11). The fair value of this asset reflects its current price. This price was determined based on a income approach, which reflects the current market expectations about those future amounts. Despite not listed, the data used in the price calculation is observable and available in the market.

QUALITY OF FINANCIAL ASSETS

The credit quality of the financial assets that have not yet matured or are impaired can be valued by reference to external credit ratings based on Standard & Poor's or historical information about the entities to which they refer:

	'13	'12
CASH AND CASH EQUIVALENTS		
A+ a A-	9,837	37
BBB+ a BBB-	2,578	2
BB+ a B-	145,568	54,875
Without rating	18	15
Total cash and cash equivalents	**158,002**	**54,929**

Trade and other receivables refer mainly to receivables and payables from and to group companies, as can be seen in Notes 9 and 15, respectively.

With respect to the current receivables and payables balances, its carrying amount corresponds to a reasonable approximation of its fair value.

29 DISCLOSURES REQUIRED BY LAW

FEES INVOICED BY THE STATUTORY AUDITOR

Information regarding fees paid to the statutory auditor is disclosed in the REN Group's Consolidated Report and Accounts.

30 SUBSEQUENT EVENTS

There were no subsequent events after the balance sheet date.

31 EXPLANATION ADDED FOR TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese in accordance with the Financial Accounting and Reporting Standards ("NCRF"). In the event of discrepancies, the Portuguese language version prevails.

The Accountant N. º 30275

Maria Teresa Martins

The Board of Directors

Rui Manuel Janes Cartaxo
(President and Executive Director)

João Caetano Carreira Faria Conceição
(Executive Director)

Gonçalo Morais Soares
(Executive Director)

Guangchao Zhu
(Vice-President of the Board of Directors appointed by State Grid International, Development Limited)

Mengrong Cheng
(Non-Executive Director)

Haibin Wan
(Non-Executive Director)

Hilal Ali Saif Al-Kharusi
(Non-Executive Director)

Aníbal Durães dos Santos
(Director appointed by Parpública – Participações Públicas (SGPS), S.A.)

Filipe Maurício de Botton
(Director appointed by EGF - Gestão e Consultoria Financeira, S.A.)

Manuel Carlos Mello Champalimaud
(Director appointed by Gestmin, SGPS, S.A.)

José Luís Folgado Blanco
(Director appointed by Red Eléctrica Corporación, S.A.)

José Luis Arnaut
(Non-Executive Director)

José Luís Alvim Marinho
(Vogal do Conselho de Administração e Presidente da Comissão de Auditoria)

José Frederico Vieira Jordão
(President of the Audit Committee)

Emílio Rui Vilar
(Member of the Audit Committee)

REN – REDES ENERGÉTICAS NACIONAIS, SGPS, SA

REPORT AND OPINION OF THE AUDIT COMMITTEE

INDIVIDUAL ACCOUNTS

Within the scope of its duties, the Audit Committee has monitored the development of the activity of REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A. and its subsidiaries, supervised compliance with the law, regulations and the Articles of Association, supervised compliance with accountancy policies and practices, and supervised the process of preparation and disclosure of financial information, the legal review of accounts and the effectiveness of the internal control and risk management systems. It further supervised the activity of the Statutory Auditor and the External Auditor, including their independence and impartiality.

The Audit Committee also examined the individual financial information included in the Management Report and the financial statement of REN – REDES ENERGÉTICAS, SGPS, S.A. attached thereto in relation to the financial year ended on December 31, 2013 which consist of the Balance Sheet as of December 31, 2013, evidencing a total of 3,904,500 thousand Euros and 1,158,149 thousand Euros of Equity Capital, including Net Profit of 116,071 thousand Euros, the Profit and Loss Accounts by Categories, Changes in Equity Capital and Cash Flows in relation to the financial year closed on the abovementioned date and the respective Annex.

The Audit Committee analysed the Legal Certification of Accounts and the Audit Report on the individual financial information, prepared by the Statutory Auditor and the External Auditor, which has been agreed by the Audit Committee.

Within the context of the analysis undertaken, the Audit Committee further supervised the compliance and adequacy of the accounting policies, procedures, practices and adopted valuation criteria, as well as the regulatory and quality of the Company´s accounting information.

In light of the above, it is the opinion of the Audit Committee that the individual Financial Statements and Consolidated Management Report, as well as proposal expressed therein, abide by applicable accounting, legal and statutory provisions, wherefore it recommends its approval by the General Meeting of Shareholders.

Lisbon, 06 March 2014

José Luís Alvim (Chairman)

José Frederico Jordão (Member)

Emílio Rui Vilar (Member)

STATUTORY AUDIT REPORT AND AUDITORS` REPORT
SEPARATE FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese - Note 31)

Introduction

1. In accordance with the applicable legislation, we hereby present the Statutory Audit Report and Auditors` Report on the financial information contained in the Directors' Report and the accompanying financial statements of REN – Redes Energéticas Nacionais, S.G.P.S., S.A. ("the Company") which comprise the Statement of Financial Position as of 31 December 2013 that presents total assets of 3,904,500 thousand Euros and equity of 1,158,149 thousand Euros, including a net profit of 116,071 thousand Euros, the Statements of Profit and Loss by Nature, Changes in Equity and Cash Flows for the year then ended and the corresponding Notes.

Responsibilities

2. The Board of Directors is responsible for: (i) the preparation of financial information that presents a true and fair view of the financial position of the Company, the results from its operations, the changes in its equity and its cash flows; (ii) the preparation of historical financial information in accordance with generally accepted accounting principles in Portugal and that is complete, true, timely, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate system of internal control; and (iv) informing any significant facts that have influenced its operations, its financial position and results.

3. Our responsibility is to examine the financial information contained in the above mentioned documents of account, including verifying if, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Securities Market Code, and issue a professional and independent opinion, based on our examination.

Scope

4. Our examination was performed in accordance with the auditing standards ("Normas Técnicas e as Directrizes de Revisão/Auditoria") issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the financial statements are free of material misstatement. Our examination included verifying, on a sample basis, evidence supporting the amounts and disclosures in the financial statements and assessing the significant estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation. Our examination also included assessing the adequacy of the accounting policies used and their disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and assessing the adequacy of the overall presentation of the financial statements and assessing if, in all material respects, the information is complete, true, timely, clear, objective and licit. Our examination also included verifying that the financial information contained in the Directors' Report is in accordance with the other documents of account, as well as the verifications required by items 4 and 5 of article 451 of the Commercial Companies Code. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion the financial statements referred to in paragraph 1 above, present fairly, for the purposes of the paragraph 6 below, in all material respects, the financial position of REN – Redes Energéticas Nacionais, S.G.P.S., S.A. as of 31 December 2013, the results and the comprehensive results of its operations, the changes in its equity and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Portugal and the information contained therein is, in the terms of the definitions included in the standards referred to in paragraph 4 above, complete, true, timely, clear, objective and licit.

Emphasis

6. The financial statements referred to in paragraph 1 above refer to the Company on an individual basis and were prepared in accordance with generally accepted principles in Portugal for approval and publication in accordance with current legislation. As mentioned in Note 3.2 to the financial statements, investments in subsidiaries and associates are recorded in accordance with the equity method. As required by current legislation the Company has prepared consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union, for separate publication.

Report on other legal requirements

7. It is also our opinion that the financial information contained in the Directors' Report is in agreement with the financial statements for the year and the report on corporate governance practices includes the matters required of the Company in accordance with article 245-A of the Securities Market Code (Código dos Valores Mobiliários).

Lisbon, 6 March 2014

Deloitte & Associados, SROC S.A.
Represented by Jorge Carlos Batalha Duarte Catulo

HIGH PERFORMANCE IN ACTION

REN achieved excellent results in quality of service with 0.09 seconds of interruption in the electricity network and 0 seconds of interruption in the natural gas network. A performance which places us among the best in the world, thanks to a highly specialized team and a solid management and investment strategy with regard to infrastructure.

AWARDS

REN DISTINGUISHED IN 2013

RANKING AAA IN 2013

IN CORPORATE GOVERNANCE FROM THE PORTUGUESE CATHOLIC UNIVERSITY

REN WEBSITE

GOLD AWARD IN THE CATEGORIES OF BEST ENERGY COMPANY WEBSITE AND BEST INVESTOR RELATIONS WEBSITE

06 CORPORATE GOVERNANCE

> "REN IMPLEMENTS THE RECOMMENDATIONS OF THE CMVM COMPANY GOVERNANCE CODE, APPROVED IN 2013."

ANNUAL
REPORT
Silver award in the category of Best annual report at the International Business Awards

06 CORPORATE GOVERNANCE

VOTING RIGHTS AND CORPORATE GOVERNANCE

MAIN FIGURES IN THE CAPITAL STRUCTURE, CORPORATE BODIES, COMMITTEES AND INTERNAL ORGANIZATION.

PART I

6.1 INFORMATION ON VOTING RIGHTS, ORGANIZATION AND CORPORATE GOVERNANCE

6.1.1 VOTING RIGHTS

I. CAPITAL STRUCTURE

I.1. Voting rights (capital, number of shares, distribution of capital among shareholders, etc.), including information on shares not admitted to trading, different categories of shares, inherent rights and duties and percentage of capital which each category represents (Art. 245(A)(1)(a).

The share capital of REN – Redes Energéticas Nacionais, SGPS, S.A. (REN or the company) in the amount of €534 000 000 is represented by 534 000 000 shares with a face value of €1.00, in the form of nominative book-entry shares, divided as follows:

a) 475 260 000 (four hundred and seventy five million, two hundred and sixty thousand) class A shares, corresponding to 89% of REN's share capital;

b) 58 740 000 (fifty eight million, seven hundred and forty thousand) class B shares, corresponding to 11% of REN's share capital.

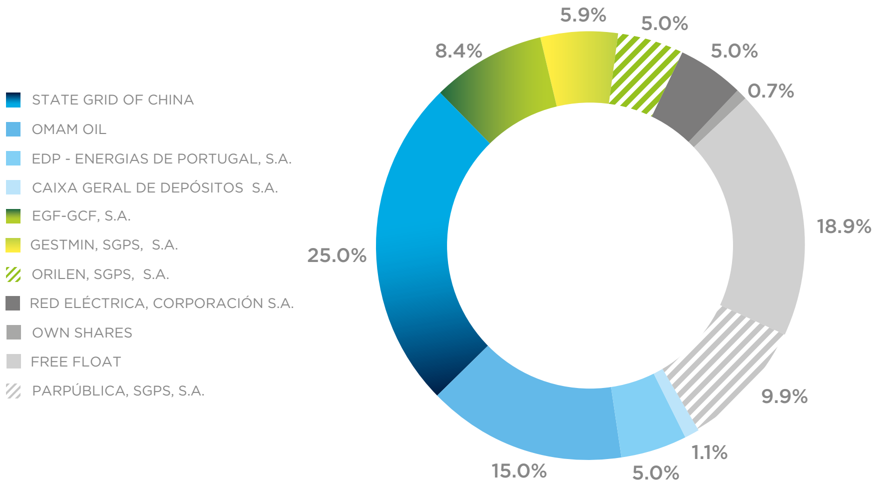
Class A shares are ordinary shares that do not grant special rights to their holders, beyond the general rights inherent as a shareholder, under the terms of legislation.

Class B shares, which are not admitted to trading, are shares to be privatized (code PTRELXAM0009) - held by Parpública–Participações Públicas (SGPS) S.A. and the Caixa Geral de Depósitos, S.A. - and the only special entitlement they have is that they do not subject holders to the voting limitation stipulated in Article 12(3) of the Articles of Association.

In turn, in accordance with Article 4 of the Articles of Association, the transfer of Class B shares to non-public entities, pursuant to the conclusion of a phase of REN's privatization process, determines the automatic conversion of Class B shares into Class A shares. This conversion does not require the approval of the holders or deliberation by any of the company's bodies.

On 31 December 2013, all of REN's class A shares, corresponding to code PTREL0AM0008, were admitted to trading on NYSE Euronext Lisbon (Eurolist by Euronext), with the exception of 213 600 000 shares held by State Grid Europe Limited and Mazoon B.V.

VOTING RIGHTS



I.2. Restrictions on the transferability of shares, such as consent clauses for disposal, or limitations on ownership of shares (Art. 245(A)(1)(b).

There are no limitations and no measures have been taken by REN which restrict the transferability of shares representing REN capital, which are freely tradable on the regulated market, without prejudice to the legal limitations (lock up) established within the scope of the second stage of REN privatization and applicable to shareholders who acquire their holdings in such a context.

With respect to ownership limitations on shares, in accordance with legislation, no entity, including entities which conduct business in the respective sector in Portugal or abroad, can have direct or indirect holdings greater than 25% of REN equity capital[1].

These limitations on the ownership of REN shares were introduced further to the transposition of community directives applicable to the electricity and natural gas sectors with regard to the legal and ownership separation between the transmission operator using those assets and the operators who conduct other activities in each of the sectors. The aim of these directives is to promote competition in the market and equal access by operators to the transmission infrastructures.

Therefore, limitations on the transferability and ownership of shares are exclusively due to legal requirements, and the CMVM Corporate Governance Code does not apply. As such, recommendation I.4. of the CMVM Corporate Governance Code has been complied with.

With regard to limitations on voting rights, see I.5 below on the limitations expressed in the Articles of Association arising from the legal system applicable to the electricity and gas sector.

[1] Cf. Article 25(2)(i) of Decree-Law No 29/2006 of 15 February (with its current wording), and Article 20(A)(3)(b) and Article 21(3)(h) of Decree-Law No 30/2006, of 15 February (with its current wording)

I.3. Number of own shares, percentage of corresponding capital and percentage of voting rights to which own shares would correspond (Art. 245(A)(1)(a).

REN has 3 881 374 own shares, with a face value of 10 728 000.00 euros, representing 0.7% of its capital. These shares would correspond to 0.7 % of voting rights.

I.4. Significant agreements to which REN is a party that would come into force, be amended or terminate in the event of a change in control over the Company, as the result of a takeover bid, as well as the respective effects, except if, due to their nature, the disclosure of which would be seriously prejudicial for the Company, except if the Company is specifically required to disclose this information due to other legal requirements (Art. 245(A)(1)(j).

REN and its subsidiaries are party to a number of financing contracts and debt issues which include clauses on change in control which are typical of such transactions (covering, although not expressly stated, changes to control arising from takeover bids) and essential for carrying out such transactions on the market.

However, the practical application of these clauses is limited, considering the legal restrictions on the ownership of REN shares as explained in I.2.

There are no significant agreements to which REN is a party that would come into force, be amended or terminate in the event of a change in control over the Company or as the result of a takeover bid.

In summary, REN has not adopted any measures aimed at requiring payment or the taking on of charges by the Company in the event of changes in control or to the composition of the Board of Directors and which would be liable to prejudice the free transferability of shares or the free appreciation by shareholders of the performance of members of the Board of Directors, and CMVM I.5 has thus been complied with.

I.5. System which is subject to renewal or repeal of defensive measures, particularly those which limit the number of votes liable to be held or the exercising by a sole shareholder in an individual manner or jointly with other shareholders

The only provision in the REN Articles of Association which limits votes liable to be held or the exercising by a sole shareholder in an individual manner or jointly with other shareholders, is Article 12(3).

Therefore, this Article stipulates that the votes attached to class A shares shall not be counted if issued by any shareholder, on his behalf or as representative of another shareholder, which exceed 25% of the total votes corresponding to REN share capital. Considered for this purpose are the rights to vote inherent to Class A shares which, pursuant to Article 20(1) of the Securities Code, are attributable to them.

Article 12(3) of the Articles of Association is the result of the legal requirement set out in I.2. and does not seek to limit voting rights, but rather to ensure the existence of a penalty system for breaching the legal limit on the ownership of the abovementioned shares.

As such, there is no mechanism in the Articles of Association to renew or repeal this statute, as it exists in compliance with legal requirements, so recommendation I.4. of the CMVM Corporate Governance Code has been complied with.

There are no other defensive measurements.

I.6. Shareholder Agreements which the company is aware of and which could lead to restrictions with regard to the transfer of securities or voting rights (Art. 245(A)(1)(g).

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 exercising of voting rights.

II. HOLDINGS AND BONDS HELD

II.7. Identification of natural or legal persons which, directly or indirectly, own qualified holdings (Art. 245(A)(1)(c) and (d) and Art. 16, with detailed information on the percentage of capital and attributable votes and the source and causes of such attribution.

Taking into account the communications submitted to the Company in accordance with Article 447 of the Portuguese Companies Code, Article 16 of the Portuguese Securities Code and Article 14 of CMVM Regulation No 5/2008, with reference to December 31, 2013, the shareholders holding qualified shareholdings representing at least 2% of REN's share capital, calculated in accordance with Article 20 of the Portuguese Securities Code, were as follows:

LIST OF OWNERS OF QUALIFIED HOLDINGS (AT 31.12.2013)	NUMBER OF SHARES	CAPITAL (%)	VOTING RIGHTS (%)
STATE GRID OF CHINA	133 500 000 [2]	25.0%	25.0%
OMAN OIL	80 100 000 [3]	15.0%	15.0%
ESTADO PORTUGUÊS [4]	59 162 307	11.1%	11.1%
EGF, GESTÃO E CONSULTORIA FINANCEIRA, S.A. [5]	45 019 666 [6]	8.4%	8.4%
GESTMIN, SGPS, S.A.	31 326 951 [7]	5.9%	5.9%
EDP - ENERGIAS DE PORTUGAL, S.A.	26 707 335 [8]	5.0%	5.0%
OLÍREN, SGPS, S.A.	26 700 000	5.0%	5.0%
RED ELÉCTRICA CORPORACIÓN, S.A.	26 700 000	5.0%	5.0%

[2] These qualified holdings belong to the companies (i) State Grid Europe Limited (SGEL), as a direct owner, (ii) State Grid International Development Limited (SGID), as the controlling shareholder of SGEL and, finally, (iii) State Grid Corporation of China, as the company which wholly controls SGEL.

[3] These qualified holdings belong to the companies (i) Mazoon BV, as a direct owner, and to (ii) Oman Oil Company SAOC, which wholly owns the former.

[4] These holdings include: (i) the qualified holdings of Parpública - Participações Públicas (SGPS), S.A., equating to 52 871 340 shares, corresponding to 9.9% of REN capital and voting rights; (ii) holdings belonging to Caixa Geral de Depósitos, S.A. totalling 6.290.967 shares (equivalent to direct holdings of 5 876 267 shares, 266 625 shares held by Fundo Pensões Pessoal CGD and OEG and 30 000 shares held by CPR – Companhia Portuguesa de Resseguros, S.A. and 118 075 shares held by Fidelidade - Companhia de Seguros, S.A.).

[5] Previously called Logoplaste Gestão e Consultoria Financeira, S.A.

[6] The qualified holdings of EGF, Gestão e Consultoria Financeira, S.A. (EGF) including (i) 33 999 783 shares held directly by EGF, (ii) 10 933 393 shares held by Logo Finance, S.A., a company wholly owned by EGF, (iv) 86 000 shares held directly and indirectly by Mr. Filipe Maurício de Botton, Chairman of the EGF Board of Directors and (v) 490 shares held directly and indirectly by Mr. Alexandre Carlos de Mello, member of the EGF Board of Directors. The voting rights inherent to the REN shares held by EGF are also attributable to the company Nikky Investments, S.A., holder of the entire EGF capital and to Mr. Filipe Maurício de Botton, holder of the controlling interest in Nikky Investments, S.A..

[7] The current qualified holdings of Gestmin, SGPS, S.A. includes (i) 31 046 951 shares held directly and (ii) 280 000 shares held by Mr. Manuel Carlos de Melo Champalimaud, as majority shareholder of that company and Chairman of the Board of Directors.

[8] EDP - Energias de Portugal, S.A. (EDP) holds 18 690 000 shares directly and 8 017 335 shares indirectly through the EDP Pension Fund, a company in a group relation with EDP.

II.8. Information on the number of shares and bonds held by members of management and supervisory bodies

In accordance with and for the purposes of Article 447 of the Portuguese Companies Code, in particular paragraph 5 thereof, the number of shares held by the members of the REN management and supervisory bodies and by the persons related to them pursuant to paragraph 2 of the abovementioned article[9], as well as all their acquisitions, encumbrances or disposals with reference to the financial year 2013 were as follows:

AUDIT COMMITTEE	ACQUISITIONS	ENCUMBRANCES	DISPOSALS	NO OF SHARES AT 31.12.2013
JOSÉ LUÍS ALVIM	-	-	-	0 (ZERO)
JOSÉ FREDERICO JORDÃO	-	-	-	0 (ZERO)
EMÍLIO RUI VILAR	-	-	-	390

BOARD OF DIRECTORS	ACQUISITIONS	ENCUMBRANCES	DISPOSALS	NO OF SHARES AT 31.12.2013
RUI CARTAXO	-	-	-	19.162[10]
GONÇALO MORAIS SOARES	-	-	-	0 (ZERO)
JOÃO FARIA CONCEIÇÃO	-	-	-	500
GUANGCHAO ZHU – EM REPRESENTAÇÃO DA STATE GRID INTERNATIONAL DEVELOPMENT LIMITED	-	-	-	133.500.000[11]
MENGRONG CHENG	-	-	-	0 (ZERO)
HAIBIN WAN	-	-	-	0 (ZERO)
HILAL AL-KHARUSI	-	-	-	0 (ZERO)
ANÍBAL SANTOS - INDICADO PELA PARPÚBLICA - PARTICIPAÇÕES PÚBLICAS (SGPS), S.A.	-	-	-	10.250[12]
FILIPE BOTTON – INDICADO PELA EGF – GESTÃO E CONSULTORIA FINANCEIRA, S.A.	-	-	-	45.019.666[13]
MANUEL CHAMPALIMAUD - INDICADO PELA GESTMIN, SGPS, S.A.	35.700[14]	-	-	31.326.951[15]
JOSÉ FOLGADO BLANCO - INDICADO PELA RED ELÉCTRICA CORPORACIÓN, S.A.	-	-	-	26.700.000[16]
JOSÉ LUÍS ARNAUT	-	-	-	0 (ZERO)

[9] This comprises the shares held by members of the REN management and supervisory bodies and, if applicable,(i) of the spouse not judicially separated, regardless of the matrimonial property regime; (ii) of under aged descendants; (iii) of persons in whose name shares are registered, in the event that they have been acquired on behalf of a member of the management or supervisory bodies and of persons referred to in (i) and (ii); and (iv) the shares held by companies of which a member of the management or supervisory bodies and the persons referred to in (i) and (ii) are shareholders with unlimited responsibility, are engaged in the management or exercise any management or supervisory duties or hold, alone or together with the persons referred to in (i) to (iii), at least half of the share capital or corresponding voting rights.

[10] Consists of (i) 18 672 directly held shares and (ii) 490 shares held by his spouse.

[11] Mr. Guangchao Zhu is Chairman, CEO and member of the Board of Directors of State Grid International Development Limited and Director of State Grid Europe Limited, which has qualified holdings corresponding to 133 500 000 REN shares.

[12] It includes the following shares: (i) 10 000 directly held shares and (ii) 250 shares held by his spouse;

[13] Comprises the following attributable shares pursuant to Article 447 of the Portuguese Companies Code: (i) 33 999 783 shares held directly by EGF, (ii) 10 933 393 shares held by Logo Finance, S.A., a company wholly owned by EGF and (iii) 86 000 shares held directly and indirectly by Mr. Filipe Maurício de Botton, Chairman of the EGF Board of Directors and (iv) 490 shares held directly and indirectly by Mr. Alexandre Carlos de Mello, member of the EGF Board of Directors.

[14] Cf. details of this acquisition (including the number of shares, date and the consideration received) in Annex 2 to this document.

[15] Consists of 280 000 shares held directly and 31 046 951 shares held by the shareholder Gestmin SGPS, S.A., which, due to the exercising of the position of Chairman of the management body of that company and the majority holding of the respective capital, are attributable to it.

[16] Corresponds to shares held by Red Eléctrica Corporación, S.A., which are attributable for purposes of Article 447.Î of the Company Code due to his exercising of the position of Chairman of the Board of Directors of this company.

At 31 December 2013, members of the REN management and supervisory bodies held the following bonds issued by REN:

THE BOARD OF DIRECTORS	ACQUISITIONS	ENCUMBRANCES	DISPOSALS	NO OF BONDS AT 31.12.2013
RUI CARTAXO	-	-	-	1

As of December 31, 2013, the members of the REN management and supervisory bodies and those related to them pursuant to Article 447(2) of the Portuguese Companies Code did not hold any bonds issued by REN nor shares or bonds issued by companies in a group or controlling relationship with REN, nor did they carry out any transactions relating to those securities in 2013, in both cases pursuant to and for the purposes of the abovementioned Article 447.

II.9. Special powers of the management body with regard to deliberations on increasing capital (Art. 245(A)(1)(i), with information on the deliberations referring to the data on which they were attributed, time limit until such competence may be exercised, maximum quantitative limit on capital increase, amount already issued under the attribution of such powers and method of applying the powers attributed

The Board of Directors has the competences and powers conferred by the Portuguese Companies Code and the Articles of Association[17] (see summary of these competences and powers in B.II.21), and as such the management body does not have special powers.

Particularly, with regard to deliberations on increasing capital, it should be noted that the REN's Articles of Association do not authorize the Board of Directors to increase the Company's share capital.

II.10. Information on significant relationships of a commercial nature between the owners of qualified holdings and the Company

In accordance with internal regulations on the appreciation and control of transactions with related parties[18] and prevention of conflict of interests[19], significant transactions with related parties are considered to be those which:

a) are based on the purchase and/or sale of assets, provision of services or a contracted project with an economic value greater than one million euros;

b) based on the acquisition or disposal of shareholdings;

c) require new loans, financing or subscription of financial investments resulting in an overall annual indebtedness exceeding €100 000 000, except when referring to a simple renewal of existing circumstances or operations undertaken within the framework of pre-existing contractual conditions;

d) should none of the materiality criteria set out in the subparagraphs above be met, (i) which have a value exceeding €1 000 000 or (ii) are considered relevant for this purpose by the management body, by virtue of its nature or its particular susceptibility to giving rise to a conflict of interests.

[17] Cf. Article 15(1) of the Articles of Association and Article 3(2) and (3) of the Board of Directors Regulations.

[18] The definition of related party in accordance with this regulation includes owners of qualified holdings.

[19] Cf. section II, paragraph I., p. 3

The Board of Directors is required to submit significant transactions with related parties (a concept which, in accordance with those regulations, includes owners of qualified holdings pursuant to Article 20 of the Securities Market Code) to the Audit Committee for prior appreciation[20]. Therefore, transactions considered significant are subject to prior opinion from the Audit Committee, while others are only subject to subsequent appreciation.

Moreover, in accordance with the Board of Directors internal regulations, transactions with related parties for sums exceeding €500 000 or, regardless of the sum, and transaction which may be considered as not being executed under market conditions are matters which may not be delegated to the Executive Committee.

In light of the abovementioned criteria – set out in Board of Directors regulations and in internal regulations on the appreciation and control of transactions with related parties and prevention of conflicts of interests – during 2013, only one significant commercial transaction with related parties was seen, as detailed below in I.90.

6.1.2 CORPORATE BODIES AND COMMITTEES

I. GENERAL MEETING

a) Composition of the Board of the General Meeting in the year of reference

I.11. Identification and position of the members of the Board of the General Meeting and respective term of office (start and end)

The following members of the Board of the General Meeting were elected for the term of office 2012-2014:

NAME	POSITION	DATE OF 1ST APPOINTMENT	TERM OF OFFICE IN COURSE
PEDRO MAIA	CHAIRMAN	27.03.2012	2012-2014
DUARTE VASCONCELOS	VICE-CHAIRMAN	24.10.2008	2012-2014

The Annual General Meeting of 27 March 2012 deliberated that 2012 would be specified as a time reference for the start of subsequent terms of office, the first of which corresponds to the three year period of 2012-2014.

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

b) Exercise of Voting Rights

I.12. Possible restrictions with regard to voting rights, such as limitations on exercising voting rights depending on the ownership of a number or percentage of shares, times imposed for exercising voting rights or systems for detaching ownership content (Art. 245(A)(1)(f)

Following best practices on shareholder participation in the general meetings of companies with shares admitted to trading in a regulated market, REN's Articles of Association set out the principle of 'one share one vote'.

[20] Cf. section III, p. 3 and section VI, p.5.

Without prejudice to that referred to in I.2. and I.5., there are no restrictions on voting rights, such as limitations on exercising voting rights depending on the ownership of a number or percentage of shares.

Owners of one or more shares on the 'Record Date' may attend, participate in and vote at the REN General Meeting, as long as they comply with the following requirements:

a) Shareholders wishing to participate in the General Meeting should express this intention in writing to the Chairman of the Board of the General Meeting and the financial intermediary, with whom they have opened the relevant individual securities account, up to the day before the 'Record Date'. This communication may be sent by e-mai[21];

b) In turn, the abovementioned financial intermediary shall send to the Chairman of the Board of the General Meeting, up to the end of the day corresponding to the 'Record Date', information on the number of shares registered in the name of the shareholder on that date. This communication may be sent by e-mail[22].

Shareholders with voting rights may be represented at a General Meeting by means of a person with full legal capacity, by written document addressed to the Chairman of the Board of the General Meeting, communicating the name(s) of the representative(s), under the terms of law and of the notice to convene. This communication may be sent by e-mail[23].

REN's shareholders who hold shares on a professional basis in their own name but on behalf of clients, may cast votes as required with their shares, as long as they submit this fact to the Chairman of the Board of the General Meeting before the 'Record Date' and using proportional and sufficient proof: (a) the identification of each client and the corresponding number of shares that will be voted on his behalf; (b) the specific voting instructions on each of the items on the agenda as provided by each of their clients.

REN's shareholders may submit their votes by correspondence for each item on the agenda, by letter signed with the same signature as on their identification document, enclosing a legible photocopy of such document, if the shares are held by an individual shareholder, or duly notarized signature of the proxy, in the event that the shares are held by a legal person[24].

This letter should be addressed to the Chairman of the Board of the General Meeting and sent by post with acknowledgement of receipt to REN's registered office at least three business days prior to the date of the General Meeting, except if the relevant notice to convene establishes a different time. The Chairman of the Board of the General Meeting shall verify the authenticity and regularity of the votes cast by correspondence as well as ensure that they remain confidential until the voting takes place[25].

It is also established that these votes are considered to be votes against, in the case of resolution proposals submitted after the date on which they were cast.

In order to facilitate votes by correspondence, REN provides a voting ballot on its website[26] a model voting ballot which may be used for such purpose, and upon request, may also send a voting ballot and an envelope to shareholders for the purpose of postal submission.

[21] Cf. Article 12(8) of the Articles of Association.

[22] Cf. Article 12(9) of the Articles of Association.

[23] Cf. Article 12(10) of the Articles of Association.

[24] Cf. Article 12(5) of the Articles of Association.

[25] Cf. Article 12(5) and (6) of the Articles of Association.

[26] www.ren.pt

There are currently no plans for the implementation of voting by electronic means, as REN considers the participation of its shareholders to be fully ensured through vote by correspondence and methods of representation (as outlined above). Moreover, REN considers that voting by electronic means would not represent added value to its shareholders, especially taking into account its voting rights, the reduced breakdown of capital and the fact that REN has not received a single vote by correspondence in its recent general meetings.

In summary, REN considers that it provides all the necessary mechanisms to encourage its shareholders to participate and vote in general meetings.

REN's articles of association do not provide for any systems for detaching ownership content and there is no mechanism in place to cause any conflict between the right to receive dividends or the underwriting of new securities and the principle of 'one share, one vote'.

I.13. Information on the maximum percentage of voting rights that can be exercised by a sole shareholder or by shareholders with whom they maintain a relationship pursuant to paragraph 1 of Article 20.

As referenced above in I.5, the maximum percentage of voting rights that can be exercised by a sole shareholder or by shareholders with whom they maintain a relationship pursuant to paragraph 1 of Article 20 of the Portuguese Securities Code, on his behalf or as representative of another shareholder, is 25% of the votes corresponding to REN share capital.

I.14. Identification of shareholder resolutions that, in accordance with Articles of Association, shall only be passed with a qualified majority, aside from those legally provided for, and indication of these majorities.

In accordance with paragraph 1 of Article 11 of the Articles of Association, the attendance or representation of shareholders holding at least 51% of capital is essential in order that the General Meeting can be held and can deliberate on the first call. In accordance with paragraph 2 of Article 11 of the Articles of Association, the quorum for adopting resolutions on amendments to the Articles of Association, splits, mergers, transformation or dissolution of the company shall be two thirds of the votes issued, both for the first call and the second.

Furthermore, in accordance with No 3 of the same Article in the Articles of Association, resolutions for changes relating to Articles 7(A), 12(3) and 11 of the Articles of Association require the approval of three quarters of the votes issued.

The aim of this requirement for such majorities is to ensure adequate representation of shareholders in light of the nature of the activities carried out by the Company and its voting rights.

II. MANAGEMENT AND SUPERVISION

(BOARD OF DIRECTORS, EXECUTIVE BOARD OF DIRECTORS AND GENERAL AND SUPERVISORY BOARD)

a) Composition

II.15. Identification of the model of governance adopted

REN has adopted a corporate governance model based on an Anglo-Saxon model which consists of the following corporate bodies elected by the General Meeting[27]: (i) a Board of Directors, responsible for the management of the Company's business, which delegates the day-to-day management of the Company to the Executive Committee[28], and (ii) an Audit Committee and

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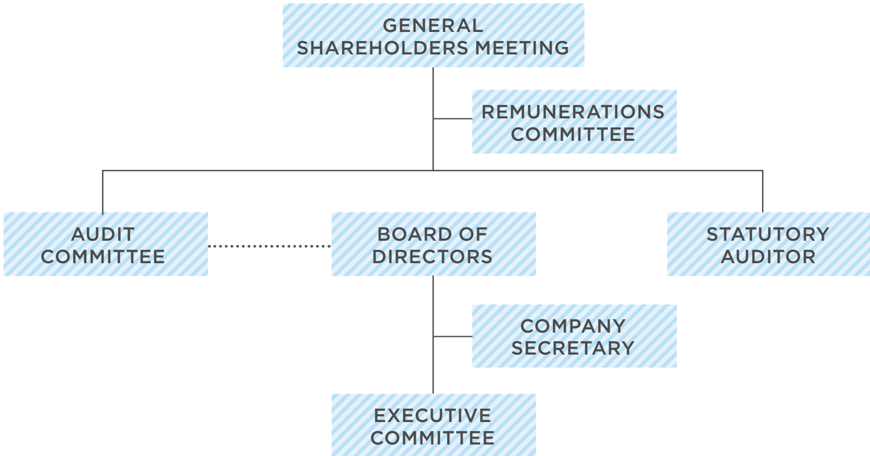
[27] Cfr. alínea b), do n.º 2, do artigo 8.º do Contrato de Sociedade.

[28] Cfr. n.º 1, do artigo 8.º, do regulamento do Conselho de Administração.

the Statutory Auditor, as supervision bodies. The Audit Committee consists exclusively of non-executive directors.[29]



II.16. Statutory rules relating to the procedural requirements and applicable provisions for the appointment and substitution of members of, where appropriate, the Board of Directors, Executive Management Board and General and Supervisory Board (art. 245 - A, paragraph 1, h).

In accordance with the legislation and the Articles of Association[30], the appointment and dismissal of members of the Board of Directors is the responsibility of the General Meeting, being carried out through lists of candidates selected by the nominating shareholder(s). With these lists being put to the vote, the shareholders assume a very important role in the respective candidate selection process, without any interference from the directors in this process. It is also the responsibility of the General Meeting to elect the Chairman and Vice-Chairman of the Board of Directors.

According the Articles of Association[31], a minority of shareholders who voted against the winning proposal may appoint at least one director, provided that this minority represents at least 10% of the Company's share capital.

CSC rules apply[32] with regard to the substitution of members of the Board of Directors, given that neither the Company's Articles of Association, nor the Board of Directors or Audit Committee Regulations have special rules on this matter. The Board of Directors of the Company will only participate in said process in the event of replacement by co-option of missing directors, as described below. In this case, since it is non-delegable competence of the Board of Directors. All Directors are involved in the resolution of co-option, except in the event of conflicts of interest.

The Company's Articles of Association[33] state that the unjustified absence of any director at more than half of the ordinary meetings of the Board of Directors during one financial year, whether consecutive or non-consecutive absences, equates to the permanent absence of said director. Permanent absence must be declared by the Board of Directors, and they must also substitute the director in question.

[29] Cf. Article 3(3) of the Audit Committee regulations.

[30] Cf. Article 8(2)(b), and Article 14(3), both in the Articles of Association; and Article 2(1)of the , Board of Directors Regulations.

[31] Cf. Article 14(2).

[32] Cf. Article 393(3).

[33] Cf. Article 19(8) and (9).

II.17. Composition of the Board of Directors, Executive Management Board and General and Supervisory Board, with indication of the minimum and maximum members and duration of term of office in accordance with the Articles of Association, number of full members, date of first appointment and date of termination of term of office of each member

The Board of Directors, including the Audit Committee, consists of a minimum of seven and maximum of fifteen members, as determined by the General Meeting that elects said members[34].

Currently, The Board of Directors consists of 15 members, including a total of 12 non-executive members.

At 31 December 2013, the REN Board of Directors consisted of the following members, who have been appointed for the 2012-2014 term of office:

NAME	POSITION	YEAR OF FIRST APPOINTMENT	YEAR OF ENDING OF TERM OF OFFICE
RUI CARTAXO	CHAIRMAN OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE	2007	2014
GONÇALO MORAIS SOARES	EXECUTIVE DIRECTOR	2012	2014
JOÃO FARIA CONCEIÇÃO	EXECUTIVE DIRECTOR	2009	2014
GUANGCHAO ZHU (EM REPRESENTAÇÃO DA STATE GRID INTERNATIONAL DEVELOPMENT LIMITED)	VICE-CHAIRMAN	2012	2014
MENGRONG CHENG	DIRECTOR	2012	2014
HAIBIN WAN	DIRECTOR	2012	2014
HILAL AL-KHARUSI	DIRECTOR	2012	2014
ANÍBAL SANTOS (INDICADO PELA PARPÚBLICA - PARTICIPAÇÕES PÚBLICAS (SGPS), S.A.)	DIRECTOR	2001	2014
FILIPE DE BOTTON (INDICADO PELA EGF - GESTÃO E CONSULTORIA FINANCEIRA, S.A.)	DIRECTOR	2012	2014
MANUEL CHAMPALIMAUD (INDICADO PELA GESTMIN, SGPS, S.A.)	DIRECTOR	2012	2014
JOSÉ FOLGADO BLANCO	DIRECTOR	2012	2014
JOSÉ LUÍS ARNAUT	DIRECTOR	2012	2014
JOSÉ LUÍS ALVIM	DIRECTOR / CHAIRMAN OF THE AUDIT COMMITTEE	2007	2014
JOSÉ FREDERICO JORDÃO	DIRECTOR / MEMBER OF THE AUDIT COMMITTEE	2007	2014
EMÍLIO RUI VILAR	DIRECTOR / MEMBER OF THE AUDIT COMMITTEE	2012	2014

In accordance with the Articles of Association[35], members of corporate bodies carry out their respective duties for periods of three calendar years, a period which is renewable, calculating as complete, the calendar year of appointment.

[34] Cf. Articles 8(2)(b) and 14(1) of the Articles of Association.
[35] Cf. Article 27(1).

II.18. Distinction of the executive and non-executive members of the Board of Directors and, with regard to the non-executive members, identification of the members who can be considered independent, or, if applicable identification of the independent members of the General and Supervisory Board

The Board of Directors shall include a number of non-executive members ensuring effective ability to supervise, monitor and assess the activity of the executive members, particularly bearing in mind the voting rights and breakdown of REN capital. Therefore, on 31 December 2013 and on this date, 12 of the 15 members of the REN Board of Directors were non-executive directors.

Taking into account the assessment criteria on independence laid down in paragraph 5 of article 414(5) of the Portuguese Companies Code with regard to members of the Audit Committee, and in 18.1 of Regulation 4/2013 of the Portuguese Securities Market Commission, and based on internal assessments, the Board of Directors and the Audit Committee consider the following non-executive directors to be independent:

NAME	POSITION
JOSÉ LUÍS ALVIM	CHAIRMAN OF THE AUDIT COMMITTEE
JOSÉ FREDERICO JORDÃO	MEMBER OF THE AUDIT COMMITTEE
EMÍLIO RUI VILAR	MEMBER OF THE AUDIT COMMITTEE
JOSÉ LUIS ARNAUT	DIRECTOR

Furthermore, all non-executive members of the Board of Directors (in addition, naturally, to the directors that are also members of the Audit Committee) would comply, if applicable, with all incompatibility rules stipulated in paragraph 1 of article 414-A of the Portuguese Companies Code, save as provided for in sub-paragraphs b) and h).

Taking into account the governance model adopted, the size of the Company, its voting rights and the respective free float (of only 18.9% of capital), REN considers that the proportion of independent directors is suitable given the number of executive directors and the total number of directors.

In light of the above, REN fully complies with Securities Market recommendations II.1.6 and II.1.7, as the Board of Directors consists of an adequate number of non-executive members and, among these, independent members.

Moreover, Article 7(A) governs the special system of incompatibilities applicable to the performance of duties at any REN corporate body. The aim of this new proposal is to establish a system of incompatibilities relating to the potential conflicts of interest arising from the direct or indirect exercising of activities in the electric or natural gas sectors, either in Portugal or abroad. It should be noted that the system established in this provision would not apply to the members elected at the same General Meeting. It will only be fully applied for the election of members of future corporate bodies.

Accumulation of the positions of chairman of the board of directors and chairman of the executive committee

Rui Cartaxo is Chairman of both the Board of Directors and the Executive Committee.

According to the Board of Directors Regulations, this corporate body established efficient mechanisms for the coordination of the work of its members having non-executive functions, in particular in order to facilitate the exercising of their right to information, as follows[36].

a) Without prejudice to the exercising of powers not delegated to the Executive Committee, Company directors having a non-executive function assume a supervisory role of executive management;
b) In order to make independent and informed decisions, the directors with non-executive functions may obtain the information they deem necessary or appropriate to perform their roles, powers and duties (in particular, information relating to the powers delegated to the Executive Committee and its performance), by requesting such information from any member of the Executive Committee, and the answer should be provided in an adequate and timely manner;

Whenever they consider it necessary or convenient, directors with non-executive duties also hold *ad hoc* meetings with the aim of analysing company management.

In addition, all supporting documentation for meetings of the Board of Directors will be provided in a timely fashion to the non-executive members of the Board of Directors and the Executive Committee's resolutions shall be always available for consultation[37].

Therefore, through the mechanisms described above, all the conditions are established in order for the directors with non-executive functions to discharge their functions in order to make independent and informed decisions.

II.19. Professional Qualifications and other relevant information on the résumés of each of the members of the Board of Directors, the General and Supervisory Boards and the Executive Management Board

Rui Cartaxo
Holds a degree in Economy form the Lisbon Technical University. Was executive director of Galp Energia between 2002 and 2006, and assistant to the Minister of Economy and Innovation from 2006 to 2007. Between 2007 and 2009, he was CFO of REN, and since then has been Chairman of the Board of Directors and Chairman of the Executive Committee (CEO).

Gonçalo Morais Soares
Holds a degree in Economy from the Universidade Nova de Lisboa. Also awarded an MBA at Georgetown University (Washington) and completed an Advanced Management Program at the Kellogg Business School (Chicago) and the Lisbon Catholic University. Was director at ZON TV Cabo and ZON Lusomundo Audovisuais from 2007 to 2012. Member of the REN Board of Directors and member of the Executive Committee since 2012.

João Faria Conceição
Holds a degree in Aerospace Engineering from the Instituto Superior Técnico, and completed his Master's Degree in Aerodynamics at the Von Karman Institute for Fluid Dynamics (Belgium) and an MBA at Insead (France). From 2000 to 2007 he was a consultant at the Boston Consulting Group. Between 2007 and 2009 he was a consultant to the Minister for the Economy and Innovation. Since 2009 he has been a member of the REN Board of Directors and member of the Executive Committee.

[36] Cf. Article 11 of the Board of Directors Regulations.
[37] Cf. Article 5 of the Executive Committee Regulations.

Guangchao Zhu
Holds a degree in Relay Protection from the University of Shandong (China), and completed his Master's Degree in Electrical Systems and Automation at the same faculty. He later concluded an MBA at Baylor University (USA). Between 2007 and 2009 he was Vice-Chairman of the preparatory group for the National Grid Corporation of the Philippines, and Consultative Chairman, Chief Executive Advisor and in 2009 a member of the Board of Directors of the National Grid Corporation of the Philippines. From that date until 2010, he was General Director at the Department of International Cooperation at the State Grid Corporation of China. From 2010 to 2011, he was senior executive Vice-Chairman and member of the Board of Directors of State Grid Development Limited. He is currently Chairman and CEO and member of the Board of Directors of State Grid International Development Limited and Chairman of the Board of Directors of State Grid Brazil Holding S.A.

Mengrong Cheng
Holds a degree in English Literature from the Beijing Second Foreign Language Institute and concluded a Master's Degree in Company Management at the Tsinghua University (Beijing, China). Between 2006 and 2011, Mengrong Cheng carried out the duties of General Director of the Department of International Cooperation at the State Grid Corporation of China. Currently, she is a Member of the Chinese Expert Committee of IEC MSB; Co-Director of the Department of International Cooperation and Member of the Foreign Investment Management Committee at the State Grid Corporation of China.

Haibin Wan
Hold a degree in Automation Engineering from the University of Northeastem (China), and concluded his Master's Degree in Automation Engineering at the same faculty. He was awarded a PhD from Bath University (United Kingdom). He has been a member of the REN Board of Directors since 2012, and assistant Director-General of the European Branch of State Grid. Between 1997 and 2009, he was Chief Engineer at State Grid International Development Limited and Project Manager for Network Operations at the National Grid Company, United Kingdom.

Hilal Al-Kharusi
Holds a degree in Geo-Sciences/Economic Geography, and concluded an MBA at the Henley Management College (United Kingdom). His professional experience includes the development, implementation and management of local and international oil and gas projects. In 1991, he started his professional career at Petroleum Development Oman. In 2001, he worked in business development at Shell International in Holland, collaborating on projects in the Middle East, CIS and Africa. In 2003, he was project director for several projects in Russia and on the Caspian Sea. His collaboration with the Oman Oil Company started in 2005 where he carried out the duties of Director of the Oil Engineering Department. He then went on to become Director for Business Development, and was responsible for upstream investment management and new business opportunity development in the energy sector, with emphasis on the areas of refining and petrochemical. In 2011, he was appointed as Group Director for Business Development at the Oman Oil Company, coordinating new investment and business in the energy sector. In 2012, further to the re-structuring of the Oman Oil Company, he was appointed Vice-Chairman, responsible for emerging business and investment management. He is also a member of the Oman Oil Company executive committee.

Aníbal Santos
Holds a degree in Finance from ISCEF, and a PhD in Economy from the Portuguese Catholic University. In addition to being a member of the REN Board of Directors, he has been a member of the Directive Council at Elecpor since December 2006 and also a member of the Consultative Council at Portugal Telecom, SGPS, S.A.

Filipe de Botton
Holds a degree in Company Management from the Portuguese Catholic University. Founder of Logoplaste, becoming CEO in 1991. He is also involved in the hotel and resorts sector, as well as in the production of wine. He was elected Businessman of the Year 2004 by the International Entrepreneurship and Venture Capital Conference. He also won the award for 'Industrial Marketing Personality 2004'. He is also on the Board of Governors at the University of Évora, his a member of the Board of Directors at COTEC (Business Association for Innovation) and Chairman of the Executive Committee of CADin.

Manuel Champalimaud
Chairman of the Board of Directors of Gestmin SGPS, SA., Chairman of the Board of Directors of Sogestão – Administração e Gerência, SA., Deputy Manager of Sogolfe – Empreendimentos Turísticos, Sociedade Unipessoal, Lda., Deputy Manager of Agrícola São Barão – Unipessoal, Lda., Manager of Da Praia – Promoção Imobiliária, Lda., member of the Board of Directors of Winreason, SA.

José Folgado Blanco
Holds a degree and a PhD in Economy awarded by Autonomous University of Madrid. Currently Professor of Public Finance and tax Systems at the Autonomous University of Madrid, Consultant to the Board of Governors at the Autonomous University of Madrid and Chairman of the Board of Directors of Red Eléctrica Corporación, SA. He has been Director of the Department of the Economy at CEOE, Member of the Economic and Social Council, as representative of the Spanish Confederation of Corporate Organizations and was Secretary of State for the Budget. He performed duties at the Ministry of Finances and the Ministry of the Economy, he was Secretary of State for the Economy, Energy, and Small and Medium Enterprises, Member of Parliament for the Provence of Zamora in the Congress of Members and Vice-President of the Tax Office. He was also the Mayor of Tres Cantos (Madrid).

José Luís Arnaut
Graduated in Law from the Lisbon Lusíada University and in 1999 was awarded the D.E.S.S. (Diploma of Higher Specialized Studies) from the Robert Schuman University, in Strasbourg He has specialized as a lawyer working mainly in Intellectual Property Law, with special focus on Patent Law, Trade Marks, Dominion Names, New Technologies and Competition Law. Since 1992, he has been a European Patent Attorney at the European Patent Office (Munich) and since 1996, European Trade Mark Attorney at the European Union Office for Harmonization in the Internal Market (Alicante) and Official Industrial Property Agent at the I.N.P.I., National Industrial Property Institute. He first started working as a lawyer in 1989 at the practice of Pena, Machete & Associates. He was a founding Partner of Rui Pena, Arnaut & Associates, in 2002, where he is currently Managing Partner. He is a member of the REN Board of Directors; member of the Goldman Sachs Advisory Board; member of the AON Advisory Board; member of the BOGARIS, S.A. Portuguese Consultancy Board; a member of the MOP, SA. Board of Directors; Chairman of the LIDE Law and Justice Sub-committee and since December 2011, Chairman of the General Meeting of the Portuguese Football Federation. In 1999, he was elected general secretary of the Social Democratic Party, led by José Manuel Durão Barroso and became a member of the Portuguese Parliament, where he presided over the Committee on Foreign Affairs and the National Defence Committee. He was Deputy Prime Minister to the Prime Minister José Manuel Durão Barroso in the XV Portuguese Constitutional Government. He was Minister of Cities, Local Administration, Housing and Regional Development in the XVI Portuguese Constitutional Government. He was Commissioner for LISBOA 94 - European Capital of Culture, representing the government, having been appointed in November 1993. In 1995, he was awarded the "Commend of Great Officer of Henry the Navigator Order" by the President of the Portuguese Republic; in 2004, he was conferred with the Grand Cross of the National Order of the Southern Cross by the President of the Republic of Brazil; in 2005, he was conferred with the Grand Cross of Henry the Navigator Order, by the President of the Portuguese Republic. In 2006, he was bestowed with the insignia of "Chevalier de la Legion d´Honneur" by the President of the French Republic and conferred with the Grand Cross of the Order of Merit by the President of the Lithuanian Republic.

José Luís Alvim
Holds a degree in Economics from the Faculty of Economy at Porto University. Has held the position of Manger in the company JLALVIM – Consultoria Estratégica e Formação Avançada, Lda. since 2011. Was (non-executive) Chairman of the Board of Directors of Microprocessador – Sistemas Digitais, SA. between 2008 and May 2012 and (non-executive) Director of Microprocessador – Sistemas Digitais, SA. between May and October 2012 and (non-executive) Director of CUF SGPS between 2007 and December 2012. Professor at the Porto Business School.

José Frederico Jordão
He holds a degree in Finance from the Instituto Superior de Ciências Económicas e Financeiras. Was member of the Board of Directors of RAR (Holding) and Chairman of the Board of Directors of Iberholding, RAR Imobiliária, RAR Genéve and RAR London. Has worked in the CUF Group, Shell, Mobil and Dow Chemical. Member of the REN Board of Directors and member of the Audit Committee since 2007.

Emílio Rui Vilar
Graduated in Law from the University of Coimbra and was awarded an honorary doctorate by the University of Lisbon. Chairman of the Bank of Portugal Audit Committee (since 1996), non-executive director of the Calouste Gulbenkian Foundation and the Partex Oil and Gas (Holdings) Corporation. He is also a consultant lawyer at PLMJ – Law Firm (since 2012). He was Chairman of the Calouste Gulbenkian Foundation Board of Directors from 2002 to 2012, and has been a director since 1996. Chairman of the Partex Oil and Gas (Holdings) Corporation from 2002 to 2012. He was President of the European Foundation Centre (EFC), from 2008 to 2011, and also presided over the Portuguese Foundation Centre between 2006 and 2012. He was founder and President of the General Council of the Portuguese Institute of Corporate Governance from 2007 to 2010.

The professional address of each of the abovementioned members of the Board of Directors is that of the REN registered office, located at Avenida Estados Unidos da América, n.º 55, Alvalade, Lisbon.

II.20.Common and significant family, professional and commercial relationships of the members of the Board of Directors, the General and Supervisory Boards and the Executive Management Board

NAME	OWNER OF QUALIFIED HOLDINGS	BREAKDOWN
RUI CARTAXO	RED ELÉCTRICA CORPORACIÓN, S.A.	NON-EXECUTIVE DIRECTOR
GONÇALO MORAIS SOARES	-	-
JOÃO FARIA CONCEIÇÃO	-	-
GUANGCHAO ZHU (REPRESENTING DA STATE GRID INTERNATIONAL DEVELOPMENT LIMITED)	STATE GRID OF CHINA	CHAIRMAN OF THE BOARD OF DIRECTORS OF COMPANIES IN THE STATE GRID GROUP (SEE II.19 AND 26)
MENGRONG CHENG	STATE GRID OF CHINA	CO-DIRECTOR OF THE INTERNATIONAL COOPERATION DEPARTMENT AND MEMBER OF THE MANAGEMENT COMMITTEE FOR FOREIGN INVESTMENT
HAIBIN WAN	STATE GRID OF CHINA	ASSISTANT GENERAL DIRECTOR OF THE EUROPEAN STATE GRID BODY
HILAL AL-KHARUSI	OMAN OIL	MANAGEMENT DUTIES AT SEVERAL COMPANIES IN THE OMAN OIL GROUP (SEE II.19 AND 26)
ANÍBAL SANTOS (APPOINTED BY PARPÚBLICA - PARTICIPAÇÕES PÚBLICAS (SGPS), S.A.)	-	-
FILIPE DE BOTTON (INDICADO PELA EGF - GESTÃO E CONSULTORIA FINANCEIRA, S.A.)	EGF, GESTÃO E CONSULTORIA FINANCEIRA, S.A.	CHAIRMAN OF THE BOARD OF DIRECTORS OF THIS COMPANY AND MANAGEMENT DUTIES AT OTHER COMPANIES IN THE EGF GROUP (SEE II.19 AND 26)
MANUEL CHAMPALIMAUD (APPOINTED BY GESTMIN, SGPS, S.A.)	GESTMIN, SGPS, S.A.	CHAIRMAN OF THE BOARD OF DIRECTORS OF GESTMIN, SGPS, S.A. AND MANAGEMENT DUTIES AT OTHER COMPANIES IN THE GESTMIN GROUP (SEE II.26)
JOSÉ FOLGADO BLANCO	RED ELÉCTRICA CORPORACIÓN, S.A.	CHAIRMAN OF THE BOARD OF DIRECTORS OF THIS COMPANY
JOSÉ LUÍS ARNAUT	-	-
JOSÉ LUÍS ALVIM	-	-
JOSÉ FREDERICO JORDÃO	-	-
EMÍLIO RUI VILAR	-	-

II.21. Flowcharts or functional maps on the breakdown of competences among the different corporate bodies, committees and/or departments of the Company, including information on delegation of competences, particularly with regard to delegation of the day-to-day management of the Company

As can be seen in the flowchart in II.15, REN has adopted a corporate governance model based on an Anglo-Saxon model which consists of the following corporate bodies elected by the General Meeting[38]: (i) a Board of Directors, responsible for the management of the Company's business, which delegates the day-to-day management of the Company to the Executive Committee[39], and (ii) an Audit Committee and the Statutory Auditor, as supervision bodies. The Audit Committee consists exclusively of non-executive directors. The General Meeting also elects a Remunerations Committee.

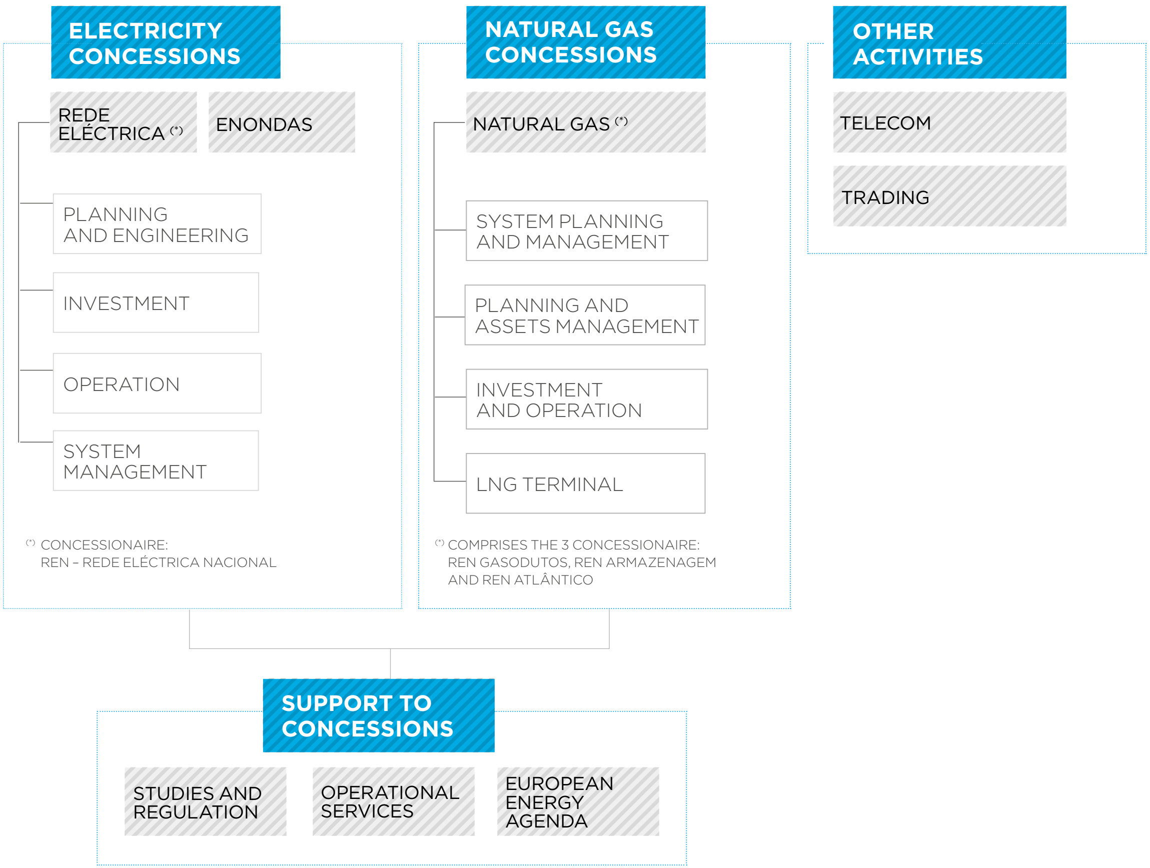
[38] Cf. Article 8(2)(b) of the Articles of Association.

[39] Cf. Article 8(1) of the Board of Directors regulations.

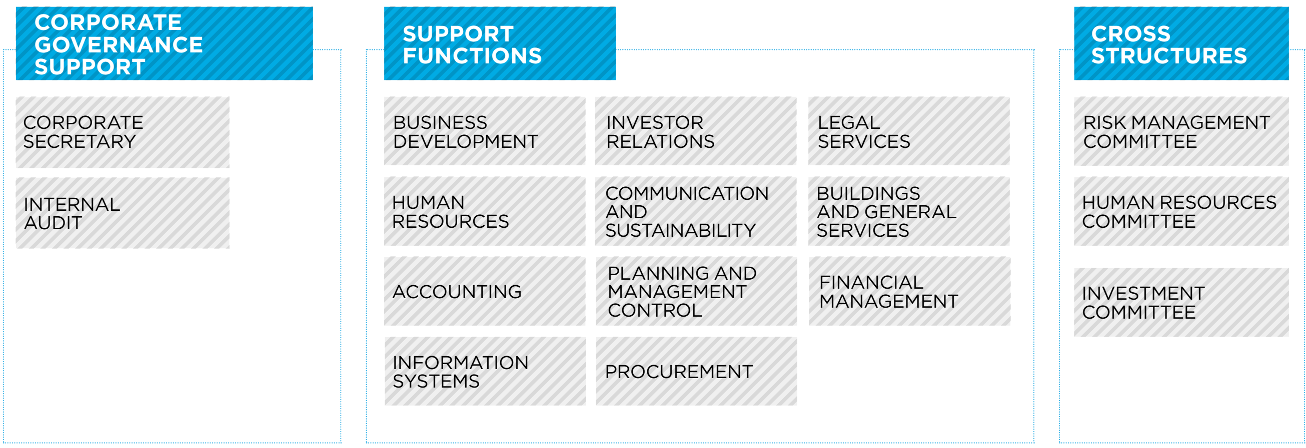
In order to better understand the division of competencies amongst the various corporate bodies, the organisation chart below outlines REN's business units.

REN GROUP

BUSINESS UNITS



CORPORATIVE AND SUPPORT STRUCTURES



General meeting
The General Meeting is a corporate body comprising all the Company shareholders, and its responsibilities are namely:

a) appraise the Board of Director's report, discuss and vote on the balance sheet, accounts and opinions of the Audit Committee and statutory auditor and decide on the appropriation of profits for the year;

b) elect the officers of the General Meeting, the directors and the statutory auditor;

c) deliberate on any amendments to the Articles of Association;

d) deliberate on the remuneration of the members of the corporate bodies, with the power to appoint a remunerations committee; and

e) deliberate on any other matter falling within its power and for which it has been summoned.

The board of directors
Pursuant to CSC and REN's Articles of Association, the Board of Directors is attributed with competences e powers.[40] Among these, of special note are:

a) Define the Company's goals and management policies;

b) Draw up the annual financial and business plans;

c) Manage business and carry out all actions and operations relating to the corporate object which do not fall within the competences attributed to other Company bodies;

d) Represent the Company actively and passively, in and out of court, and propose and pursue lawsuits or arbitrations, with the power to confess, waiver and settle, as well as to enter into arbitration agreements;

e) Acquire, sell or by any other form dispose of or encumber rights or assets, whether real estate or not;

f) Incorporate companies and subscribe for, acquire, encumber and dispose of shareholdings;

g) Submit proposals to the General Meeting on the acquisition and disposal of own shares, in compliance with the applicable legal restrictions;

h) Determine the technical and administrative organization of the Company and the rules for internal operation, more specifically with regard to its personnel and the corresponding remuneration;

i) Perform any other functions granted by law or by the General Meeting.

In accordance with the Board of Directors regulations, approved on 27 March 2012[41], matters which cannot be legally delegated to the Executive Committee include the co-option of directors, requests to convene General Meetings, approval of the annual report and accounts to be submitted to the General Meeting, the granting of deposits and personal or in rem guarantees by the Company, the transfer of the registered office, the increase of the Company's registered share capital and the approval of merger, demerger and transformation projects;.

In turn, the acquisition and transfer of assets, rights or shareholdings with an economic value greater than 10% of the Company's fixedassets is subject to prior approval from the General Meeting[42].

[40] Cf. Article 15(1) of the Articles of Association.

[41] Cf. Article (3) and 3(5).

[42] Cf. Article 15(2) of the Articles of Association.

Executive committee

On March 27, 2012, powers for the day-today management of the Company were delegated to the Executive Committee, which include the following competences, to be exercised under the terms and within the limits stipulated every year in the operating budget and strategic plan submitted by the Executive Committee and approved by Board of Directors:

a) Manage normal company business and conduct all matters covered by the company's object which are not the exclusive competence of the Board of Directors;

b) Approve the disposal of assets and the investment to be made by the Company and its subsidiaries, the individual or joint value of which is equal to or less than €15 000 000 or approved in the annual budget and value of which is equal to or less than €25 000 000;

c) Constitute companies and acquire, pledge and dispose of holdings when it relates to companies which are a vehicle to realize specific investments with a value of not more than €7 500 000 or which are already approved in the annual budget;

d) Indicate the people to appoint to the corporate bodies of the two operators of the transmission networks and the investment vehicle companies referred to in the previous point;

e) Implement the Company's functional and administrative organization, its internal rules, including those governing human resources and their remuneration, as well as its internal control systems and procedures;

f) Prepare and implement the annual budget, the business plan and medium and long-term development plans;

g) Negotiate, sign, amend and terminate any agreements of a sum equal to or less than €5 000 000 and short-term financing contracts (i.e. with maturity equal to or less than three years);

h) Lease or let any property or parts thereof;

i) Coordinate the activity of the companies in a control relationship with REN, being also allowed, with regard to the companies in relationships of total control, to issue binding instructions, under the terms legally permitted;

j) Deliberate to provide technical or financial support to subsidiary companies;

k) Represent the Company actively and passively, in and out of court, and propose and pursue lawsuits or arbitrations, with the power to confess, waiver and settle, as well as to enter into arbitration agreements

l) Open, use and close bank accounts;

m) Appoint attorneys with the powers deemed convenient.

The delegation of powers to the Executive Committee does not, however, exclude the power of the Board of Directors to pass resolutions on delegated matters.

Moreover, in accordance with the Board of Directors Regulations approved on 27 March 2012[43], the following matters cannot be delegated to the Executive Committee:

a) Matters which cannot be legally delegated include the co-option of directors, requests to convene General Meetings, approval of the annual report and accounts to be submitted to the General Meeting, the granting of deposits and personal or in rem guarantees by the Company, the transfer of the registered office, the increase of the Company's registered share capital and the approval of merger, demerger and transformation projects;

b) Definition of the REN Group general strategy and policy, the corporate structure and the management aims and policies;

c) Approval of the annual budget, the business plan and other long-term development plans;

[43] Cf. article 3(3) and (5).

d) Contracting of debt on the national or international financial markets, without prejudice to that stipulated in delegation of powers above;

e) Proposal to the General Meeting to acquire or dispose of own securities;

f) Approval of internal control systems, risk management systems and internal audit systems;

g) Appointment of the Company Secretary and respective substitute;

h) Designation of the REN representative at the General Meetings of subsidiaries;

i) Indication of those to be designated by REN to form the lists of corporate bodies to be elected at subsidiaries, with the exception of the corporate bodies of the two operators of the transmission networks and the vehicle companies referred to in the point l. below.

j) Appointment of the REN Chief Technical Officer, through a proposal from the Executive Committee;

k) Approval of disposal of assets and/or investment rights and the constitution of encumbrances to be made by REN and/or by its subsidiaries, the value of which is greater than €15 000 000, except if already included in the Company's annual budget and the respective individual or joint value doe not exceed €25 000 000;

l) Constitution of companies and the subscription, acquisition, holding, encumbrance and disposal of holdings, except in cases in which those companies are, or the holdings refer to companies which are a vehicle for realizing specific investment with an individual or joint value which does not exceed €7 500 000 or which have been approved in the annual budget;

m) Intervention of the Company or any of its subsidiaries in activities which are not part of their main activities;

n) Participation by REN or any of its subsidiaries in joint ventures, partnerships or strategic cooperation agreements and selection of relevant partners;

o) Enter into transactions with related parties the value of which exceeds €500 000 000 or which, regardless of the value, may be considered as not having been executed based on market conditions;

p) All other resolutions on strategic matters, particularly with regard to strategic agreements, their risk or special characteristics.

The responsibilities of the Chairman of the Executive Committee include especially:

a) Coordinate the activity of the Executive Committee;

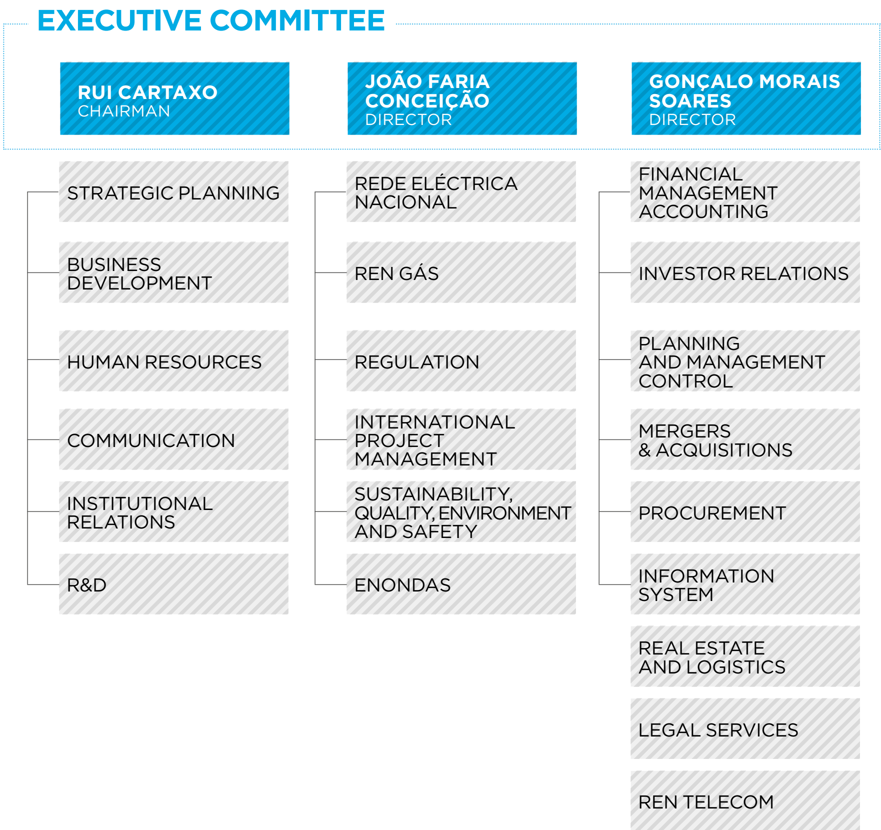
b) Convene and direct Executive Committee meetings and exercise the casting vote;

c) Ensure that all information is provided to other members of the Board of Directors on the activity and resolutions of the Executive Committee;

d) Ensure compliance with the limits of delegation and the Company strategy.

Distribution of responsibilities in the board of directors

With a view to optimizing management efficiency, the members of the Executive Committee distribute among themselves the responsibility for the direct monitoring of specific performance areas of the Company, under the terms evidenced in the following chart:



Audit committee and statutory auditor

The Audit Committee and the Statutory Auditor are the the Company's supervisory bodies, and their main competences are set out in III.38.

The remunerations committee

The Remunerations Committee is responsible for setting the remuneration and for submitting the annual declaration on the remuneration policy for members of the management and supervisory bodies.

Within its responsibilities, the Remunerations Committee has also actively participated in performance assessment, particularly for purposes of setting the variable remuneration of executive directors.

b) Operation

II.22. Existence and place where the operating regulations can be found for the Board of Directors, the General and Supervisory Boards and the Executive Management Board

The Board of Directors Regulations and the Executive Committee Regulations are available on the REN website[44] in Portuguese and English.

[44] www.ren.pt

II.23. Number of meetings held and attendance by each member of the Board of Directors, the General and Supervisory Boards and the Executive Management Board

The Board of Directors

The meetings of the Board of Directors are convened and presided over by the respective Chairman. It is the responsibility of the Board of Directors to determine the frequency of their ordinary meetings. However, bimonthly meetings are obligatory. As such, the Board of Directors meets on an ordinary basis at least bimonthly, on dates to be determined every year by members, except during the 18 initial months of its terms of office, during which time the meetings shall be monthly[45].

Moreover, the Board of Directors is required to meet on an extraordinary basis whenever convened by the Chairman, two directors or at the request of the Statutory Auditor[46].

During 2013, the Board of Directors held 12 meetings. For each meeting the respective minutes were drawn up.

The following table shows the number of meetings of the REN Board of Directors at which directors were present or duly represented.

Attendance of members of the board of directors at meetings

NAME	ATTENDANCE
RUI CARTAXO	12
GONÇALO MORAIS SOARES	12
JOÃO FARIA CONCEIÇÃO	12
GUANGCHAO ZHU (REPRESENTING DA STATE GRID INTERNATIONAL DEVELOPMENT LIMITED)	12
MENGRONG CHENG	12
HAIBIN WAN	12
HILAL AL-KHARUSI	12
ANÍBAL SANTOS (APPOINTED BY PARPÚBLICA - PARTICIPAÇÕES PÚBLICAS (SGPS), S.A.)	12
FILIPE DE BOTTON (APPOINTED BY EGF - GESTÃO E CONSULTORIA FINANCEIRA, S.A.)	11
MANUEL CHAMPALIMAUD (APPOINTED BY GESTMIN, SGPS, S.A.)	12
JOSÉ FOLGADO BLANCO	12
JOSÉ LUÍS ARNAUT	12
JOSÉ LUÍS ALVIM	12
JOSÉ FREDERICO JORDÃO	12
EMÍLIO RUI VILAR	12

[45] Cf. Article 19(1) of the Articles of Association and Article 4(1) and (3) of the Board of Directors Regulations.

[46] Cf. Article 19(1) of the Articles of Association.

Executive committee

Meetings of the Executive Committee are convened and presided over by the respective Chairman and are held, as a rule, once a week[47].

In 2013, the Executive Committee held 42 meetings, for which the respective minutes were drawn up.

The Chairman of the Executive Committee (who, as already mentioned, is also Chairman of the Board of Directors) sends to the Chairman of the Audit Committee the minutes of the Executive Committee's meetings, as well as the respective convening notices, when applicable. Moreover, whenever requested by members of the other corporate bodies, the Executive Committee provides timely and appropriate information[48].

Attendance of members of the executive committee at meetings

NAME	ATTENDANCE
RUI CARTAXO	42
GONÇALO MORAIS SOARES	41
JOÃO FARIA CONCEIÇÃO	41

II.24 Indication of the competent corporate bodies to conduct the performance assessment of executive directors

The assessment of the performance of the Executive Committee members is conducted by the Non-Executive Directors, in order to create an adequate internal balance and an effective performance of non-executive tasks by all members of the Board of Directors and not just by a number of directors. Within its responsibilities, the Remunerations Committee has also actively participated in performance assessment, particularly for purposes of setting the variable remuneration of executive directors.

Performance assessment of members of the Executive Committee is carried out by the Remunerations Committee, with the support of the Company's non-executive directors. Of note is the role played by the Audit Committee in the verification of the quantitative elements of the assessment.

II.25. Predetermined criteria for the performance assessment of executive directors

The annual performance assessment of executive directors will be based on predetermined criteria, under the terms outlined in D.III.71 infra.

[47] Cf. Article 1(2) of the Audit Committee regulations.

[48] Cf. Article 5 of the Executive Committee Regulations.

II.26. Duties of each member of the Board of Directors, Executive Management Board and General and Supervisory Board, indicating roles carried out concurrently with other companies, both within and outside the group, and other relevant activities carried out by the members of the aforementioned bodies

Shown here are the duties carried out on administrative, management or supervisory bodies by members of REN's Supervisory Board and Audit Commission:

DIRECTOR	DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES
RUI CARTAXO	CHAIRMAN OF THE REN – REDE ELÉCTRICA NACIONAL, S.A.
	CHAIRMAN OF THE REN – GASODUTOS, S.A.
	CHAIRMAN OF THE REN ATLÂNTICO – TERMINAL DE GNL, S.A.
	CHAIRMAN OF THE REN – ARMAZENAGEM, S.A.
	CHAIRMAN OF THE REN SERVIÇOS, S.A.
	CHAIRMAN OF THE REN TELECOM – COMUNICAÇÕES, S.A.
	CHAIRMAN OF THE ENONDAS, ENERGIA DAS ONDAS, S.A.
	CHAIRMAN OF THE REN GÁS, S.A.
	NON-EXECUTIVE DIRECTOR OF RED ELÉCTRICA CORPORACIÓN, S.A.
GONÇALO MORAIS SOARES	MEMBER OF THE REN – REDE ELÉCTRICA NACIONAL, S.A.
	MEMBER OF THE REN – GASODUTOS, S.A.
	MEMBER OF THE REN ATLÂNTICO – TERMINAL DE GNL, S.A.
	MEMBER OF THE REN – ARMAZENAGEM, S.A.
	MEMBER OF THE REN SERVIÇOS, S.A.
	MEMBER OF THE REN TELECOM – COMUNICAÇÕES, S.A.
	MEMBER OF THE ENONDAS, ENERGIA DAS ONDAS, S.A.
	MEMBER OF THE A REN GÁS, S.A.
	CHAIRMAN OF THE REN FINANCE BV
JOÃO FARIA CONCEIÇÃO	CHAIRMAN OF THE REN – REDE ELÉCTRICA NACIONAL, S.A.
	CHAIRMAN OF THE REN – GASODUTOS, S.A.
	CHAIRMAN OF THE REN ATLÂNTICO – TERMINAL DE GNL, S.A.
	CHAIRMAN OF THE REN – ARMAZENAGEM, S.A.
	CHAIRMAN OF THE REN SERVIÇOS, S.A.
	CHAIRMAN OF THE RENTELECOM – COMUNICAÇÕES, S.A.
	CHAIRMAN OF THE ENONDAS, ENERGIA DAS ONDAS, S.A.
	CHAIRMAN OF THE REN GÁS, S.A.

Duties of executive directors

As a result of the framework above, the executive directors of REN solely carry out duties on governing bodies of companies that are, either directly or indirectly, subsidiaries or partly owned by REN. Thus, they are completely dedicated to carrying out their role, seeking at all times to develop the business and advance the interests of the company and the Group to its full potential.

Moreover, it should be noted that, upon their appointment, the directors declared their full dedication to carrying out their role and realising the objectives laid out, and have proven this through their attendance at Board of Directors and Executive commission meetings and through their work carried out within REN.

Duties of non-independent non-executive directors[49]

DIRECTOR	DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES
GUANGCHAO ZHU	CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO OF THE STATE GRID INTERNATIONAL DEVELOPMENT LIMITED
	CHAIRMAN OF THE STATE GRID BRAZIL HOLDING S.A.
MENGRONG CHENG	MEMBER OF THE COMITÉ CHINÊS DE IEC MSB
	CO-DIRECTOR OF THE DEPARTMENT OF INTERNATIONAL COOPERATION AT THE STATE GRID CORPORATION OF CHINA
	MEMBER OF THE FOREIGN INVESTMENT MANAGEMENT COMMITTEE AT THE STATE GRID CORPORATION OF CHINA
HAIBIN WAN	ASSISTANT GENERAL DIRECTOR OF THE EUROPEAN STATE GRID
HILAL AL-KHARUSI	CHAIRMAN OF OMAN ROLLING MILL COMPANY
	CHAIRMAN OF TAKAMUL INVESTMENT COMPANY
	CHAIRMAN OF OMAN TANK TERMINAL COMPANY
	CHAIRMAN OF OMAN GAS COMPANY
	MEMBER OF THE BOARD OF DIRECTORS OF DUQM REFINING AND PETROCHIMICAL INDUSTRIES COMPANY LLC
	MEMBER OF THE OMAN TRADING INTERNATIONAL
ANÍBAL SANTOS	DOES NOT CARRY OUT ANY DUTIES OF DIRECTOR/INSPECTION AT OTHER COMPANIES BEYOND HIS DUTIES AT REN
FILIPE DE BOTTON	CHAIRMAN OF THE EGF – GESTÃO E CONSULTORIA FINANCEIRA, S.A. BOARD OF DIRECTORS
	CHAIRMAN OF THE LOGOINVESTE, SGPS, S.A. BOARD OF DIRECTORS
	MEMBER OF THE NORFIN – SOCIEDADE GESTORA DE FUNDOS DE INVESTIMENTO IMOBILIÁRIO, S.A.
	MANAGER OF INVESFIN – ASSESSORES FINANCEIROS, LDA.
	MANAGER OF LOGOVINHA – SOCIEDADE AGRÍCOLA, LDA.
	MANAGER OF LOGOTEIS – CONSULTORIA E GESTÃO, LDA.
MANUEL CHAMPALIMAUD	CHAIRMAN OF THE GESTMIN, SGPS, S.A.
	DELEGATED MANAGER OF AGRÍCOLA SÃO BARÃO, UNIPESSOAL, LDA.
	MANAGER OF DA PRAIA – PROMOÇÃO IMOBILIÁRIA, LDA.
	CHAIRMAN OF THE SOGESTÃO – ADMINISTRAÇÃO E GERÊNCIA, S.A.
	DELEGATED MANAGER OF SOGOLFE – EMPREENDIMENTOS TURÍSTICOS, SOCIEDADE UNIPESSOAL, LDA.
	PRODIMED, S.A. BOARD MEMBER
	WINREASON, S.A. BOARD MEMBER
JOSÉ FOLGADO BLANCO	CHAIRMAN OF THE RED ELÉCTRICA CORPORACIÓN, S.A.

Upon their appointment, the non-executive directors named above declared themselves to have the necessary dedication to carry out their role and to realise the objectives laid out. This dedication has been proven through their attendance at Board of Directors meetings and through their work carried out within REN.

[49] None of the companies identified belong to the REN Group.

Duties of independent non-executive directors[50]

DIRECTOR	DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES
JOSÉ LUÍS ARNAUT[51]	MEMBER OF THE MOP, SA BOARD OF DIRECTORS
	CHAIRMAN OF THE GENERAL ASSEMBLY OF THE PORTUGUESE FOOTBALL FEDERATION
JOSÉ LUÍS ALVIM	MANAGER OF SOCIEDADE JL ALVIM – CONSULTORIA ESTRATÉGICA E FORMAÇÃO AVANÇADA, LDA.
JOSÉ FREDERICO JORDÃO	DOES NOT CARRY OUT ANY DUTIES OF DIRECTOR/INSPECTION AT OTHER COMPANIES BEYOND HIS DUTIES AT REN
EMÍLIO RUI VILAR	CHAIRMAN OF THE BANK OF PORTUGAL AUDIT COMMITTEE (SINCE 1996)
	MEMBER (NON-EXECUTIVE) OF THE BOARD OF DIRECTORS OF THE FUNDAÇÃO CALOUSTE GULBENKIAN
	MEMBER (NON-EXECUTIVE) OF THE BOARD OF DIRECTORS OF PARTEX OIL AND GAS (HOLDINGS) CORPORATION

Upon their appointment, the non-executive directors and members of the Audit Commission (where applicable) named declared themselves to have the necessary dedicated to carry out their role and to realise the objectives laid out. This dedication has been proven through their attendance at meetings of the supervisory and consulting committees and through their work carried out within REN.

II.27. Identification of committees set up within, where appropriate, the Board of Directors, the General and Supervisory Boards and the Executive Management Board, and place where the operating regulations may be found

The REN Board of Directors does not see as suitable to its specificities nor necessary, the 'formal setting up' of specialist committees with Competences in performance assessment and corporate governance, or otherwise, particularly due to: (i) the composition of the management body, with only three executive members in a total of fifteen members; (ii) the model of corporate governance implemented, integrating an Audit Committee within the Board of Directors composed exclusively of independent members; and (iii) the company's shareholder structure, with the presence of several shareholders with knowledge of the sector and with the vocation of strategic partners. Furthermore, it has been our position that the setting up of specialist committees is not justified, bearing in mind the supervisory activity carried out by the Audit Committee and the non-executive members of the Board of Directors.

In 2013, Company Non-Executive Directors monitored issues relating to: (i) the model and principles of Company governance; (ii) the assessment of the overall performance of the Board of Directors and the analysis of the appropriate profile to perform the functions of a REN director; as well as (iii) the assessment of the performance of the Executive Directors, supporting the Board of Directors and the Remuneration Committee in the exercising of their duties.

Likewise, Non-Executive Directors monitor the global performance of the Board of Directors and analyse the functioning of the corporate governance system.

[50] None of the companies identified belong to the REN Group.

[51] José Luis Arnaut was appointed to the international advisory board of Goldman Sachs in January 2014.

Moreover, as referred to above[52], executive directors shared among themselves the responsibility and the monitoring of specific areas of operation.

II.28. Composition, if applicable, of the Executive Committee and/or identification of delegated directors

At 31 December 2013, the Executive Committee consisted of the members indicated in II.17.

II.29. Indication of the competencies of each committee set up and summary of the activities undertaken whilst carrying out these competencies

As stated in II.27, specialist committees were not set up within REN's Board of Directors with competencies in performance assessment and corporate governance, or otherwise.

With regard to the Executive Committee, see II.21.

III. SUPERVISION

(SUPERVISORY BOARD, AUDIT COMMITTEE OR GENERAL AND SUPERVISORY BOARD)

a) Composition

III.30. Identification of the supervisory bodies (Supervisory Board, Audit Committee or General and Supervisory Board), corresponding to the adopted model

As stated above[53], REN has adopted an Anglo-Saxon model of corporate governance with supervisory bodies consisting of the Audit Committee and the Statutory Auditor, with the Audit Commission being made up solely of independent and non-executive directors[54] possessing the necessary competencies to carry out their functions.

III.31. Composition of, where appropriate, the Supervisory Board, Audit Committee or General and Supervisory Board or the Financial Matters Committee, with indication of the minimum and maximum members and duration of term of office in accordance with the Articles of Association, number of full members, date of first appointment and date of termination of term of office of each member

At December 31st 2013, the Audit Committee consists of three members as identified in II.17, as structure which has proven adequate for carrying out their functions, taking into account the Company's size and business and the complexity of the associated risks.

REN's Articles of Association do not stipulate a minimum or maximum number of Audit Commission members.

As regards the remaining appropriate information, please refer to the information included in point II.17.

III.32. Identification, where appropriate, of the members of the Supervisory Board, Audit Committee or General and Supervisory Board or the Financial Matters Committee considered to be independent, in accordance with Article 414(5) of the Portuguese Companies Code

See II.18. above.

[52] Cf. II.21.

[53] See II.15. above.

[54] Cf. Article 3(3) of the Audit Committee regulations.

III.33. Professional Qualifications and other relevant information on the résumés of each of the members of the Supervisory Board, Audit Committee or General and Supervisory Board or the Financial Matters Committee

See II.19. above.

b) Operation

III.34. Existence and place where the operating regulations can be consulted for the Supervisory Board, the General and Supervisory Boards and the Financial Matters Committee

Audit Committee regulations can be consulted on the official REN website[55] in Portuguese and English.

III.35. Number of meetings and attendance for each member of the Supervisory Board, the Audit Committee, General and Supervisory Boards and the Financial Matters Committee

Audit Committee meetings are convened and presided over by the respective Chairman and are held monthly. In addition to its ordinary meetings, the Audit Committee may meet whenever convened by its Chairman or by the remaining two members[56].

In 2013, the Audit Committee held 14 meetings, for which the respective minutes were drawn up.

Attendance of members of the audit committee at meetings

NAME	ATTENDANCE
JOSÉ LUÍS ALVIM	14
JOSÉ FREDERICO JORDÃO	14
EMÍLIO RUI VILAR	14

III.36. Duties of each member of the Audit Committee, General and Supervisory Boards and the Financial Matters Committee, indicating roles carried out concurrently with other companies, both within and outside the group, and other relevant activities carried out by the members of the aforementioned bodies

With regard to this matter, see II.26.

c) Competences and duties

III.37. Description of the procedures and criteria applicable to the intervention of the supervisory bodies for the purposes of contracting additional services from the external auditor

In accordance with Audit Committee regulations[57], the Company is granted prior approval for the contracting of different audit services from the external auditor or from any entity with a participating interest with said auditor or which is part of the same network (see also point V.46.)

[55] www.ren.pt

[56] Cf. Article 8(1) and (2) of the Audit Committee Regulations.

[57] Cfr. Article 6(3) (l).

In 2013 the Audit Committee granted prior approval to the contracting of different audit services from the external auditor or from the entities referred to above on the part of REN or companies in a group or controlling relationship.

III.38. Other functions of the supervisory bodies and, where applicable, the Financial Matters Committee

The Audit Committee is, alongside the Statutory Auditor, a supervisory body, consisting of non-executive directors. It is, therefore, an integral body of the Board of Directors, whilst consisting exclusively of independent members.

The Audit Committee supervises and oversees management activity in an independent and autonomous manner. The dual capacity of its members, as members of both the supervisory body and the management body, renders the control process even more transparent, notably due to the special access afforded to the members of the Audit Committee to information and decision-making processes.

The Audit Committee, as a supervisory body, has the powers and the duties stipulated by law and in the REN Articles of Association, therefore being particularly responsible for[58]:

a) Supervising the management of the Company and compliance with the law, the Articles of Association and principles of governance;

b) Drawing up an annual report on their supervisory action and issue an opinion on the report, accounts and proposal to distribute profits presented by management;

c) Supervising the effectiveness of the risk management, internal control and internal audit systems;

d) Verifying the accuracy of books, accounting records and documents they use as support;

e) Verifying, when and in the manner they see fit, cash in all its forms and stocks of any type of assets or values belonging to REN or received by REN as a guarantee, deposit or in other form;

f) Verifying if the accounting policies and the valuation criteria adopted by REN lead to a correct evaluation of property and results;

g) Verifying the accuracy of the accounting documents prepared by the Board of Directors and overseeing the respective review;

h) Supervising the preparation and disclosure of financial information;

i) Receiving whistle blowing communications submitted by shareholders, company employees or third parties;

j) Proposing to the General Meeting the appointment of the Statutory Auditor (being therefore responsible for proposing the External Auditor and the respective remuneration);

k) Inspecting the independence of the Statutory Auditor, more specifically with regard to the provision of additional services;

l) Inspecting the review of accounts in accounting documentation;

m) Contracting the services of experts who will assist one or several of its members in exercising their duties;

n) Convening the General Meeting whenever the Chairman of the Board of the General Meeting fails to do so, despite this obligation.

[58] Cf. Article 6 of the Audit Committee Regulations.

The Audit Committee draws up an annual report on its supervisory activities (including references to any detected constraints), further submitting an opinion on the management report of the Board of Directors, the financial statements, as well as on the Corporate Governance Report, which are available together with the accounting documents on the REN website[59] and which remain available for five years.

The Audit Committee is the Company's main discussion partner and the first recipient of reports from the Statutory Auditor and external auditor, representing it in relation to the Statutory Auditor and seeking to ensure that, within the Company, suitable conditions are provided for them to carry out their work.

The Audit Committee is responsible for regularly monitoring the activities of the external auditors and the Statutory Auditor by analysing their periodic reports and overseeing the audit and review processes. It also assesses any changes in procedures recommended by the external auditors or the Statutory Auditor[60].

REN has adopted a corporate governance model based on an Anglo-Saxon model and the supervisory body consists of non-executive directors who are on the Board of Directors, so in addition to the competences referred to above, the Audit Committee, acting as supervisory body, also has the general competences of the non-executive directors.

In turn, in accordance with the CSC[61], the Statutory Auditor is responsible for the examination and verification required for the review and legal certification of the accounts. He is also responsible for verifying the correctness of books, accounting records and documents used as support, the accuracy of documents providing accounting information and if the accounting policies and valuation criteria adopted by REN lead to a correct evaluation of its property and results.

The external auditor and the Statutory Auditor also verify the implementation of the remuneration policies and systems, the effectiveness and functioning of the internal control mechanisms and are obliged to report any significant deficiencies to the Company's Audit Committee. The Statutory Auditor also verifies the Corporate Governance Report, under the legally applicable terms.

IV. STATUTORY AUDITOR

IV.39. Identification of the Statutory Auditor and the auditor partner representing the Statutory Auditor

The office of permanent Statutory Auditor of the Company is carried out by the auditors Deloitte & Associados, SROC, SA, registered with the Portuguese Institute of Statutory Auditors under No 43 and registered at CMVM under number 231, represented by Jorge Carlos Batalha Duarte Catulo (C.A. no. 992), who also carries out the duties of external auditor.

The substitute Statutory Auditor of the Company is Carlos Luís Oliveira de Melo Loureiro, a Chartered Accountant registered with the Portuguese Institute of Statutory Auditors under No 572.

IV.40. Indication of the number of years which the Statutory Auditor has consecutively carried out duties for the Company and/or group

The REN Statutory Auditor (Deloitte & Associados, SROC SA) was initially contracted to carry out these duties in 2009.

[59] www.ren.pt

[60] Cf. Article 6(3)(j) of the Audit Committee Regulations.

[61] Cf. Article 420.

IV.41. Description of other services provided by the Statutory Auditor to the Company

In addition to services as Statutory Auditor detailed in III.38., the services referred to in V.46 were also provided.

V. EXTERNAL AUDITOR

V.42. Identification of the external auditor for the purposes of Article 8 and of the respective Statutory Auditor representing them in the carrying out of these duties, along with the relevant CMVM registration number

REN's external auditor, as with the Statutory Auditor, is Deloitte & Associados, SROC,S.A., registered with the Portuguese Institute of Statutory Auditors under No 43 and registered at CMVM under number 231, represented by Jorge Carlos Batalha Duarte Catulo (C.A. no. 992)

V.43. Indication of the number of years which the external auditor and respective Statutory Auditor have carried out duties for the Company and/or group

REN's external auditor (Deloitte & Associados, SROC SA), and the respective partner, were initially hired to carry out these duties in 2009.

V.44. Rotation frequency and policy for the external auditor and respective Statutory Auditor representing them in the carrying out of these duties

REN's external auditor (Deloitte & Associados, SROC S.A.) was initially hired to carry out these duties in 2009. Therefore, the period corresponding to three terms in office is still in effect. When this period is over, the Company shall rotate this work in accordance with CMVM Recommendation IV.3.

Moreover, in accordance with Audit Committee regulations[62], the aforementioned body must issue a duly justified opinion regarding possible renewals of the contract of the external auditor for a fourth term-of-office which must weigh the conditions for the external auditor's independence and the advantages and costs of a replacement.

V.45. Indication of the body responsible for assessing the external auditor and frequency with which this assessment is undertaken

The Audit Committee is responsible for undertaking an annual assessment of the external auditor and has the power to propose the dismissal of the external auditor to the General Meeting if there are grounds to do so and to propose the respective remuneration.

The Audit Committee is responsible for regularly monitoring the activities of the external auditor by analysing their periodic reports and overseeing the audit and review processes. It also assesses any changes in procedures recommended by the external auditor.

The Audit Committee is also responsible for overseeing the independence of the external auditor and issuing prior approval of the contracting of different audit services from the external auditor or from any entity with a participating interest with the said external auditor or which is part of the same network.

[62] Cf. Article 6(3) and (2) of the Audit Committee regulations.

In 2013, the Audit Committee carried out its evaluation of the service provided to the Company by the external auditor. Consequently, the Audit Committee considers that the external auditor has provided its services in a positive way and has complied with the applicable standards and regulations, including international standards on auditing, and that they performed their activities with extreme technical accuracy.

V.46. Identification of non-audit services provided by the external auditor to the Company and/or companies in a controlling relationship, as well as an indication of internal procedures for the approval of contracting these services and an indication of the reasons for their contracting

Non-audit services provided to REN by the external auditor/Statutory Auditor consisted of translation, tax consultancy and operational services.

Within the compliance with the independence rules established in relation to the External Auditor/Statutory Auditor, REN's Audit Committee accompanied, in 2013, the provision of non-audit services by Deloitte & Associados, SROC, SA, in order to ensure that situations of conflicts of interest would not arise. The Audit Committee approved the provision of these services by the External Auditor, due to fact that they were matters in relation to which the specific knowledge of Deloitte in terms of auditing, as well its complementarity regarding audit services, would justify such approval, based on the associated cost control.

REN considers that it fully complies with CMVM Recommendation IV.2., as the services other than audit services do not extend beyond the limit of 30%, given that 76% of the total services provided by the External Auditor are services consisting of the legal review of accounts, as well as audit related services.

V.47. Indication of the annual amount of remuneration paid by the Company and/or by companies in a group or controlling relationship to the auditor or to other companies or individuals belonging to the same network and breakdown of the percentages allocated to the respective services below (for the purposes of this information, the concept of a network is that arising from the EU Recommendation C(2002) 1873 of 16 May.)

	COMPANY[63] (REN SGPS)	OTHER[64] COMPANIES	TOTAL	
AUDIT AND LEGAL REVIEW OF ACCOUNTS	32 858	242 742	275 600	54.6%
OTHER SERVICES OF RELIABILITY GUARANTEE	78 000	28 080	106 080	21%
TAX CONSULTANCY SERVICES	-	17 248	17 248	3.4%
	110 858	288 070	398 928	
OTHER SERVICES	13 000	92 900	105 900	
	13 000	92 900	105 900	21%
			504 828	

[63] Including individual and consolidated accounts.
[64] Including individual and consolidated accounts.

6.1.3 INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

I.48. Rules applicable to changes to the Company's Articles of Association (Art. 245(A)(1)(h)

Changes to the Articles of Association are subject to the relevant rules as stipulated by law[65] and in the Articles of Association themselves[66]. See note in point I.14.

II. WHISTLEBLOWING POLICY

II.49. Whistleblowing Policy and Methods for irregularities occurring in the Company

Shareholders, members of corporate bodies, employees, service providers, clients, suppliers and other stakeholders in REN or Group companies may communicate to the Audit Committee any irregular practices they have knowledge of or which are duly founded, in order to prevent, stop or sanction irregularities which could adversely affect the REN Group.

This system covers the communication of irregular practices by shareholders, members of corporate bodies, employees or service providers of the REN Group.

Communications must be submitted in writing to the registered office or to the email comissão.auditoria@ren.pt, which is only accessible by the Audit Committee. Communications must contain all the information the author has and considers necessary to the assessment of the irregularity.

Communications will be dealt with confidentially, except if the whistleblower wishes to reveal his or her identification in the communication of the irregularity, which will only be disclosed for the purposes of investigations should the whistleblower give his or her consent.

The Audit Committee must assess the situation described and determine or propose actions that, in each specific case, are deemed appropriate, in accordance with the Internal Regulations approved by the Board of Directors, under a proposal by the Audit Committee.

The investigation process by the Audit Committee includes a preliminary stage with the aim of (i) conducting an in-depth investigation which may use contracted external consultants, (ii) rejection of the communication, or (iii) presentation of a proposal for corrective measures to the Board of Directors or the Audit Committee.

III. INTERNAL CONTROL AND RISK MANAGEMENT

III.50. People, bodies or committees responsible for internal audit and/or for the implementation of internal control systems

The management and supervisory bodies of the Company have attributed growing importance to the development and improvement of the internal control and risk management systems, with a significant impact on the activities of the Group's companies. This approach has been in line with national and international recommendations, the Company's size and business and the complexity of the associated risks.

The Executive Committee and, ultimately, the Board of Directors, are responsible for creating and managing the internal control and risk management systems, including the setting of objectives.

[65] Cf. Article 383 of the CSC.

[66] Cf. Article 11 of REN's Articles of Association.

The Audit Committee is responsible for assessing the Executive Committee in the analysis of the integrity and efficiency REN's internal control and governance and risk management systems, including the introduction of resolutions to improve operations and amendments in accordance with REN's requirements[67]. Therefore, in its action plan for to be carried out in 2013, the Audit Commission considered carrying out of a range of investigations and assessments into the operation and suitability of the internal control and governance and risk management systems, having carried out various meetings with the statutory auditor and external auditor and with the heads of various departments, namely: information systems; procurement, management planning and control, accounts, research and regulation, operation services, quality, environment and safety.

The external auditor verifies the efficiency and operation of the internal control mechanisms, as part of its legal review of financial statements, and reports any significant deficiencies to the Audit Committee.

On 13 May 2009, the Executive Committee passed a resolution to set up GSAD-AI (Internal Audit), with the mission of supervising the creation, operation and effectiveness of the Group's risk management control model and internal control and governance systems, through objective, independent and systematic monitoring.

Of note, among GSAD-AI's various tasks are the following:

- Review of risk management and internal control policies in force;
- Assess the degree of implementation of internal control (organizational structure and governance, delegation of powers, ethics and code of conduct, policies and procedures);
- Implementation of financial, IT, operational and management audits in the various areas of the REN Group, confirming compliance with the policies, laws and regulations (compliance services);
- Define, jointly with the various areas, corrective measures for any weaknesses and non-compliances identified during audits;
- Monitoring the implementation of corrective measures, through follow-up reports;
- Support high-level management in defining and/or implementing control and governance measures.

In addition, the mission of the Risk Management Committee, created in 2011, is to support the Board of Directors in monitoring the Group's risks, as well as ensuring the enforcement of risk management policies common to the entire REN Group and the internal disclosure of best practices for Risk Management. To carry out this mission, the Risk Management Committee's main functions are to:

- Promote the identification and systematic assessment of business risks and their impact on REN's strategic objectives;
- Categorize and prioritize the risks to be addressed, as well as the corresponding preventive opportunities identified;
- Identify and define the persons responsible for risk management;
- Monitor significant risks and REN's general risk profile;
- Approve regular risk reporting mechanisms by different businesses areas.
- Approve, or submit to the Executive Committee, recommendations for prevention, mitigation, sharing or transfer of material risks.

[65] Cf. Article 3(6)(a) of the Audit Committee regulations.

In 2013, the Risk Management Committee continued to support the Board of Directors in monitoring the Group's risks, as well as ensuring the enforcement of risk management policies common to the entire Group and the internal disclosure of best practices for Risk Management.

III.51. Demonstration through inclusion of flowchart, of operational and/or reporting hierarchy in relation to other Company bodies or committees

In operational terms, GSAD-AI reports to the Audit Committee, notwithstanding its administrative relationship with the Company's Executive Committee.

As part of its supervisory function and the competences expressly prescribed in the internal regulations, the Audit Commission supervises the internal audit procedure, namely through the introduction of resolutions to improve their operation[68]. To this effect, the Audit Committee carries out an appraisal of the work plans and resources put in place, I, supervises the activity and has access to all reports prepared by the GSAD-AI including, amongst others, articles relating to accounts, potential conflicts of interest and the detection of possible irregular practices.

The Risk Management Committee is coordinated by Gonçalo Morais Soares, an executive director, and is responsible for the first line of defence, reporting to the Executive Committee.

III.52. Existence of other functional areas with competences for risk control

No other functional areas with competences for risk control exist beyond those referred to in III.50.

III.53. Identification of the main types of risk (economic, financial and legal) to which the Company is exposed when conducting business

When conducting business in all of its areas of operation or those of its subsidiaries, REN is subject to multiple risks. These have been identified with the aim of mitigating and controlling them.

The 'appetite for risk' reflects the amount of risk the company is willing to take on or to retain in pursuing its goals. REN adopts a prudent position with regard to its appetite for risk.

In 2013, the Risk Management Committee, with support from 'risk owners', reviewed the various risks to which REN is exposed, thereby updating the Group's risk profile.

[68] Cf. Article 3(6)(a)(b) and (m) of the Audit Committee regulations.

The most serious risks for the REN Group are shown in detail below, with their category and subcategory:

#	CATEGORY	SUBCATEGORY	NATURE	RISK
1	SURRONDING ENVIRONMENT	EXTERNAL CONTEXT	REGULATORY	CHANGE TO THE REGULATORY MODEL AND PARAMETERS
2			FINANCIAL MARKETS	EVOLUTION OF REN'S RATING
3				EVOLUTION OF INTEREST RATES
4	PROCESSES	OPERACIONAL	BUSINESS INTERRUPTION	OCCURRENCE OF A GENERAL INCIDENT
5			INVESTMENT PROJECTS	NON APPROVAL OF INVESTMENT PLANS
6				NO TRANSFER OF ASSETS INTO OPERATION ON SCHEDULE
7			HEALTH AND SAFETY	OCCURRENCE OF SERIOUS WORK ACCIDENTS
8			INFORMATION TECHNOLOGY	UNAVAILABILITY OF INFORMATION SYSTEMS
9			INVESTMENT PROJECTS	INSOLVENCY OF SUPPLIERS
10			ASSETS SAFETY	CRITICAL NATURE OF THE INSTALLATIONS

Changes to the regulatory model and parameters

The risk of changes to the regulatory model and/or regulator decisions may affect the company's ability to run its business efficiently and is linked to the fact that the activity carried out by REN is a regulated activity.

REN manages such risk by systematically monitoring the progress of the regulatory strategy as well as European regulatory trends in relation to activities carried out by REN.

Evolution of ren's rating

Changes to REN' rating could have an impact in terms of access to financing as well as the cost of such financing.

REN manages this risk by building a position of sound liquidity and through efficient management of its financing needs combined with effective initiatives for communicating with both the market and the various financial agents.

It should be noted that the company's rating may be affected by any deterioration in Portugal's rating.

Evolution of interest rates

The fluctuation of interest rates can have an impact on remuneration from regulated assets and on servicing REN's debt. A change to relevant benchmarks of market interest rates could result in higher financing expenses for the REN Group.

REN manages exposure to the risk of changes in interest rates by contracting financial derivatives, in order to achieve a balanced ratio of fixed and variable interest rate and to minimize financial burdens in the medium and long-term.

Occurrence of a generalized incident

The company's performance could be influenced by the occurrence of events causing an interruption in the electricity and/or gas supply service and by any difficulty in restoring the service in a timely manner. The infrastructures supporting REN's operations are exposed to a series of conditions (pollution, atmospheric conditions, fires, birds, among others), which could cause interruptions to the service.

The plan for restoring service following a generalized incident implemented by REN and the organization of drills to test the ability to restore the service in the event of an incident, are some of the initiatives adopted for managing this risk.

Non-approval of investment plans

The existence of delays in the approval of investment plans by the Regulator or by other authorities can cause significant delays in implementing new infrastructures and/or loss of the investment made, with an impact on the quality of the service provided.

REN has adopted procedures for managing this risk that involve monitoring actions by the regulatory authority with approval responsibilities and other competent entities in the process of authorizing the investment to be made.

Non-entry into operation of assets within planned deadlines

Economic and financial conditions together with the difficulty in obtaining financing to allow providers of services and suppliers to do business, and also other factors of an operational nature including processes for environmental licensing/authorization, may compromise the entry into operation of assets within planned deadlines.

REN carries out a series of actions which allow the ongoing monitoring and mitigation of all factors which could increase this risk.

Occurrence of serious work accidents

Non-compliance with safety and operational procedures for equipment could result in the occurrence of serious work accidents with damage to people and property during work organized by REN.

REN manages this risk through the safety management system, with specific training for operations involving risks and training for employees of REN's service providers on safety awareness.

Unavailability of information systems

REN's activities rely heavily on the information systems and technologies used within the Group. Therefore, the availability of information systems and their capacity to meet Company needs are crucial to REN's good performance.

To manage this risk, REN maintains its communication systems and the respective support services up to date by performing periodic inspections of the configurations of network and security equipment. At the same time, security measures are in place for systems deemed to be critical, such as the existence of redundant communications and the shielding of such systems from potentially dangerous traffic.

Insolvency of suppliers

The unavailability or untimely or inefficient availability of resources/services provided by third parties may influence REN's ability to achieve its objectives.

Therefore, it has become necessary to improve the model for supplier assessment and qualification and to put mechanisms in place to continually follow and monitor the performance of the contractors and service providers throughout the execution of projects, so that REN can ensure its clients' needs are met and achieve the key performance indicators of quality, cost and time.

The key tools to manage this risk are the supplier qualification and assessment system implemented at REN, the financial assessment of suppliers and contract workers during the market consultation process and the monitoring of corporate information on suppliers and service providers.

Critical nature of the installations
Protection and efficient asset management has always been REN's priority, and has become an ever more crucial factor in the pursuit of its activities in order to ensure service quality and value creation.

To manage this risk, REN has developed new methodologies that pave the way for increased efficiency in asset management as well as guaranteeing their physical protection, through the implementation of integrated security systems for installations, in order to avoid unforeseen circumstances or incidents that may put the integrity of infrastructures or equipment at risk.

III.54. Description of the risk identification, assessment, monitoring, control and management process

It is considered that a risk management and internal control system – as implemented by REN - should meet the following objectives:

- Guarantee and supervise compliance with the objectives previously set by the Board of Directors;
- Identify the risk factors, the consequences of the occurrence of risk and the mechanisms for dealing with and minimizing risk;
- Align admissible risk with REN Group strategy;
- Ensure that information is reliable and complete;
- Ensure the complete, reliable and timely preparation and reporting of financial and accounting information and apply an appropriate management information system;
- Guarantee the safeguarding of assets;
- Ensure prudent, appropriate valuation of assets and liabilities;
- Improve the quality of decisions;
- Promote the rational and efficient use of resources.

As such, in pursuing the objectives stated above, REN's Risk Committee is responsible for the identification and evaluation of the inherent risks involved in REN's activities stated in III.53., whilst also supporting the monitoring of significant risks and the general risk profile of REN.

That is to say that, at the first stage, the Risk Committee, with the collaboration of its members who are the heads of various departments and with the assistance of all other department heads within the Company, analysed any aspects related to REN's business that could constitute a risk to its activity.

The Risk Committee then assesses existing risks (severity and probability of occurrence for each potential risk) and classifies them by order of importance and by categories and subcategories. The assessment of risks inherent to REN's activities, as well as the Internal Control System, are carried out according to the following principles:

- To strengthen and improve effectiveness and efficiency in the use of resources;
- Safeguarding assets;
- To analyse the information processing system;
- Checking of the reliability and accuracy of financial, accounting and other kinds of information;
- To prevent and detect fraud and errors;
- To check for compliance of the Group's operations and business with applicable legal and regulatory provisions, as well as with general policies and Company regulations;
- To promote operational effectiveness and efficiency.

Following the identification and assessment of inherent risks, the Risk Committee identifies the relevant measures to eliminate, mitigate or control the risks and reports the result of the analysis to the Board of Directors. The Risk Committee further seeks to apply preventive and protective measures, through the formulation of a priority matrix, and communicates risk management best practices internally.

Risk assessment is reviewed regularly in order to ensure that it is always up to date. As such, the following activities were carried out in 2013 as part the REN Group risk management system:

- Review and updating of risk models and the respective processing files;
- Review and updating of the list of greatest risks;
- Definition of the action plan to mitigate the greatest risks;
- Definition of the Key Risk Indicators (KRI);
- Development and entry into operation of the do Risk Management Portal.

As part of risk monitoring, control and management, it should be noted that, on 8 November 2012, REN's Board of Directors approved the review of the regulations 'Appreciation and Control of Transactions with Related Parties and Prevention of Conflicts of Interests' and 'Procedures Applicable to the Processing of Whistleblowing Communications and the Inspection of Irregularities'.

Moreover, it should also be pointed out that REN has implemented a series of changes to its internal control and risk management systems, involving the components provided for in CMVM Recommendations, and in terms of risk management, it has also been guided by the norms of the International Organization for Standardization (ISO).

2013 saw a continuation of the application of a standardised and integrated corporate risk management strategy, transversal throughout the organisation, aligned and structured based on the priorities and specific characteristics of each area of the business.

III.55. Main elements in the internal control and risk management systems implemented at the Company with regard to the financial information disclosure process (Art. 245(A)(1) (m)

REN regularly provides management information, to strictly monitor its operations. In this regard, all management information provided both for internal use and for disclosure to other organizations, is prepared on the basis of sophisticated IT systems. REN carries out initiatives that seek to continually improve the support information processes and systems that produce financial and management information.

It is the Audit Committee's responsibility to supervise the process for the preparation and disclosure of financial information; As such, the Audit Committee held meetings to monitor these processes with the members of the Executive Committee, the Statutory Auditor and external auditor and with those responsible for accounts and management planning and control.

IV. INVESTOR SUPPORT

IV.56. Service responsible for investor support, composition, functions, information provided by this service and contact information

The service responsible for investor support is the Investor Relations Office (DRI), founded in July 2007, and devoted exclusively to the preparation, management and coordination of all activities necessary to achieve REN's objectives in its relations with shareholders, investors and analysts, and ensure a communication that offers a full, coherent and comprehensive vision of REN, thereby facilitating investment decisions and creating sustained value for shareholders, providing information and clarification on information published by REN.

IRO contacts:

E-mail: ir@ren.pt
Ana Fernandes - Director: ana.fernandes@ren.pt
Alexandra Martins: alexandra.martins@ren.pt
Telma Mendes: telma.mendes@ren.pt

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

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

Telephone: 21 001 35 46 I Fax: 21 001 31 50

The IRO has the following main duties:

a) To act on REN's behalf with shareholders, investors and financial analysts, ensuring equality of service for shareholders and preventing incorrect information;

b) Ensure that feedback from institutional investors is communicated to the Executive Committee;

c) Guarantee timely compliance with CMVM obligations and other financial authorities;

d) Coordinate, prepare and disclose all information made available by the REN Group with regard to disclosure of privileged information and other communications to the market, and in relation to the publication of periodic financial statements;

e) Systematically monitor the content of analyst research work with the aim of contributing to a correct evaluation of the Company's strategy and results;

f) To prepare and continuously monitor the financial and operational benchmark of competitors and peer group;

g) Attract the interest of potential institutional investors, as well as a greater number of financial analysts;

h) Draw up an annual activities plan for the IRO, including road-shows, visits to investors and the organization of Investor Day;

i) Develop and maintain the Investor Relations page on the Company's website[69].

[69] www.ren.pt

IV.57. Representative for market relations

Since 28 March 2012, the Representative for Market Relations has been the Director Gonçalo Morais Soares who is also the Chief Financial Officer (CFO) of the REN Group.

IV.58. Information about the proportion of, and response time to, requests for information received this year and in previous years

Investor requests were responded to in a timely manner, usually on the same day or, in such case as the request required the receipt of information from third parties, soon after they were received. In 2013, almost 210 requests were attended to by telephone, 420 by email and precisely 190 in person at conferences and roadshows, with both debt and equity investors.

Another form of contact with the capital markets was through conference calls commenting on the results of each quarter of the year, on which both analysts and institutional investors participated.

Also in relation to information duties, REN published, in line with the stipulated terms, press releases on the Portuguese Securities Market Commission and London Stock Exchange websites, amongst other entities.

REN maintains an updated record of requests for information lodged, as well as the treatment they received.

V. INTERNET SITE

V.59. Adress (es)

The Company website[70]: available in Portuguese and English, in accordance with CMVM recommendation VI.1.

V.60. Place where information on the firm can be found, the quality of open company, its registered office and all other information mentioned in article 171 of the Portuguese Companies Code;

On the REN website, under the tab marked ‘Investors’, we find a tab marked ‘Corporate Information’, where published information on the firm, the quality of open company, the headquarters and other information mentioned in article 171 of the Portuguese Companies Code may be found.

www.ren.pt/investidores/informacao_da_sociedade/

V.61. Place where the Articles of Association and operating regulations for the bodies and committees can be found

On the REN website, under the tab marked ‘Investors’, we find a tab marked ‘Corporate Governance’ under which we find, in turn, a tab marked ‘Statutes, Regulations and Reports’, where we find the Articles of Association, as well as the following regulations:

- Board of Directors Regulations
- Audit Committee Regulations
- Executive Committee Regulations
- Regulations on transactions with related parties
- Regulations on transactions of securities by REN directors

www.ren.pt/investidores/governo_da_sociedade/estatutos_regulamentos_e_relatorios/

[70] www.ren.pt

V.62. Place where information is made available on the identity of members of the corporate bodies, the Representative for Market Relations, the Investor Support department or similar structure, their respective functions and means of access

On the REN website, under the tab marked 'Investors', we find a tab marked 'Corporate Governance' under which we find, in turn, a tab marked 'Corporate Governance', under which we find the composition of the corporate bodies.

www.ren.pt/investidores/governo_da_sociedade/

On the other hand, on the REN website[71], under the tab marked 'Investors', we find a tab marked 'Investor Relations' where we find published information on the identity of the Representative for Market Relations and the Office for Investor Relations, as well as the contact details and powers of the aforementioned.

www.ren.pt/investidores/relacoes_com_investidores/

V.63. Place where accounting records are made available, which must be accessible for at least five years, as well as a half-yearly calendar of company events, announced at the start of each semester, including, amongst others, General Meetings, publishing of annual, half yearly and, where applicable, quarterly reports

On the REN website, under the tab marked 'Investors', we find a tab marked 'Results', where documents are published on accounting records, which will be accessible for a period of five years.

www.ren.pt/investidores/resultados/

On the same website, a calendar of company events is also available.

V.64. Place where the notice to convene a General Meeting is published as well as all the preparatory documents and documents resulting from said meeting

On the REN website, under the tab marked 'Investors', we find a tab marked 'Corporate Governance', under which, in turn, we find a tab marked 'General Meetings, where we find the Notice to Convene, the proposed resolutions and the minutes of the General Meeting.

www.ren.pt/investidores/governo_da_sociedade/assembleias_gerais/

V.65. Place where a historic record is made available with all the resolutions adopted at the company's General Meetings, the represented share capital and voting results for the previous three years

On the website , REN provides extracts from the minutes of General Meetings.

On the website, REN maintains a historic record of notices to convene, points of order and resolutions adopted at General Meetings, as well as information on the represented share capital and voting results for the previous 5 years.

See V.64. with regard to where this information is provided.

[71] www.ren.pt

6.1.4 REMUNERATION

I. COMPETENCE TO DETERMINE REMUNERATION

I.66. Indication with regard to competence to determine the remuneration of corporate bodies, members of the Executive Committee or delegated director and the Company's managers

The REN General Meeting is responsible for the appointment of the members of the Remunerations Committee , which is responsible for setting the remuneration and for submitting the annual declaration on the remuneration policy for members of management and supervisory bodies. The Remunerations Committee is responsible for presenting and submitting to the shareholders the principles of the remuneration policy for corporate bodies, as well as for determining the respective remunerations, including the respective complements[73]. Moreover, this proposed declaration will be subject to assessment and deliberation by the shareholders of the Annual General Meeting.

The abovementioned declaration on the remuneration policy covers all company officers (within the meaning of the provision of Article 248(B)(3) of the Securities Code, given that the REN Board of Directors understands that those officers correspond only to the members of the company's Management and Supervisory Bodies.

II. REMUNERATION COMMITTEE

II.67. Composition of the Remuneration Committee, including identification of natural or legal persons hired to provide support and declaration on the independence of each of the members and consultants

At 31 December 2013, the following three members, appointed at the annual General Meeting of 27 March 2012, were on the Remunerations Committee (three-year period of 2012-2014):

NAME	POSITION
CARLOS RODRIGUES	CHAIRMAN
RUI HORTA E COSTA	MEMBER
PEDRO DE SOMMER CARVALHO	MEMBER

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

At the Annual General Meeting of 2013 held on 30 April 2013, the Chairman of the Remunerations Committee was present, Mr. Carlos Rodrigues, as representative of that committee.

In carrying out its duties, the Remunerations Committee received advice on matters of remuneration from Professor Doctor Paulo Otero, in the certainty that the aforementioned has not, in the previous three years, provided services to any other structure that is dependent on the administrative body, to the Company's administrative body or to any other structure that has a current relationship with the Company or in a consultancy of REN.

[72] Cfr. alínea d) do n.º 2 do artigo 8.º do Contrato de Sociedade.

[73] Cfr. artigo 26.º do Contrato de Sociedade.

Moreover, Professor Doctor Paulo Otero was not bound to the Company or to a consultancy of the Company by an employment contract or service agreement.

It's worth noting that, through a letter dated 29 November 2013, the Remunerations Commission members tended their resignations, which will only come into effect upon the nominations of new Remuneration Commission members at the Ordinary General Meeting to be held in 2014.

II.68. Expertise and experience of the Remunerations Committee in matters or remuneration policy

The Remunerations Committee members have the necessary and relevant expertise in order to consider, reflect and decide upon all matters under the Remuneration Committee remit, taking into account that referred infra.

Each member of the Remunerations Committee has an academic background in the areas of finance and economics, and one of the members is in possession of a Masters in Strategic Planning, education which offers them the necessary and relevant theoretical expertise to carry out their functions.

Moreover, the Remunerations Committee consists of three members with vast professional experience, namely in the corporate field and in the banking, financial, insurance and capital markets sectors, in both Portugal and abroad. As such, the Remunerations Committee members have continually carried out their functions as (i) members of the administrative bodies of various national and international entities, including financial institutions, listed companies, companies operating in the energy sector and regulatory bodies, and (ii) human resources consultancies, thereby gaining further relevant practical knowledge with regard to remuneration policy, assessment systems and related materials.

III. REMUNERATION STRUCTURE

III.69. Description of the remuneration policy for management and supervisory bodies as referred to in Article 2 of Law No 28/2009 of June 19 2009

As an issuer of shares admitted to trading on the regulated market, REN is subject to Law No 28/2009 of June 19 2009 as well as to CMVM recommendations;

Therefore, on one hand, in the interest of transparency and legitimacy of the setting of remuneration policy (according to the principle of say-on-pay, internationally recognized with regard to good corporate governance) and, on the other hand, for purposes of compliance with the legal provisions and recommendations described above, the Remuneration Committee submits for the appraisal of the Annual General Meeting, a declaration on the remuneration policy for corporate bodies for the 2012-2014 term of office, the terms of which were subject to prior resolutions by this Committee.

The conclusion of the second stage in the REN privatization process reduced the state's holdings in Company capital, meaning that REN went from being a public company to an invested company and as such, the system for state companies with its specificities and limitations, ceased to apply to the company in most circumstances;

Given that REN is a company of mostly private capital and issues shares admitted to trading in the regulated Euronext Lisbon market, the Remunerations Committee carried out an in-depth review of the remunerations policy and conditions applicable to members of the REN Board of Directors, Audit Committee and Board of the General Meeting, for the term of office underway corresponding to the three-year period of 2012-2014; For this purpose, the abovementioned Committee conducted several joint studies with specialized and independent consultants, more specifically with regard to market analyses and a study of the legal recommended framework applicable to remunerations;

Further to these checks, the REN Remunerations Committee approved a new remuneration policy which has been in effect since 1 June 2012.

On 30 April 2013, a declaration by the Remunerations Committee on the remuneration policy for members of corporate bodies was unanimously approved at the General Meeting. This declaration includes the information set out in Article 2 of law No 28/2009 of 19 June 2009. In accordance with CMVM recommendation II.3.3, the abovementioned declaration also contains: (i) identification and explanation of the criteria to determine the remuneration to be awarded to members of corporate bodies; and (ii) information on the enforceability or non-enforceability of payments for the dismissal or termination of duties of directors.

The remuneration policy for Executive Directors follows the guidelines set out below:

- To be simple clear, transparent and aligned with REN culture;
- To be suitable and fitting to the size, nature, scope and specificity of REN's business;
- To ensure total remuneration which is competitive and equitable and in line with the best practices and latest trends seen nationally and in Europe, particularly with regard to REN's peers;
- To incorporate a fixed component which matches the duties and responsibility of the directors;
- To incorporate a variable component which is reasonable overall in relation to the fixed remuneration, with one short-term component and another medium-term component, both with maximum limits;
- To establish a variable remuneration indexed to individual performance assessment and that of the company, in accordance with achievement of specific quantifiable aims which are in line with Company and shareholder interests; and
- To establish a variable remuneration component based on the medium-term indexed to the evolution of the REN share price, thus ensuring that the remuneration of executive directors is bound to the sustainability of results and the creation of wealth for shareholders.

Based on these principles, the remuneration of executive directors is mainly determined based on four general criteria: (i) competitiveness, taking into consideration the practices of the Portuguese market; (ii) equity, in that remuneration must be based on uniform, consistent, fair and balanced criteria; (iii) assessment of performance, in accordance with duties and the level of responsibility of the person in question, as well as the assumption of suitable levels of risk and compliance with the rules applicable to REN business; and (iv) alignment of directors' interests with the Company's and its sustainability and creation of long-term wealth.

The remuneration of the executive directors includes a fixed component and a variable component. The variable component consists of a parcel which seeks to remunerate short-term performance and another with the same objective based on medium-term performance, as described in further detail below.

The members of the Audit Committee, the non-executive directors and the Vice-Chairman of the Board of Directors are entitled to fixed monthly remuneration, defined in line with the best practices observed at large-scale companies in the Portuguese market.

The remuneration of the members of the Board of the General Meeting corresponds to an annual fixed sum.

There are no approved variable remuneration plans or programmes that consist of the allocation of shares, options to acquire shares or other incentive schemes based on a variation of the price of shares for members of the management or supervisory bodies (or persons discharging managerial functions, within the meaning of Article 248(B)(3) of the Portuguese Securities Code), without prejudice to the method of calculating medium-term variable remuneration (MTVR)

Furthermore, there is no system of retirement benefits for the members of the management or supervisory bodies (or persons discharging managerial functions, within the meaning of Article 248(B)(3) of the Portuguese Securities Code).

III.70. Information on how remuneration is structured so as to allow alignment of the interests of members of the management body with the Company's long-term interests, as well as how it is based on performance assessment and discourages taking on excessive risk

As mentioned in III.69, non-executive directors' remuneration (including the members of the Audit Committee) consists exclusively of a fixed component, paid in 12 monthly instalments over the year, and is not connected to the performance or value of REN, meeting the applicable recommendations on this matter.

The remuneration structure of executive directors consists of a fixed component and a variable component. There is an adequate proportionality between both components, as explained in III.69.

In accordance with the remuneration policy approved for the three year period of 2012-2014 and described in the Remuneration Committee declaration approved by the Annual General Meeting of 2013, the variable component of remuneration for 2013 may include a short-term parcel ('STVR') and a medium-term parcel ('MTVR), both based on a performance assessment with weighting on key individual performance indicators of the director and the performance of the Company itself. Such indicators, described in more detail in III.71, seek to bring the interests of the executive directors closer to the long-term interests of REN and its shareholders.

Particularly, MTVR has the following characteristics which contribute to the alignment of the interests of REN executive directors with those of the Company and shareholders:

- MTVR is set in Remuneratory Units (RU) which refer to every financial year in the term of office in which each executive director has performed duties;
- Each Remuneratory Unit has a value corresponding to the REN share price at the date the MTVR is set and this value evolves in a manner equal to that of the Total Shareholder Return (TSR) for REN shares;

The main aims of the proportionality between the fixed and variable components and the limits to variable remuneration (i.e. between 20% and 120% of fixed remuneration, in a gradual manner, without prejudice to the evolution in RU) are to discourage taking on excessive risk and to stimulate the adoption of a suitable risk management strategy.

III.71. Reference, if applicable, to the existence of a variable remuneration component and information on possible impact of performance assessment on this component

As has already been mentioned, the remuneration structure of the Executive Committee consists of fixed and variable components, and in accordance with the remuneration policy approved for the 2012-2014 term of office and described in the Remuneration Committee declaration approved by the Annual General

Meeting of 2013, the variable component of remuneration for 2013 may include short and medium-term parcels – STVR and MTVR[74].

The awarding of STVR and MTVR is subject to the following common requirements:

- The awarding of the variable component of remuneration only takes place after approval of the accounts for each financial year, after the performance assessment for the year to which the payment refers and only when predefined objectives have been complied with, measured with individual and company performance indicators indexed to targets in the REN strategic plan.
- The degree of achievement of defined goals is measured through an annual performance assessment, based on a predefined model Therefore, if compliance with goals falls below 80% (minimum performance level), no payment of variable remuneration takes place. However, if compliance with goals lies between 80% and 120% or greater, the corresponding total variable remuneration will equate to between 20% and 120% of the fixed remuneration.

The abovementioned annual performance assessment, for purposes of awarding STVR and MTVR during the term of office, is carried out based on the following REN Key Performance Indicators (KPI) on a consolidated basis (weighting of 80%) and the individual performance assessment (weighting of 20%), which, if negative, will result in the non-awarding of short-term variable remuneration:

i) *Average cost of debt*;

ii) *Return on invested capital*;

iii) EBITDA *abroad*;

iv) *Earnings per share (compound annual growth rate* – CAGR*)*;

v) EBITDA CAGR.

Short-term variable remuneration

a) Short-Term Variable Remuneration (STVR) is paid in cash, depending on the annual performance assessment, with the sum being paid varying in accordance with the degree of achievement of goals relating to Key Performance Indicators.

b) Therefore, if the annual performance assessment falls below 80% (minimum performance level), no payment of STVR takes place. However, if the annual performance assessment lies between 80% and 120% or greater, the corresponding STVR will equate to between 10% and 60% of the fixed remuneration.

Medium-term variable remuneration

a) Medium-Term Variable Remuneration (MTVR) aims to strengthen the alignment of the interests of REN executive directors with those of the Company and shareholders. This payment will vary depending on the annual performance assessment (already described in the previous point) and will follow the same model as that for STVR.

III.72. Deferral of the payment of the variable remuneration component, with mention of the deferral period

The awarding of STVR will correspond to a sum of up to 50% of total variable remuneration awarded with regard to each financial year in question.

[74] Cf. points III.69. and III.70.

In turn, STVR is set in RU which refer to every financial year of the term of office and is structured to ensure deferral of payment and is conditioned to continued positive performance, through the following channels:

- Each RU has a value corresponding to the REN share price at the date the MTVR is set and this value evolves in a manner equal to that of TSR for REN shares;
- The entitlement executive directors have to convert their RUs is attained on a successive basis. The units are broken down into thirds and the first 1/3 is consolidated at the end of the first financial year while the remaining 2/3 are consolidated at the end of subsequent financial years, provided that the director performs executive duties in the respective financial year (except if termination occurs as a result of acquisition of a controlling position in REN);
- RUs will be automatically converted into cash or, should the REN General Meeting come to deliberate (and in accordance with the terms thereby established), into REN shares, either partially or totally, when three years have elapsed since the date on which they were awarded.

Bearing in mind the above, payment of MTVR for 2012 is awarded in 2013 and deferred for a period of three years.

III.73. Criteria on which the awarding of variable remuneration in shares is based, as well as on the maintaining, by the executive directors, of these shares, on possible signing of contracts which refer to the shares, more specifically hedging contracts or risk transfer contracts, the respective limit, and their relation to the value of total annual remuneration

At present, no plans to award variable remuneration in shares exist, and as such REN considers that CMVM recommendation III.6. does not apply.

Therefore, despite the remuneration policy approved by the Remuneration Committee for the term of office determining that, within the scope of MTVR, RU can be converted into REN shares, either partially or totally, should the REN General Meeting so deliberate, this has not as yet taken place. Should the General Meeting make such a decision, this deliberation shall govern the conditions for awarding the shares in question, including the potential requirement to maintain the shares or part of them until the end of the term of office.

Furthermore, bearing in mind the objectives sought through the remuneration model stipulated herein, executive directors of the Company shall not take out contracts either with the company or with third parties, designed to mitigate the risk inherent to the variability of their remuneration.

III.74. Criteria on which the awarding of variable remuneration in options is based and indication of the deferral period and the price

There are no variable remuneration plans or programmes that consist of the allocation of shares, options to acquire shares or other incentive systems based on a variation of the price of shares for members of the management or supervisory bodies or persons discharging managerial functions, within the meaning of Article 248-B(3) of the Portuguese Securities Code.

III.75. Main parameters and basis of any system of annual bonuses and any other non-monetary benefits

In 2013, Executive Directors were entitled to the use of a car and a mobile telephone, for the performance of their duties, plus health insurance, life insurance and personal accident insurance. It is estimated that the value of these benefits is € 20 000/director.

There is no system of annual bonuses or any other non-monetary benefits, beyond the variable component of remuneration described above and in the previous paragraph.

III.76. Main characteristics of the complementary pensions or early retirement schemes for directors and the date on which they were approved at the General Meeting, in individual terms

There is no system of retirement benefits or pensions for the members of the management and supervisory bodies.

IV. DISCLOSURE OF REMUNERATION

IV.77. Indication of the annual amount of remuneration earned, jointly and individually, by the members of Company management bodies, paid by the Company, including fixed and variable remuneration and, with regard to the latter, mention of the different components

Remuneration paid in 2013 to members of REN's management body, individually and collectively, was as follows:

NAME (AMOUNT IN EUROS)		FIXED REMUNERATION	VARIABLE REMUNERATION	TOTAL
RUI CARTAXO	CHAIRMAN OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE	385 000[1]	100 521	485 521
JOÃO FARIA CONCEIÇÃO	EXECUTIVE COMMITTEE	305 000	79 717	384 717
GONÇALO MORAIS SOARES	EXECUTIVE COMMITTEE	305 000	79 717	384 717
GUANGCHAO ZHU	VICE-CHAIRMAN OF THE BOARD OF DIRECTORS	80 000		80 000
MENGRONG CHEN	THE BOARD OF DIRECTORS	36 000		36 000
HAIBIN WAN	THE BOARD OF DIRECTORS	36 000		36 000
HILAL AL-KHARUSI	THE BOARD OF DIRECTORS	36 000		36 000
ANÍBAL SANTOS	THE BOARD OF DIRECTORS	33 735		33 735
EGF, S.A.	THE BOARD OF DIRECTORS	36 000		36 000
MANUEL CHAMPALIMAUD	THE BOARD OF DIRECTORS	36 000		36 000
RED ELECTRICA CORPORACION, S.A.	THE BOARD OF DIRECTORS	36 000		36 000
JOSÉ LUÍS ARNAUT	THE BOARD OF DIRECTORS	36 000		36 000
JOSÉ LUIS ALVIM	AUDIT COMMITTEE	75 000		75 000
JOSÉ FREDERICO JORDÃO	AUDIT COMMITTEE	60 000		60 000
EMILÍO RUI VILAR	AUDIT COMMITTEE	60 000		60 000
TOTAL		**1 555 735**	**259 955**	**1 815 69**

(1) This sum includes €171 005.49 paid by the subsidiary Red Eléctrica Corporácion, S.A., a Company incorporated under Spanish Law, in which he inherently holds the office of member of the Board of Directors.

STVR paid in 2013, as indicated in the table above, refers to the financial year of 2012. Members of the Executive Committee were also awarded an additional remuneration parcel, for MTVR referring to the 2012 financial year, set in RU. Based on the REN share price on the date MTVR was set (30 May 2013), 2.239 euros, the number of RU to be awarded to each member of the Executive Committee is as follows:

i) Rui Cartaxo – 44 895.4 RU;

ii) João Faria Conceição – 35 603.7 RU;

iii) Gonçalo Morais Soares – 35 603.7 RU.

IV.78. Sums paid for any reason by other companies in a controlling or group relationship or which are subject to common control

The members of the corporate bodies of REN did not receive any amounts paid by other companies in a controlling or group relationship with REN.

IV.79. Remuneration paid in the form of profit sharing and/or payment of bonuses and the reasons why such bonuses and/or profit sharing were granted

There are no payments in the form of profit sharing and/or payment of bonuses, beyond the variable component of remuneration described above.

IV.80. Compensation paid or due to Ex Executive Directors for the termination of their duties during office

There were no amounts due or paid in the form of compensation to Ex Executive Directors for the termination of their duties during office.

IV.81. Indication of the annual amount of remuneration earned, jointly and individually, by the members of the Company's consulting bodies, for the purposes of Law 28/2009, of 19 July 2009

With regard to the Audit Commission, please refer to IV.77. and with regard to the Statutory Auditor, please refer to V.47.

IV.82. Indication of the annual remuneration of the Chairman of the General Meeting

In 2013, the Chairman and Vice Chairman of the General Meeting received, respectively, the set annual amount of 5 000 and 3 000 euros for the carrying out of their respective functions.

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

V.83. Contractual limitation for compensation to be paid for unfair dismissal of a director and its relation to the variable remuneration component

In accordance with the remuneration policy approved by the Remunerations Committee with regard to the financial year of 2013, in the event of termination of management duties through agreement or unfair dismissal, no compensation will be paid, beyond that legally required, if the termination or dismissal is due to the unsuitable performance of the director.

The legally owed compensation, in the case of unfair dismissal, corresponds to the compensation for damages suffered, yet must not exceed the amount of compensation that they would otherwise received up to the end of their elected term.

V.84. Reference to the existence and description, with the amounts involved indicated, of agreements between the Company and the members of the management body or other officers, in the meaning of Article 248(B)(3) of the Portuguese Security Code, that would award compensation in the event of resignation, unfair dismissal or termination of the employment relationship, following a change in control over the Company. (Art. 245(A)(1)(l)

There are no agreements between REN and the members of the management body or other officers (in the meaning of Article 248(B)(3) of the Portuguese Securities Code) that would award compensation in the event of resignation or unfair dismissal or termination of the employment relationship, following a change in control over the Company.

VI. PLANS TO ALLOCATE SHARES OR STOCK OPTIONS

VI.85. Identification of the plan and the respective recipients

There are no variable remuneration programmes or plans that consist of the allocation of shares, options to acquire shares or other incentive systems based on a variation of the price of shares for members of the management or supervisory bodies or persons discharging managerial functions, within the meaning of Article 248(B)(3) of the Portuguese Securities Code.

However, the remuneration policy approved by the Remuneration Committee and which came into effect on 1 June 2012, determines that, within the scope of MTVR, RU can be converted into REN shares, either partially or totally, should the REN General Meeting so deliberate (which has not happened so far).

VI.86. Characteristics of the plan (conditions of allocation, non-transferable clauses of shares, criteria relating to the share price and exercise price, period during which options can be exercised, characteristics of the allocated shares or options, existence of incentives for the acquisition of shares and/or the exercising of options

See VI.85.

VI.87. Option rights allocated for the acquisition of stock options to be assigned to Company workers or employees

See VI.85.

VI.88. Control Mechanisms available in a possible scheme for worker participation in capital, in that voting rights shall not be directly exercised by said workers (Art. 245(A)(1)(e)

There are no schemes for worker participation in the share capital of the Company.

6.1.5 TRANSACTIONS WITH RELATED PARTIES

I. CONTROL MECHANISMS AND PROCEDURES

I.89. Mechanisms implemented by the Company for purposes of controlling transactions with related parties (please see the concept resulting from IAS 24)

So as to facilitate control by the Audit Committee of transactions concluded or to be concluded by REN or its subsidiaries with related parties and the methodology to be adopted in the event of potential conflict of interests, the REN Audit Committee proposed internal regulations to the Board of Directors for the Analysis and Control of Transactions with Related Parties and Prevention of Conflict of Interest, which were approved by the Board of Directors on 8 November 2012.

In accordance with the internal regulations on Analysis and Control of *Transactions with Related Parties and Prevention of Conflict of Interest*, which are in line with IAS 24 and CMVM recommendation V.2, transactions conducted between a related part[75] and REN or its subsidiaries, which are covered by the following situations, shall be submitted by the management body for prior opinion by the Audit Committee[76]:

- The purchase and/or sale of goods, provision of services or contract work valued at over €1 000 000;
- The acquisition or disposal of shareholdings;
- New loans, financing and subscription of financial investments resulting in an overall annual indebtedness exceeding €100 000 000, except when dealing with a simple renewal of existing circumstances or operations undertaken within the framework of pre-existing contractual conditions.
- Any transaction which, though not covered by the above criteria, has a value that exceeds €1 000 000 or must be considered relevant for this purpose by the Board of Directors, by virtue of its nature or its particular susceptibility to giving rise to a conflict of interests.

In turn, any business between a Related Party and REN or one of its Affiliates, which does not fall into any of the above circumstances, must be submitted by the management body to the Audit Committee for its consideration[77].

If the Audit Committee issues an unfavourable prior expert opinion, approval of the transaction by the Board of Directors must be particularly well-grounded so as to demonstrate that the completion of the transaction is in line with pursuing the corporate interest of REN or of its Affiliates and that the resulting advantages for them outweigh in a positive manner the disadvantages identified by the Audit Committee[78].

Finally, the Audit Committee also submits recommendations to the Board of Directors with regard sto measures to prevent and identify conflicts of interest .

Moreover, in accordance with the Board of Directors internal regulations, transactions with related parties for sums exceeding €500 000 or, regardless of the sum, any transaction which may be considered as not being executed under market conditions are matters which may not be delegated to the Executive Committee.

I.90. Indication of the transactions which were subject to control in the reference year

In accordance with internal regulations on the appreciation and control of transactions with related parties and the prevention of conflicts of interest, the Audit Commission intervened in the following transaction, carried out between the Company and the holder of qualified shareholding or entitie with which him is in a relationship pursuant to Article 20 of the Portuguese Securities Code having issued a prior favourable opinion to the carrying out of the aforementioned:

[75] That is, a) a member of a REN management or supervisory body or of any other company in a controlling or group relationship with REN, pursuant to Article 21 of the Portuguese Securities Code ('Affiliates') or b) any individual who, due to the post he or she holds in REN or in the Affiliates, serves in a senior or managerial capacity, or who has regular or occasional access to privileged information ('Official') or c) a shareholder who holds a qualified shareholding of at least 2% of REN's share capital or of that of the Affiliates, calculated in accordance with Article 20 of the Portuguese Securities Code, or d) a third-party body, related to an Official or a Relevant Shareholder by means of any relevant commercial or personal interest.

[76] Cf. Point II.I(a) of the abovementioned internal regulations.

[77] Cf. Point III(b) of the abovementioned internal regulations.

[78] Cf. Points 4 and 5 of the abovementioned internal regulations.

[79] Cf. Point IX(I)(a) of the abovementioned internal regulations.

Supply contract for low, medium and high voltage for REN's installations, as follows:

a) Objective: Acquisition of medium and high voltage electricity supply for REN's installations

b) Date of approval: 15 May 2013, by REN the Board of Directors

c) Material criteria pursuant to appreciation: Business conducted with a related party, EDP Comercial – Comercialização de Energia, S.A. (EDP Comercial), and the following REN Group companies: REN Serviços, S.A., REN – Rede Eléctrica Nacional, S.A., REN Gasodutos, SA, REN Armazenagem, S.A. and REN Atlântico – Terminal de GNL, S.A.

d) Selection criteria: Lowest price, after technical validation

e) Type of procedure: Direct award with invitations to several entities

f) Stages of consultation: Launch of consultation, reception of proposals, negotiation, preliminary report, prior hearing and final report

g) Suppliers consulted: EDP Comercial; EGL Energia Iberia SL; Endesa – Energia Sucursal Portugal; Iberdrola Generación – Energia e Serviços Portugal, Unipessoal, Lda.; Union Fenosa Comercial, SL., Galp Power, S.A. and Nexus Energia, S.A.

h) Amount: Total estimated value of 5 426 467 euros, plus regulated access tariffs to networks plus VAT

I.91. Description of the procedures and criteria applicable to the intervention of the supervisory bodies for the purposes assessing business between the Company and the holders of qualified shareholdings or entities with which they are in any relationship pursuant to Article 20 of the Portuguese Securities Code

See I.89. The procedures and criteria outlined herein are applicable to transactions with the holders of qualified shareholdings or entities with which they are in any relationship pursuant to Article 20 of the Portuguese Securities Code, given that these are by definition considered to be related parties in accordance with the internal regulations for the 'Analysis and Control of Transactions with Related Parties and Prevention of Conflict of Interest'.

II. INFORMATION RELATING TO BUSINESS

II.92. Indication of the location of accounting documents providing information regarding business with Related Parties, in accordance with IAS 24 or, alternatively, reproductions of this information

Point 34 of the Appendix to the financial statements of the 2013 Management Report, in accordance with IAS 24, includes a description of the principal elements of business with Related Parties, including business and operations carried out between the Company and holders of qualified shareholdings or associated entities.

Business between the Company and the holders of qualified shareholdings or entities with which they are in any relationship pursuant to Article 20 of the Portuguese Securities Code was conducted under normal market conditions, during normal REN business, and was largely a result of regulatory obligations, and as such, CMVM recommendation V.1. was adopted.

PART II

6.2 ASSESSMENT OF CORPORATE GOVERNANCE

1. IDENTIFICATION OF THE MODEL OF CORPORATE GOVERNANCE ADOPTED

The Corporate Governance Code to which the company is subject or has decided voluntarily to abide by should be identified, under the terms and pursuant to Article 2 of these regulations.

The place where the texts of the Corporate Governance Code to which the Company is subject are made available to the public should also be indicated ((Article 245(1)).

In 2013, the regulatory and advisory framework for matters of corporate governance was subject to a major overhaul.

Under the terms of this overhaul, and as a Company issuing shares that were admitted for trading on the Euronext Lisbon regulated market, REN finds itself subject to, in matters of disclosure of information relating to corporate governance, to the regime established by the Portuguese Securities Code, in Law 28/2009, of 19 June, and the Securities Market Commission regulations 4/2013 (the latter was approved in 2013 and is applicable to governance reports referred to in this exercise).

Amongst the many amendments to the Securities Market Commission regulations 4/2013, it is worth noting the possibility for issuing companies to opt for the adoption of the CMVM governance code or an alternative code issued by a dedicated entity.

Also in this respect, and in an advisory sense, the Securities Market Commission and the Portuguese Institute for Corporate Governance (IPCG) approved, respectively, in 2013 and 2014, new corporate governance codes, the outcome of a long process of discussion and consultation with various players in the market.

Considering this lengthy period for reflection in 2013 and given the fact that 2014 sees the end of the current mandate of the Company's corporate bodies, during 2013 REN referred to the Securities Market Commission's Corporate Governance Code, in light of which the current governing bodies have come to put their operating principles.

Therefore, in 2014 REN will consider the eventual adoption of an alternative code, in that this may result in a strengthening of the corporate governance model, especially considering the IPCG initiative. In any case, the Company understands that the current model and principles of corporate governance are already in line with a significant number of the recommendations included in the IPCG's Governance Code.

In summary, for the purposes of this report, REN took the decision to adopt the recommendations laid out in the Corporate Governance Code of the Securities Market Commission, approved in 2013, which can be viewed at www.cmvm.pt.

2. ANALYSIS OF COMPLIANCE WITH THE MODEL OF CORPORATE GOVERNANCE ADOPTED

Pursuant to Article 245-A(1)(a) a statement should be included on the acceptance of the Corporate Governance Code to which the issuer is subject, stating any divergence from said code and the reasons for said divergence.

The information submitted should include, for each recommendation:

a) Information that enables the verification of compliance with the recommendation or referring to the part of the report where the issue is discussed in detail (chapter, title, paragraph, page);
b) grounds for the non-compliance or partial compliance thereof;
c) In the event of non-compliance or partial compliance, the details of any alternative mechanism adopted by the company for the purpose of pursuing the same objective of the recommendation.

As discussed above, REN took the decision to adopt all recommendations laid out in the Corporate Governance Code of the Securities Market Commission, approved in 2013.

Therefore, REN hereby declares that it fully adopts all the abovementioned CMVM recommendations on corporate governance laid down in said Code, except for Recommendations I.1. (partially), I.2., II.1.4. and II.3.3. (partially), which are not complied with for the reasons given below.

The chart below identifies CMVM recommendations and individually mentions those that have been fully adopted by REN and those that have not. Also indicated are the chapters in this report where a more detailed description of measures taken for their adoption may be found with the aim of complying with the said CMVM recommendations.

RECOMMENDATION / CHAPTER [80]	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
I. Voting and Company control		
I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	**Partially adopted** (Electronic voting is not possible at present as REN considers that the participation of shareholders at General Meetings is fully provided for through vote by correspondence and representation mechanisms - as described above in the respective chapter. Furthermore, bearing in mind particularly its shareholder structure, the reduced dispersion of capital and the fact no correspondence votes have been received at recent General Meetings, REN considers that electronic voting would not provide any benefits for shareholders. In summary, the Company considers that correspondence vote and the possibility of representation are sufficient mechanisms to comply with the aim of this recommendation to promote active shareholder participation at General Meetings.)	**Part 1, chapter B.I.12.**

[80] Chapter' refers to CMVM's Corporate Governance Code.

RECOMMENDATION / CHAPTER [80]	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
I.2. Companies shall not set a resolution-fixing quorum that outnumbers that which is prescribed by law.	**Not adopted** (The quorum required to constitute at first call, is 51% of capital. Moreover, the quorum for adopting resolutions on changes to the Articles of Association, merger, demerger, transformation or dissolution is two thirds of votes issued, whether at first or second call. The aim of the mechanisms set out in Art.11(1) and (2) of the Articles of Association is to ensure adequate representation of shareholders in light of the nature of the activities carried out by the Company and its voting rights. In accordance with No 3 of the same Article, resolutions for changes relating to Articles 7(A), 12(3) and 11 of the Articles of Association require the approval of three quarters of the votes issued. In summary, the rules in the Articles of Association in question are best suited to the specificities of the Company, bearing in mind the underlying aim of this recommendation and that this is related to a matter which is strictly within the realm of shareholder decision.)	**Part 1, chapters B.I.14. and C.I.48.**
I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	**Adopted**	**Part 1, chapter B.I.12.**
I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction .	**Adopted**	**Part 1, chapter A.I.5.**
I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	**Adopted**	**Part 1, chapter A.I.4.**
II. Supervision, management and oversight		
II. 1. Supervision and management		
II.1.1. Within the limits established by law, and except for the small size of the company, the board of directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	**Adopted**	**Part 1, chapter B.II.21.**
II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) the definition of the Company's strategy and general policies , ii) the definition of the business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved:	**Adopted**	**PPart 1, chapter B.II.21.**
II.1.3. The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall set out the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the Company	**Not applicable** (This recommendation is not applicable given the corporate governance model adopted by REN)	**Part 1, chapter B.II.15.**

RECOMMENDATION / CHAPTER [80]	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
II.1.4. Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.	**Not adopted** (Considering the composition of the management body, the governance model and the company's shareholder structure, the Board of Directors does not understand it to be suitable to its specificities, nor is the 'formal setting up' necessary of specialized committees with such competences. The processes for performance assessment, identification of profile and selection, as well as those for analysis of the governance system, have been undertaken in a manner suitable to the company's interests, by the non-executive directors of REN as a group and, more particularly, by the members of the Audit Committee (consisting exclusively of independent directors). Moreover, within its responsibilities, the Remunerations Committee has also actively participated in the performance assessment of directors. Therefore, although it is not a 'formal committee' of the Board of Directors, substantially, these matters have been duly dealt with by REN, as fully described in this report.) Aware of the above, REN has effective mechanisms for ensuring the performance of a supervisory duty within the management body, particularly with regard to matters of corporate governance, assessment and remuneration– the underlying aim of this recommendation. Such mechanisms are those which best suit the specificities of the Company and the structure of the respective management body.)	**Part 1, chapter B.II.27.**
II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for its control to ensure that the risks effectively incurred are consistent with those goals.	**Adopted**	**Part 1, chapters C.III.50 to 55.**
II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.	**Adopted**	**Part 1, chapter B.II.18.**
II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the Company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a) Having been an employee at the Company or at a company holding a controlling or group relationship within the last three years; b) Having, in the past three years, provided services or established commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person; c) Being paid by the company or by a company with which it is in a control or group relationship besides the remuneration arising from exercising the duties of a board member d) Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings; e) Being a qualifying shareholder or representative of a qualifying shareholder.	**Adopted**	**Part 1, chapter B.II.18.**

RECOMMENDATION / CHAPTER [80]	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
II.1.8. Directors performing executive duties, when so requested by other corporate body members, shall provide any information requested by them in a timely and appropriate manner.	**Adopted**	**Part 1, chapters B.II.18. and 23.**
II.1.9. The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairman of the Financial Matters Board, the convening notices and minutes of the relevant meetings.	**Adopted**	**Part 1, chapter B.II. 23.**
II.1.10. If the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.	**Adopted**	**Part 1, chapter B.II. 18.**
II. 2. Supervision		
II.2.1. Depending on the applicable model, the Chairman of the Supervisory Board, the Audit Committee and the Financial Matters Committee shall be independent in accordance with legal criteria and be appropriately qualified to carry out his or her duties.	**Adopted**	**Part 1, chapters B.II. 18; B.III.30; and 38.**
II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company..	**Adopted**	**Part 1, chapters B.III.38. and B.V.45.**
II.2.3. The supervisory board shall assess the external auditor and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal	**Adopted**	**Part 1, chapter B.V. 45.**
I.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	**Adopted**	**Part 1, chapters B.III.38. and C.III.50.**
III.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the Company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.	**Adopted**	**Part 1, chapter C.III.51.**
II. 3. Setting of remuneration		
II.3.1. All members of the Remunerations Committee, or equivalent, shall be independent in regard to the management bodies and such committee shall include, at least, one member with know-how and experience in remuneration policy matters.	**Adopted**	**Part 1, chapters D.II.67. and 68.**
II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above	**Adopted**	**Part 1, chapter D.II.67.**

RECOMMENDATION / CHAPTER [80]	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration to be paid to the members of the governing bodies; b) Information on the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; d) Information on the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	**Partially adopted** (The declaration on remuneration policy for the REN management and supervisory bodies submitted at the last Annual General Meeting does not expressly state the potential sums required by subparagraph b) of the recommendation. Therefore, bearing in mind the date of approval (30 April 2013) for this declaration submitted at the last Annual General Meeting, the said bodies did not have any knowledge nor could have had any knowledge of the CMVM Governance Code published in its current version in July 201. For this reason, this information was not applicable to the above mentioned declaration. Furthermore, and even if it is not understood as such, REN considers that the sums in question, despite not being expressly declared, could already have been specified on the date of the abovementioned General Meeting by the shareholders (main addressees of the declaration subject to approval) and the market in general, considering the content of the 2012 Annual Governance Report, which discloses remuneration paid in 2012 and the remuneration policy for the 2012-2014 term of office. These documents were put to the approval of the shareholders and stated the values of fixed remuneration and the criteria, limits and rules for determining STVR and MTVR, in both cases, on an individual and joint basis. As such, the aims of this recommendation were fully complied with in the financial year of 2013.	**Part 1, chapter D.III.69.**
II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.	**Not applicable**	**Part 1, chapter D.VI.85.**
II.3.5. Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.	**Not applicable**	**Part 1, chapter D.III.76.**
III. Remuneration		
III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk.	**Adopted**	**Part 1, chapters D.III.69 and 70.**
III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the Company or of its value.	**Adopted**	**Part 1, chapters D.III.69., 70. and 77.**
III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	**Adopted**	**Part 1, chapters D.III.69., 70. and 71.**
III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.	**Adopted**	**Part 1, chapter D.III.72.**
III.5. Members of the Board of Directors shall not enter into contracts with the Company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.	**Adopted**	**Part 1, chapter D.III.73.**
III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their term of office.	**Not applicable**	**Part 1, chapter D.III.73.**

RECOMMENDATION / CHAPTER [80]	INDICATION ON THE ADOPTION OF THE RECOMMENDATION	CHAPTER OF THE REPORT
III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	**Not applicable**	**Part 1, chapters D.III.69 and 74.**
III.8. When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable	**Adopted**	**Part 1, chapter D.V.83.**
IV. Auditing		
IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.	**Adopted**	**Part 1, chapters B.III.38. and C.III.50.**
IV.2. The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by Corporate Governance - said services should not exceed more than 30% of the total value of services rendered to the company.	**Adopted**	**Part 1, chapter B.V.46.**
IV.3. Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period shall be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	**Adopted**	**Part 1, chapter B.V.44.**
V. Conflicts of interests and transactions with related parties		
V.1. The Company's business with holders of qualifying holdings or entities with which they are in any type of relationship pursuant to Article 20 of the Portuguese Securities Code, shall be conducted under normal market conditions.	**Adopted**	**Part 1, chapter E.II.92.**
V.2. The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in Article 20(1) of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.	**Adopted**	**Part 1, chapters B.II.II and E.I.89.**
VI. Information		
VI.1. Companies shall provide, via their websites in both Portuguese and English, access to information on their progress as regards the economic, financial and governance state of play.	**Adopted**	**Part 1, chapter C.V.59. to 65.**
VI.2 Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept	**Adopted**	**Part 1, chapter C.IV.56. to 58.**

3. OTHER INFORMATION

The Company shall provide any additional information which, not covered by the previous points, is relevant for understanding the governance model and practices implemented.

REN is not in the possession of any additional information which is relevant for understanding the governance model and practices implemented.

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2013

THE FUTURE INSPIRES US

ANNEXES

01 MANAGEMENT REPORT

1.1 ENERGY LEGISLATION PUBLISHED IN 2013

1.1.1 ELECTRICITY

ERSE Directive No 1/2013 of 2 January 2013, Official Journal No 1, Series II

Amends the optimization mechanism for the management of CO^2 emission licenses.

Law No 9/2013 of 28 January 2013, Official Journal No 19, Series I

Approves the penalty system for the energy sector.

ERSE Directive No 2/2013 of 1 February 2013, Official Journal No 23, Series II

Approves the profiles for losses, consumption and production applicable in 2013.

Decree-Law No 32/2013 of 26 February 2013, Official Journal No 40, Series I

Sets out the possibility of reducing charges for the compensation given to electricity producers through the termination of the respective Energy Acquisition Contracts.

Implementing Order (Portaria) No 85-A/2013 of 27 February 2013, Official Journal No 41, Series I

Approves the new nominal rate applicable to the yearly calculation of the fixed amount for Contractual Balance Maintenance Costs (CMEC).

Decree-Law No 35/2013 of 28 February 2013, Official Journal No 42, Series I

Sets out the provision for some wind electricity producing centres to join an alternative remuneration scheme for an additional period after taking on specific commitments.

Decree-law No 38/2013 of 15 March 2013, Official Journal No 53, Series I

Establishes the scheme for greenhouse gas emission allowance trading.

Decree-Law No 39/2013 of 18 March 2013, Official Journal No 54, Series I

Amends the legal system for using energy from renewable sources and establishes the mechanism for the issuing of guarantees of origin for the respective electricity.

ERSE Directive No 5/2013 of 22 March 2013, Official Journal No 58, Series II

Approves the review of rules for the Plan to Promote Efficiency in Electrical Power Consumption.

Implementing Order (Portaria) No 145/2013 of 9 April 2013, Official Journal No 69, Series I

Approves the annual remuneration rate for the deferral of additional costs for Contractual Balance Maintenance Costs (CMEC) and Energy Acquisition Contracts (CAE).

Council of Ministers Resolution No 20/2013 of 10 April 2013, Official Journal No 70, Series I

Approves the Energy Efficiency Strategy – NEEAP 2016 and the Renewable Energy Strategy – NREAP 2020, within the scope of the respective National Plans.

Implementing Order (Portaria) No 172/2013 of 3 May 2013, Official Journal No 85, Series I

Sets out the power guarantee incentive schemes which depend, for allocation purposes, on compliance with a final availability coefficient.

Directive No 8/2013 of 15 May 2013, Official Journal 93, Series II

Approves the Procedures Manual for the Overall System Management of the electricity sector.

Decree-law No 74/2013 of 4 June 2013, Official Journal No 107, Series I

Provides for the establishment of a regulatory mechanism aimed at ensuring competition balance in the wholesale electricity market in Portugal and proper sharing of General Economic Interest Costs (CIEG) from the tariff on Overall System Use.

Commission Regulation (EU) No 543/2013 of 15 June 2013, OJEU 163, Series L

Sets out minimum common data on the generation, transmission and consumption of electricity to be made available to market participants.

Implementing Order (Portaria) No 215-A/2013 of 1 July 2013, Official Journal No 124, Supplement, Series I

Amends the parameters and maximum remuneration limit for the interruptibility service. It further establishes the rules on tariff repercussion for sums paid by the transmission network operator.

Directive No 13/2013 of 6 August 2013, Official Journal No 150, Series II

Names the entities qualified to be part of the diverted sale unit in accordance with the Procedures Manual for Overall System Management.

Implementing Order (Portaria) No 243/2013 of 2 August 2013, Official Journal No 148, Series I

Establishes the allocation scheme for the reservation of capacity for the injection of power into the Public Service Electricity Network (RESP), as well as the licensing of electrical power production within the scope of the special scheme for guaranteed remuneration.

(Rectified: Declaration of Rectification No 38-A/2013 of 1 October 2013, OFFICIAL JOURNAL 189, Series I)

Official Order No 10244/2013 of 5 August 2013, Official Journal No 149, Series II

Approves the terms of reference for studies to be conducted by ERSE in accordance with Decree-Law No 74/2013 of 4 June 2013.

Law No 67/2013 of 28 August 2013, Official Journal No 165, Series I

Approves the framework law for independent administrative entities with regulatory duties in the economic activity of the private, public and cooperative sectors.

Implementing Order (Portaria) No 288/2013 of 20 September 2013, Official Journal No 182, Series I

Establishes the procedure for conducting the study on the impact of extra market measures and events recorded in the European Union and their redistributive effects on the different categories of income which influence electrical power tariffs.

Official Order No 12955-A/2013 of 10 October 2013, Official Journal 196, Series II

Defines the payment by electricity producing centres, within the scope of tariffs for overall system use, for General Economic Interest Costs (CIEG), in the period from 11 October to 31 December 2013.

Implementing Order (Portaria) No 301-A/2013 of 14 October 2013, Official Journal No 198, Series I

Amends the annual remuneration for land in the public water domain which is allocated to the concessionaire of the National Electricity Transmission Network.

Directive No 21/2013 of 22 November 2013, Official Journal 227, Series II

Sets the deadlines for classifying exceptional events and the sending of information to ERSE within the scope of Service Quality Regulations for the Electricity Sector.

Directive No 20/2013 of 22 November 2013, Official Journal 227, Series II

Approves the Regulatory Parameters for Service Quality in the Electricity Sector.

Regulation No 455/2013 of 29 November 2013, Official Journal No 232, Series II

Approves the Service Quality Regulations for the Electricity Sector.

ERSE Directive No 24/2013 of 13 December 2013

Amends the Tariff Regulations for the Electricity Sector.

Directive No 26/2013 of 17 December 2013, Official Journal No 251, Series II

Competition balance system for the wholesale market.

ERSE Directive No 27/2013 of 30 December 2013

Names the entities qualified to be part of the diverted sale unit in accordance with the Procedures Manual for Overall System Management.

Regulation No 474/2013 of 20 December 2013, Official Journal 247, Series II

Amends the Regulations for Access to Networks and Interconnections and the respective Procedures Manual for the Portugal-Spain Interconnection Joint Management Mechanism.

Directive No 25/2013 of 26 December 2013, Official Journal 250, Series II

Approves the tariffs and prices for electrical power and other services in 2014.

Directive No 26/2013 of 27 December 2013, Official Journal No 251, Series II

Approves the competition balance system for the wholesale market.

ERSE Directive No 31-A/2013 of 30 December 2013

Approves the profiles for losses, consumption and production applicable in 2014.

Regulation No 489/2013 of 31 December 2013, Official Journal No 253, Series II

Approves the addendum to the Regulations for Commercial Relationships in the Electricity Sector.

1.1.2 NATURAL GAS

ERSE Directive No 4/2013 of 12 March 2013, Official Journal No 50, Series II

Transfer of used capacity between RNTGN entry points.

Regulation No 139-A/2013 of 16 April 2013, Official Journal No 74, Supplement, Series II

Approves the new Service Quality Regulations for the Natural Gas Sector.

Regulation No 139-B/2013 of 16 April 2013, Official Journal No 74, Supplement, Series II

Approves the new Infrastructure Operation Regulations for the Natural Gas Sector.

Regulation No 139-C/2013 of 16 April, Official Journal No 74, Supplement, Series II

Approves the new Regulations for Access to the Networks, Infrastructure and Interconnections of the Natural Gas Sector.

Regulation No 139-D/2013 of 16 April, Official Journal No 74, Supplement, Series II

Approves the new Regulations for Commercial Relationships in the Natural Gas Sector.

Regulation No 139-E/2013 of 16 April, Official Journal No 74, Supplement, Series II

Approves the new Tariff Regulations for the Natural Gas Sector.

Regulation (EU) No 347/2013 of the European Parliament and of the Council, JOUE No L 115 of 25 April 2013

Lays down guidelines for the timely development and interoperability of priority corridors and areas of trans-European energy infrastructures.

Implementing Order (Portaria) No 201/2013 of 6 June 2013, Official Journal No 109, Series I

First addendum to Implementing Order (Portaria) No 137/2011 of 5 April, which approves the Regulations for the LNG Reception, Storage and Regasification Terminal.

Decree-Law No 84/2013 of 25 June 2013, Official Journal No 120, Series I

Amends the Statutes of the Energy Services Regulatory Authority (ERSE).

ERSE Directive No 10/2013, Official Journal No 121 of 26 June 2013, Official Journal No 121, Series II

Approves natural gas tariffs and prices for the gas year of 2013-2014 and parameters for the regulatory period of 2013-2016.

ERSE Directive No 11/2013 of 26 June 2013, Official Journal No 121, Series II

Incentive Mechanism for Regulated Exchanges of LNG.

Directive No 12/2013 of 12 July 2013, Official Journal No 133, Series II

Approves natural gas consumption profiles and average daily consumption in effect in the gas year of 2013-2014.

ERSE Directive No 15/2013 of 3 September 2013, Official Journal No 169, Series II

Approves the Procedures Manual for Access to Natural Gas Infrastructures.

ERSE Directive No 24/2013 of 6 December 2013, Official Journal No 237, Series II

Approves the commercial margins for market agents.

ERSE Directive No 29/2013 of 20 December 2013

Review of natural gas transitory tariffs in effect from 1 January 2014.

02 CORPORATE GOVERNANCE

During 2013, REN was informed that the director Manuel Champalimaud, a member of the REN Board of Directors, made the following trades involving REN shares, which are relevant for the purposes of Article 14 of CMVM Regulation No 5/ 2008:

TYPE OF TRANSACTION	LOCAL	QUANTITY	PRICE	DATE OF TRANSACTION
Acquisition	Euronext Lisbon	40	€ 2.324	19-Feb-13
Acquisition	Euronext Lisbon	100	€ 2.329	19-Feb-13
Acquisition	Euronext Lisbon	100	€ 2.329	19-Feb-13
Acquisition	Euronext Lisbon	100	€ 2.329	19-Feb-13
Acquisition	Euronext Lisbon	187	€ 2.328	19-Feb-13
Acquisition	Euronext Lisbon	200	€ 2.324	19-Feb-13
Acquisition	Euronext Lisbon	200	€ 2.329	19-Feb-13
Acquisition	Euronext Lisbon	200	€ 2.329	19-Feb-13
Acquisition	Euronext Lisbon	230	€ 2.324	19-Feb-13
Acquisition	Euronext Lisbon	230	€ 2.324	19-Feb-13
Acquisition	Euronext Lisbon	220	€ 2.326	19-Feb-13
Acquisition	Euronext Lisbon	400	€ 2.324	19-Feb-13
Acquisition	Euronext Lisbon	400	€ 2.328	19-Feb-13
Acquisition	Euronext Lisbon	513	€ 2.328	19-Feb-13
Acquisition	Euronext Lisbon	600	€ 2.328	19-Feb-13
Acquisition	Euronext Lisbon	10	€ 2.325	20-Feb-13
Acquisition	Euronext Lisbon	60	€ 2.330	20-Feb-13
Acquisition	Euronext Lisbon	144	€ 2.325	20-Feb-13
Acquisition	Euronext Lisbon	156	€ 2.325	20-Feb-13
Acquisition	Euronext Lisbon	230	€ 2.330	20-Feb-13
Acquisition	Euronext Lisbon	487	€ 2.330	20-Feb-13
Acquisition	Euronext Lisbon	490	€ 2.325	20-Feb-13
Acquisition	Euronext Lisbon	500	€ 2.311	20-Feb-13
Acquisition	Euronext Lisbon	1 210	€ 2.330	20-Feb-13
Acquisition	Euronext Lisbon	2 172	€ 2.322	20-Feb-13
Acquisition	Euronext Lisbon	25 000	€ 2.330	20-Feb-13
Acquisition	Euronext Lisbon	7	€ 2.314	21-Feb-13
Acquisition	Euronext Lisbon	490	€ 2.314	21-Feb-13
Acquisition	Euronext Lisbon	490	€ 2.314	21-Feb-13
Acquisition	Euronext Lisbon	534	€ 2.314	21-Feb-13

03 SUSTAINABILITY

3.1 GRI CORRESPONDENCE TABLE

	INDICATOR	GC	LOCATION + EVALUATION
	STRATEGY AND ANALYSIS		
1.1	Message from the Chairman		**Pages 7-8**
1.2	Impacts, risks and opportunities		**Pages 16-17, 45-46, 74-77**
	ORGANISATIONAL PROFILE		
2.1	Name		REN – Redes Energéticas Nacionais, SGPS, S.A.
2.2	Brands and services		**Pages 10-11, 23-26**
2.3	Operational structure		**Pages 12-14, 280**
2.4	Registered office		Av. Estados Unidos da América, 55 - 1749-061 Lisbon
2.5	Countries in which the Company operates		Portugal
2.6	Type and legal nature of ownership		**Pages 10-11**
2.7	Markets covered		**Pages 10-11**
2.8	Size		**Pages 18-20, 77-78**
2.9	Main changes		No changes have occurred with regard to previous report.
2.10	Premiums		**Pages 109**
EU1	Installed capacity (MW), broken down by energysource and by country or regulatory system		REN's activity does not include the production of energy and therefore it is not seen as an applicable indicator.
EU2	Net energy exports, broken down by energysource and by country or regulatory system		REN's activity does not include the production of energy and therefore it is not seen as an applicable indicator.
EU3	Number of domestic, industrial and commercialclients		REN's activity does not include the production of energy and therefore it is not seen as an applicable indicator.
EU4	Length of transmission lines		**Pages 21**
EU5	Distribution of CO_2 allowances, by country and by scheme		REN's activity does not include the production of energy and therefore it is not subject to the allocationof emission allowances, and as such it is not seen as an applicable indicator.
	PARAMETERS FOR THE REPORT		
	Report Profile		
3.1	Period covered		1 January 2013 to 31 December 2013
3.2	Date of last report		2012 Report & Accounts
3.3	Publishing cycle		Annual
3.4	Contacts		**Page 361**, sustentabilidade@ren.pt

	INDICATOR	GC	LOCATION + EVALUATION
	Report Scope and Limits		
3.5	Definition of content		**Pages 73-74**
3.6	Limits		**Pages 73-74**
3.7	Specific limitations		**Pages 73-74**
3.8	Basis for preparation		**Pages 73-74**
3.9	Measurement techniques and calculation bases		**Pages 73-74**, Methodological notes – **Page 344-345**
3.10	Reformulations		No changes have occurred with regard to previous report.
3.11	Significant changes		No changes have occurred with regard to previous report.
	GRI Table of Contents		
3.12	GRI Table of Contents		This table
	Verification		
3.13	Current policy and practice relating to external control of the report		**Pages 73-74**, Verification Report
	GOVERNANCE		
	Governance		
4.1	Governance structure		**Pages 12-14, 271-272, 280**
4.2	Role of the Chairman		**Pages 283, 286**
4.3	Independent and/or Non-executive Directors		**Pages 274-275**
4.4	Mechanisms for communicating with shareholdersand employees		REN Website: www.ren.pt
4.5	Relation between remuneration and organizationalperformance		**Pages 307-309**
4.6	Conflicts of interests		**Pages 268-269, 274, 299-303, 314-315, 323**
4.7	Qualifications and skills of the directors		**Pages 275-278**
4.8	Mission statement, values, codes of conduct, and principles		REN's mission, vision and values can be seen at: www.ren.pt/quem_somos/missao_e_valores/
4.9	Procedures for overseeing the economic,environmental and social performance		**Pages 319**
4.10	Processes for assessing management performance		**Pages 309-311**
	Commitments to External Initiatives		
4.11	Approach to the precautionary principle	7	**Pages 150-151, 296-299, 301-302**
4.12	Participation in initiatives subscribed by theorganisation	7	**Pages 76-77, 90-91**, UN Global Compact
4.13	Participation in associations and national /international bodies		**Pages 91-97**
	Relations with Stakeholders		
4.14	List of stakeholders		**Pages 75-76** www.ren.pt/sustentabilidade/partes_interessadas/
4.15	Basis for identification of stakeholders		**Pages 75-76** www.ren.pt/sustentabilidade/partes_interessadas/
4.16	Approaches to the relation with stakeholders		**Pages 75-76** www.ren.pt/sustentabilidade/partes_interessadas/
4.17	Issues and concerns of stakeholders and response		**Pages 75-76** www.ren.pt/sustentabilidade/partes_interessadas/

ECONOMIC PERFORMANCE

INDICATOR			GC	LOCATION + EVALUATION
FORMS OF MANAGEMENT				**Pages 18-23, 41-58, 58-63, 280**
ASPECT: AVAILABILITY AND RELIABILITY				
EU6	Sectoral	Availability and reliability of energy supply		**Pages 23-29, 41-44, 48-52**
ASPECT: DEMAND MANAGEMENT				
EU7	Sectoral	Demand management programs, including residential, commercial and industrial programs		The nature of REN's business does not allow it to develop demand management programs
ASPECT: RESEARCH & DEVELOPMENT				
EU8	Sectoral	Approach to research and development		**Pages 91-94**
ASPECT: PLANT DECOMMISSIONING				
EU9	Sectoral	Provisions for decommissioning nuclear plants		There are no nuclear power plants in Portugal
ASPECT: ECONOMIC PERFORMANCE				
EC1	Essential	Creation and distribution of value		Direct economic value generated: 395 661 millions of Euros Direct economic value distributed: 364 478 millions of Euros Direct economic value of shareholders retained: 31 183 millions of Euros
EC2	Essential	Financial implications, risk assessment and opportunitiesposed by climate change	7	The risks and opportunities arising from climate change have been identified by REN. However, the respective financial implications have not as yet been assessed. **Pages 100-106**
EC3	Essential	Coverage of Retirement Plans in the organisation		**Pages 85-86** Pensions plan - 4 741 (thousand Euros) Medical assistance plan - 1 100 (thousand Euros)
EC4	Essential	Financial contributions to investment		**Pages 91-94** In 2013, REN received € 5 050 616 in investment funding
ASPECT: MARKET PRESENCE				
EC5	Complementary	Ratio between the minimum wage earned at REN and thenational minimum wage	6	The amount of the minimum wage earned at REN is 1.4 times the national minimum wage for 2013.
EC6	Essential	Contracting suppliers		The contracting process for the procurement of goods, services and construction work is based on the public procurement rules in force, more specifically the Public Contracts Code. This process is based on limited tendering, involving companies included on a list of qualified suppliers for various classes of relevant supplies. In 2013, REN had an average payment time of 33.03 days.

INDICATOR			GC	LOCATION + EVALUATION
EC7	Essential	Contracting top managers	6	REN does not have a policy that limits the hiring of topmanagers to a specific region of Portugal, to which itconfines its business.
ASPECT: INDIRECT ECONOMIC IMPACTS				
EC8	Essential	Development and impact of investment in the community, of a commercial nature, Pro Bono or in kind		**Pages 90-91** Initiatives are undertaken based on an assessment of community needs and spontaneous actions in response to the requests made by the institutions referred to.
EC9	Complementary	Description of significant indirect economic impacts for public benefit		**Pages 41-54, 63-66, 100-106**
ASPECT: AVAILABILITY AND RELIABILITY				
EU10	Sectoral	Coverage of long-term demand (including reserves)		REN collaborates with the Directorate General of Energy and Geology (DGEG) in the monitoring of SEN and SNGN supply security. Based on prospective reference information on the medium and long-term evolution of the electricity production and the national natural gas systems, the monitoring of supply security consists of assessing the supply-demand balance, taking into account supply and demand evolution and available supplies. This includes capacity increases which are under construction or planned, information necessary for drawing up draft reports on the monitoring of electricity and natural gas supply security.
ASPECT: DEMAND MANAGEMENT				
EU11	Sectoral	Average generation efficiency, broken down by energysource and by country or regulatory system		REN has no energy production activities and so it is not affected by this type of analysis.
ASPECT: SYSTEM EFFICIENCY				
EU12	Sectoral	Efficiency in energy transmission and distribution		**Pages 23-29, 41-44, 48-52**

ENVIRONMENTAL PERFORMANCE

INDICATOR			GC	LOCATION + EVALUATION
FORMS OF MANAGEMENT				**Pages 18-23, 41-58, 73, 97-98, 282**
ASPECT: MATERIALS				
EN1	Essential	Consumption of materials	8	**Pages 99**
EN2	Essential	Percentage of materials used that are recycled	8.9	**Pages 99**

INDICATOR			GC	LOCATION + EVALUATION
ASPECT: ENERGY				
EN3	Essential	Direct energy consumption		**Pages 105-106** All energy consumed by REN comes from fossil sources Only the consumption of fuel used during service in the REN fleet is calculated.
EN4	Essential	Indirect energy consumption		**Pages 105-106** REN's electricity supplier is EDP Serviço Universal and all information on the primary energy for electricity production can be found at the following link: www.edpsu.pt/pt/origemdaenergia/Pages/OrigensdaEnergia.aspx
EN5	Complementary	Energy conservation and efficiency	8.9	**Pages 99-106**
EN6	Complementary	Initiatives to provide products and services based on energy efficiency or on renewable energies and reductions in the consumption achieved	8.9	**Pages 99-106**
EN7	Complementary	Initiatives to reduce indirect energy consumption andreductions achieved	8.9	**Pages 99-106**
ASPECT: WATER				
EN8	Essential	Total water consumption	8	**Pages 100**
EN9	Complementary	Water resources affected	8	**Pages 100** There are no water resources which are significantly affected by REN operations in accordance with the criteria defined by GRI.
EN10	Complementary	Reused water	8.9	**Pages 100**
ASPETO:BIODIVERSIDADE				
EN11	Essential	Land in protected areas or areas with high biodiversity value outside protected areas	8	**Pages 106-107**

INDICATOR			GC	LOCATION + EVALUATION
EU13	Sectoral	Comparison between the biodiversity of restored habitats and that of original habitats		Monitoring plans have been implemented in work being done on lines and substations, in relation to environmental aspects with greater impact. REN has no way of measuring the original state of habitats as this relates to old facilities for which no information on the original state exists. **Pages 106-109**
EN12	Essential	Significant impacts on protected areas or areas with high biodiversity value outside protected areas		**Pages 106-109** Further information at: www.ren.pt/sustentabilidade/ambiente/biodiversidade_e_gestao_dos_ecossistemas/ and http://www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/medidas_compensatorias/
EN13	Complementary	Protected or restored habitats	8	**Pages 106-109** Further information at: www.ren.pt/sustentabilidade/ambiente/biodiversidade_e_gestao_dos_ecossistemas/ and www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/medidas_compensatorias/
EN14	Complementary	Managing impacts on biodiversity	8	**Pages 106-109** Further information at: www.ren.pt/sustentabilidade/ambiente/biodiversidade_e_gestao_dos_ecossistemas/ and www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/medidas_compensatorias/
EN15	Complementary	Number of species listed on the IUCN Red List and on the national conservation list of species with habitats in areas affected by REN	8	**Pages 107**
ASPECT: EMISSIONS, EFFLUENTS AND WASTE				
EN16	Essential	Direct and indirect emissions of greenhouse gases		**Pages 102**
EN17	Essential	Other indirect emissions of greenhouse gases	8	**Pages 102**
EN18	Essential	Initiatives to reduce the emissions of greenhouse gases	8.9	**Pages 102-105**
EN19	Essential	Emissions of ozone layer depleting substances	8	REN does not produce any products or services that use any ozone layer depleting substances. Over time, all climate control equipment containing ozone layer depleting gases has been replaced in accordance with REN's equipment replacement plan.
EN20	Essential	NOx, SOx and other significant emissions into the atmosphere	8	As a result of REN activity, the level of NOx and SOx emissions is considered irrelevant. Moreover, this indicator was not considered relevant by our stakeholders.
EN21	Essential	Waste water rejection	8	**Pages 100** 8 632.98 m3 were rejected by the Bucelas WWTP

INDICATOR			GC	LOCATION + EVALUATION
EN22	**Essential**	Production of waste by type and by final destination	8	**Pages 100**
EN23	**Essential**	Occurrence of spills during work	8	In 2013, seven spills of hazardous substances occurred From the spills recorded, all hydrocarbons, it was only possible to quantify one of them: - 1 spill of 300 l. From a perspective of continuous improvement, it is REN's aim to enhance the awareness of its employees and of the environmental monitoring teams to always record the amounts of hazardous substances spilled.
EN24	**Complementary**	Production of waste according to the Basel Convention	8	This indicator is not applicable, since the waste producedby REN is all sent to national waste management operators.
EN25	**Complementary**	Water resources and respective habitats affected by the rejection of waste water	8	**Pages 100**
ASPECT: PRODUCTS AND SERVICES				
EN26	**Essential**	Initiatives to assess and mitigate environmental impacts	8.9	**Pages 97-98, 107-109** Further information at: www.ren.pt/sustentabilidade/abordagem_da_ren, www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/avaliacao_ambiental_estrategica/ e www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/avaliacao_de_projectos/
EN27	**Essential**	Percentage that has been recovered from products soldand the respective packaging	8.9	This indicator is not applicable to REN's activity as the Company does not produce products with packaging.
ASPECT: COMPLIANCE				
EN28	**Essential**	Legal proceedings and penalties for breach of legislation on environmental issues	8	In 2013, 38 proceedings relating to administrative environmental offences were brought, seven cases were concluded and none considered REN culpable. 98 cases were carried forward from previous years. Sum paid in fines: 0 euros
ASPECT: TRANSPORT				
EN29	**Complementary**	Environmental impacts resulting from transportation	8	**Pages 102**
ASPECT: GENERAL				
EN30	**Complementary**	Costs and investments relating to environmental protection	8.9	**Pages 100-101**

SOCIAL PERFORMANCE - LABOUR PRACTICES

INDICATOR			GC	LOCATION + EVALUATION
FORMS OF MANAGEMENT				**Pages 18-23, 41-58, 73, 77, 280**
ASPECT: EMPLOMENT				
EU14	Sectoral	Retention and renewal of skilled labor		**Pages 81-85**
LA1	Essential	Employees per type of job		There are no part-time employees All work contract are full-time. **Pages 77-81** REN does not have supervised employees.
LA2	Essential	Rate of employee rotation by age, gender and region		The rotation rate by region is not applicable, as REN's operations are centred in Portugal. **Pages 78**
EU15	Sectoral	Percentage of employees eligible for retirement in the next 5 to 10 years		**Pages 78**
EU16	Sectoral	Policies and requirements relating to the health and safety of employees, contractors and subcontractors		**Pages 87-90**
EU17	Sectoral	Average of subcontracted employees		**Pages 87**
EU18	Sectoral	Training of subcontracted employees		**Pages 87-90**
LA3	Complementary	Benefits for full time employees	6	**Pages 85-86**
ASPECT: RELATIONS BETWEEN EMPLOYEES AND MANAGEMENT				
LA4	Essential	Employees covered by collective bargaining agreements	3	**Pages 85-86**
LA5	Essential	Minimum periods of notice in relation to operational changes	3	The notice periods follow those of the General Labour Law.
ASPECT: HEALTH AND SAFETY AT WORK				
LA6	Complementary	Employees represented on safety and occupational healthcommittees		**Pages 87-90** Percentage of total labor represented on formal health and safety committees 66%. Note: In 2012, the figure reported was not correct.

INDICATOR			GC	LOCATION + EVALUATION
LA7	Essential	Rates of injuries, occupational diseases, lost days, absenteeism and deaths resulting from work activities		**Pages 87-89** No of accidents resulting in Sick Leave for REN workers: 5 No of accidents not resulting in Sick Leave for REN workers: 3 No of occupational diseases: 0
LA8	Essential	Programmes relating to serious illnesses		**Pages 87-89**
LA9	Complementary	Topics related to health and safety, covered in formal agreements with trade unions		The topics covered are described under Title XV and under Annex IV of the Collective Bargaining Agreement.
ASPECT: TRAINING				
LA10	Essential	Annual training per employee		**Pages 81-85**
LA11	Complementary	Skills management programmes		**Pages 81-85**
LA12	Complementary	Employees with performance evaluation and careerdevelopment		100% **Pages 84-85**
ASPECT: DIVERSITY AND EQUAL OPPORTUNITIES				
LA13	Essential	Number of employees per diversity indicator	1.6	REN has two disabled employees. **Pages 77-81**
LA14	Essential	Ratio between men and women's base-salaries by functional category	1.6	The amount of salary earned at REN does not depend on gender but on the professional category and on the skills shown.

SOCIAL PERFORMANCE - HUMAN RIGHTS

INDICATOR			GC	LOCATION + EVALUATION
FORMS OF MANAGEMENT				**Pages 18-23, 41-58, 73, 280**
ASPECT: INVESTMENT PRACTICES AND PROCUREMENTPROCEDURES				
HR1	Essential	Investment agreements with clauses on human rights	1.2.4. 5.6	In Portugal, aspects relating to human rights are covered by the Constitution and in the General Labour Law. However, REN is preparing a specification to be included in the lists of specifications, which will address requirements on social responsibility to be fulfilled in undertakings and in contracts for the provision of services, which will include human rights.

INDICATOR			GC	LOCATION + EVALUATION
HR2	Essential	Suppliers evaluated on human rights	1.2.4. 5.6	Legal compliance is validated during the supervision ofsubcontractors and during audits REN complies with Portuguese law, more specifically by ensuring human rights as reflected in the company's Code of Conduct (see answer HR1).
HR3	Complementary	Training of employees on human rights	1.4.5	0% Although REN has not promoted any specific training initiative on human rights, the Company's Code of Conduct covers compliance with human rights, and is known to all employees. Additionally, REN is a signatory to the principles of the UN Global Compact.
ASPECT: NON-DISCRIMINATION				
HR4	Essential	Incidents involving discrimination and actions taken	1.6	REN complies with Portuguese legislation ensuring human rights and is a signatory to the principles of the UN Global Compact. No incidents involving discrimination were identified in 2013.
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVEBARGAINING				
HR5	Essential	Freedom of association and collective bargaining	1.3	REN guarantees the freedom of association andnegotiates in accordance with the ethical principles and conduct standards established in the Code of Conduct In 2013, no situations were identified in which the right of freedom of association and collective negotiation were at risk. The mechanisms relating to the right to strike are guaranteed by national legislation.
ASPECT: CHILD LABOUR				
HR6	Essential	Risk of child labour	1.5	REN complies with Portuguese legislation prohibiting the contracting of child labour and is a signatory to the principles of the UN Global Compact. Legal compliance is validated during supervision and audits.
ASPECT: FORCED AND SLAVE LABOUR				
HR7	Essential	Risk of forced and slave labour	1.4	REN complies with Portuguese legislation prohibiting the contracting of child labour and is a signatory to the principles of the UN Global Compact. Legal compliance is validated during supervision and audits.
ASPECT: SAFETY PRACTICES				
HR8	Complementary	Security personnel trained in human rights	1.2	0% REN complies with Portuguese legislation ensuring human rights and is a signatory to the principles of the UN Global Compact. Legal compliance is validated during the supervision of subcontractors and during audits.
ASPECT: INDIGENOUS RIGHTS				
HR9	Complementary	Cases of violation of the rights of indigenous people	1	REN's business is conducted in Portugal and so this indicator is not applicable.

SOCIAL PERFORMANCE - SOCIETY

INDICATOR			GC	LOCATION + EVALUATION
FORMS OF MANAGEMENT				**Pages 18-23, 41-58, 73, 280**
ASPECT: COMMUNITY				
EU6	Sectoral	Availability and Reliability of energy supply		**Pages 20-29**
EU19	Sectoral	Decision-making processes participated in by communities		http://www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/avaliacao_ambien-tal_estrategica/
EU20	Sectoral	Management of impacts resulting from involuntary changes / displacement		The notice periods follow those of the General Labour Law, and the measures set out in Chapter II, Section I of the ACT are complied with.
EU21	Sectoral	Planning and response to disasters / emergencies		**Pages 87-89**
SO1	Essential	Managing impacts on communities		**Pages 90-91**
EU22	Sectoral	Movement of persons as a result of expansion or construction of production facilities and transmission lines, from an economic and physical standpoint		A significant part of construction of infrastructure on a national level is outsourced. Most construction takes place at a local level.
ASPECT: CORRUPTION				
SO2	Essential	Assessment of corruption risks	10	The Group's accounts are audited by an independentauditor and are subject to external legal certificationin accordance with applicable regulations, and it is not therefore our practice to carry out a risk analysis for corruption within REN's units or business areas. It should be noted that, to date, there have been no cases against REN companies.
SO3	Essential	Training of employees in anti-corruption practices	10	0% Although the REN has not promoted any specific traininginitiative on anti-corruption policies and procedures, thecompany's Code of Conduct defines the mechanisms forreporting any possible irregularities and violations of the Code (Article 20).
SO4	Essential	Actions taken in the event of cor-ruption	10	No corruption cases have been detected involving any of the REN companies See SO2.
ASPECT: PUBLIC POLICY				
SO5	Essential	Position on public policies and lobbying practices	10	REN collaborates in the preparation of studies and indiscussion forums for the sector at government level,more specifically: – Active follow-up in the drafting of EU legislation and establishment of contacts with its institutions (European Commission and European Parliament) – Regular participation in different projects and working groups of international organisations in the electricity and natural gas sectors, more specifically in ENTSO-E, ENTSO-G, Med-TSO, FOSG, CCE, Eurelectric and Cigré, which actively influence European policies and promote good practices for the sector – Promotion of European sessions to debate current and innovating topics at the Open Days of Regions – Combined work with DGEG and ERSE in the establishing of new European network codes for the natural gas and electricity sectors

INDICATOR			GC	LOCATION + EVALUATION
SO6	Complementary	Funding of political parties		REN does not fund any political parties, and this is an activity forbidden by law in Portugal.
ASPECT: UNFAIR COMPETITION				
SO7	Complementary	Lawsuits for unfair competition, antitrust and monopoly practices		The REN is the sole concession holder for the transmission of energy in Portugal. Our work is regulated, and therefore it has no interference in setting prices.
ASPECT: COMPLIANCE				
SO8	Essential	Monetary value of significant fines and total number ofnon-monetary sanctions for non-compliance with laws andregulations		In 2013, there were no fines or non-monetary sanctions.

SOCIAL PERFORMANCE - PRODUCT

INDICATOR			GC	LOCATION + EVALUATION
FORMS OF MANAGEMENT				**Pages 18-23, 23-29, 41-58, 280**
ASPECT: ACCESSIBILITIES				
EU23	Sectoral	Programmes, partnerships with the Government, to improve and maintain access to electrical services		Please see answer for indicator SO5.
ASPECT: AVAILABILITY OF INFORMATION				
EU24	Sectoral	Practices for dealing with language, cultural, educational and physical barriers to access and the safe use of electrical services		REN does not distribute power to retail or end-user consumers. However, where appropriate, the Company publishes information to clarify the general public on relevant issues on the impact of energy transmission.
ASPECT: HEALTH AND SAFETY OF THE CLIENT				
PR1	Essential	Health and safety relating to products and services		**Pages 23-29, 41-44, 48-52**
PR2	Complementary	Cases of legal non-compliance relating to impacts of products and services on health and safety		In 2013, in the audit for the second monitoring of certification conducted by APCER (Portuguese Certification Association), two non-conformities were detected relating to requirement 4.2 – in standard NP 4379:2008 on Health and Safety at Work Management Systems.
EU25	Sectoral	Number of deaths and injuries, including diseases caused by REN's infrastructures to people outside the Company		Zero. There were no occurrences in 2013.

INDICATOR			GC	LOCATION + EVALUATION
ASPECT: LABELLING OF PRODUCTS AND SERVICES				
PR3	Essential	Information on products and services required by regulations	8	**Pages 23-29, 41-44, 48-52**
PR4	Complementary	Cases of legal non-compliance relating to information on products and services and labelling	8	There were no cases of non-compliance recorded on the information available in 2013.
PR5	Complementary	Client satisfaction		**Pages 76** Further information at: http://www.ren.pt/sustentabilidade/partes_interessadas/clientes/
ASPECT: ADVERTISING				
PR6	Essential	Programs of voluntary codes relating to marketingcommunications, including advertising, promotion andsponsorship		The principles by which REN is governed in terms ofcommunication are covered in the Company's Code of Conduct (Article 14).
PR7	Complementary	Cases of legal non-compliance concerning voluntarycodes related to marketing communications, includingadvertising, promotion and sponsorship		There were no recorded cases of non-compliances relating to communication, marketing, advertising, promotion and sponsorship in 2013.
ASPECT: CLIENT PRIVACY				
PR8	Complementary	Complaints regarding breaches of client privacy		REN complies with Portuguese legislation regarding the confidentiality of information. This principle is covered in the Company's Code of Conduct. No complaints have been identified regarding breaches of client privacy.
ASPECT: COMPLIANCE				
PR9	Essential	Fines for legal non-compliance relating to the provision and use of products and services		No fines were recorded in 2013 for legal non-compliance relating to the provision and use of products and services
ASPECT: ACCESSIBILITIES				
EU26	Sectoral	Percentage of population not supplied in areas ofconcessioned distribution, by rural and urban area		REN's activity does not include power distribution, so this indicator is not applicable.
EU27	Sectoral	Interruptions to domestic supply and respective duration due to non-payment		REN's activity does not include distribution, so this indicator is not applicable.
EU28	Sectoral	Interruption of supply		**Pages 23-29, 41-44, 48-52**

INDICATOR			GC	LOCATION + EVALUATION
EU29	Sectoral	Average duration of supply interruptions		**Pages 23-29, 41-44, 48-52**
EU30	Sectoral	Average coefficient of availability of a plant per energy source, country and regulatory system		REN's activity does not include distribution, so this indicator is not applicable-

METHODOLOGICAL NOTES

INDICATOR		DEFINITION / CALCULATION CRITERIA
EN1	Lubricating oils	The average density value used for the conversion of the volume of lubricating oils to mass units was 0.89 kg/dm^3.
EC1	Direct economic value generated:	Corresponds to the sum of net added value, net income not related to VAB, financial income and dividends from subsidiaries, subtracted from other costs and losses.
	Economic value distributed	Corresponds to the costs relating to employees and management bodies, dividends paid to shareholders, interest payments, payments to the State in taxes, Corporate Income Tax and community support.
	Accumulated economic value	Corresponds to the subtraction of the economic value distributed from the direct economic value generated.
EN3	Diesel	Diesel net calorific value taken from the table of the Portuguese Environment Agency for net calorific values, emission factor and oxidation factor obtained from National Inventory of Atmospheric Emissions (INERPA) published in 2013: 43.07 GJ/t.
	Petrol	Petrol net calorific value taken from the table of the Portuguese Environment Agency for net calorific values, emission factor and oxidation factor obtained from National Inventory of Atmospheric Emissions (INERPA) published in 2013: 44.00 GJ/t.
	Natural Gas	Natural gas net calorific value taken from the table of the Portuguese Environment Agency for net calorific values, emission factor and oxidation factor obtained from National Inventory of Atmospheric Emissions (INERPA) published in 2013: 38.44 GJ/t.
	Propane	Propane gas net calorific value taken from the table of the Portuguese Environment Agency for net calorific values, emission factor and oxidation factor obtained from National Inventory of Atmospheric Emissions (INERPA) published in 2013: 48.45 GJ/t.
EN16	Direct and indirect emissions of greenhouse gases	Total amount of direct emissions of greenhouse gases (SF_6 used as dielectric insulator, CH_4 from the purges of the gas pipeline, and CO_2 from the boilers) and indirectemissions (through the consumption of electricity and network losses).
	Electricity	In 2012, monthly emission factors were used which correspond to the figure provided by REN's energy supplier, EDP Serviço Universal (www.edpsu.pt/pt/origemdaenergia/Pages/OrigensdaEnergia.aspx).
	Diesel	Diesel emission factor taken from the table of the Portuguese Environment Agency for net calorific values, emission factor and oxidation factor obtained from National Inventory of Atmospheric Emissions (INERPA) published in 2013: 0.0741 tCO_2 eq/GJ.
	Petrol	Petrol emission factor taken from the table of the Portuguese Environment Agency for net calorific values, emission factor and oxidation factor obtained from National Inventory of Atmospheric Emissions (INERPA) published in 2013: 0.0737 tCO_2 eq/GJ.

INDICATOR		DEFINITION / CALCULATION CRITERIA
	Natural Gas	Natural gas emission factor taken from the table of the Portuguese Environment Agency for net calorific values, emission factor and oxidation factor obtained from National Inventory of Atmospheric Emissions (INERPA) published in 2013: 0.0566 tCO_2 eq/GJ.
	Propane	Propane gas emission factor taken from the table of the Portuguese Environment Agency for net calorific values, emission factor and oxidation factor obtained from National Inventory of Atmospheric Emissions (INERPA) published in 2013: 0.0631 tCO_2 eq/GJ.
	CH_4 (purges)	Potential global warming value of CH_4 defined by the Intergovernmental Panel on Climate Change (IPCC 2013): 28 tCO_2eq (considering a composition of 87.89% CH4 in Natural Gas).
		Valor de Potencial de Aquecimento Global do SF_6 definido pelo Regulamento (CE) n.º 842/2006 do Parlamento Europeu e do Conselho, de 17 de maio de 2006, relativo a determinados gases fluorados com efeito de estufa: 22.200 tCO_2eq.
	SF_6 (leaks)	Potential Global Warming Value of SF_6 defined by European Parliament and Council Regulation (EC) No 842/2006 of 17 May 2006 on certain fluorinated greenhouse gases: 22 200 tCO_2eq.
EN17	Other indirect emissions of greenhouse gases	Calculated using the calculation method for GHG emissions associated with transportation of passengers by plane DEFRA (2012 Guidelines to Defra / DECCs GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors). Only Scope 3 direct emissions were considered, corresponding to emissions associated with burning of fuel in flights. The following assumptions were made: • All flights made within Europe, except for domestic flights, were deemed short-haul. The long-haul flights correspond to intercontinental flights. • All the distances were obtained from data provided by the travel agencies which sold the tickets. • As the number of trips made in economy class or executive class is not known exactly, it was considered that all trips corresponded to average seats; • The calculation of the passenger/km indicator was made by considering that each ticket issued corresponds to one passenger and one trip.
EN21	Waste water rejection	Rejection of waste water associated with the LNG regasification process and leaching of the cavities for underground storage of natural gas.
LA2	Rotation rate	• People leaving the company / average headcount (full contract workers + term + interns).
LA7	Absenteeism rate	Ratio of the sum of paid leaves of absence (due to illness, accident, maternity and other reasons) and unpaid absences, divided by the total number of theoretical working hours.
	Incidence rate	Measures the number of fatal and non-fatal occupational accidents occurring in a given period per one thousand employees at risk in that same period.
	Severity rate	Measures the number of days lost through non-fatal accidents that occur in a given period of time per every million hours worked during the same period.
EU27	Average frequency of system interruption (SAIFI)	Ratio of the total number of interruptions at delivery points, during a specific period, divided by the total number of delivery points in the same period. **Electricity:** SAIFI corresponds to the average number of accidental interruptions greater than three minutes seen at delivery points during a specific period of time. **Gas:** SAIFI corresponds to the average number of accidental interruptions greater than three minutes seen at delivery points during a specific period of time (generally, one year).
EU28	Average duration of supply interruptions (SAIDI)	Ratio of the sum of interruption times at delivery points, during a specific period, divided by the total number of delivery points in the same period. **Electricity:** SAIDI for a specific period of time (generally, one year) is the average accidental interruption time greater than three minutes at delivery points. **Gas**: SAIDI for a specific period of time (generally, one year) is the average accidental interruption time at delivery points.

To the board of Directors of
REN - Redes Energéticas Nacionais, SGPS, S.A.

Independent verification of sustainability information included in the Annual Report 2013 of REN - Redes Energéticas Nacionais, SGPS, SA

(Free translation from the original in Portuguese)

Introduction

In accordance with the request of the board of Directors of REN - Redes Energéticas Nacionais, SGPS, S.A. (REN), we performed an independent verification of sustainability information included in the Annual Report 2013 (Report), in particular the chapter "4. Sustainability at REN" and respective "GRI Index". Independent verification was performed according to instructions and criteria established by REN, as referred in the Report, and according to the principles and extent described in the Scope below.

Responsibility

REN's Board of Directors is responsible for all the information presented in the Report, as well as for the assessment criteria and for the systems and processes supporting information collection, consolidation, validation and reporting. Our responsibility is to conclude on the adequacy of the information, based upon our independent verification standards and agreed reference terms. We do not assume any responsibility over any purpose, people or organization.

Scope

Our procedures were planned and executed using the International Standard on Assurance Engagements 3000 (ISAE 3000) and having the Global Reporting Initiative, version 3 (GRI3) and AA1000APS Accountability Principles Standard 2008 as reference, in order to obtain a moderate level of assurance on both the performance information reported and the underlying processes and systems. The extent of our procedures, consisting of inquiries, analytical tests and some substantive work, was less significant than in a full audit. Therefore, the level of assurance provided is also lower.

For the GRI3 and AA1000APS standard, our work consisted on the verification of the management's self declaration on the application level of the GRI3 and level of adherence to the AA1000APS principles.

The following procedures were performed:

(i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the Report;
(ii) Identify the existence of internal management procedures leading to the implementation of economical, environmental and social policies;

(iii) Testing the efficiency of process and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned;
(iv) Confirming, through visits to sites, that operational units follow the instructions on collection, consolidation, validation and reporting of performance indicators;
(v) Executing substantive procedures, on a sampling basis, in order to collect sufficient evidence to validate reported information;
(vi) Comparing financial and economical data with the audited by the external financial auditor to assess on the external validation of the information reported;
(vii) Assess the level of adherence to the principles of inclusivity, materiality and responsiveness set by AA1000APS 2008, by analyzing the contents of the report and the internal stakeholder engagement plan in accordance with AA1000APS; and
(viii) Confirming the existence of data and information required to reach level A of compliance with GRI3, self declared by REN on the Report.

Data and information analyzed include, beside the contents of the Report, information referred on the Report and available at the 2013 Annual Report.

Independence

We develop our work in line with standard ISAE 3000 independence requirements, including compliance with PwC's independence policies and code of ethics of the International Ethics Standards Board of Accountants (IESBA).

Conclusions

Based on our work described in this report, nothing has come to our attention that causes us to believe that internal control related to the collection, consolidation, validation and reporting of the performance information referred above is not effective, in all material respects.

Based on the assumptions described on the scope, we conclude that the Report includes the data and information required for level A, according to GRI3.

Comments/Remarks

During the verification process, we identified areas and opportunities for improvement, which will be included in a report to management. Notwithstanding the above findings, we believe that the REN should consider the following comments, which aim to improve the sustainability reporting of REN:

- It stands out as a positive aspect the new Sustainability Information System, implemented in 2012 by REN, for collecting, monitoring and reporting the sustainability information. It is recommended to ensure the collection and reporting of sustainability information with the periodicity established in the system, as well as the maintenance of evidence that supports the data reported, in order to allow regular and systematic monitoring of REN in this matter.
- Principle of inclusivity: REN revised in 2013 the stakeholder mapping and conducted a consultation process in terms of sustainability. The results will be considered in the review of the strategic sustainability priorities, to be reported in the sustainability report of 2014. Additionally, REN has several periodic or continuous communication/engagement mechanisms with its stakeholders, thus ensuring regular interaction with them.

- Principle of materiality: REN periodically reviews the relevant sustainability issues in which focus its management and communication, using objective criteria and processes for the purpose. REN conducted in 2013 a new stakeholder consultation, whose results should be included in sustainability reporting 2014.
- Principle of responsiveness: REN seeks to address the information needs and concerns of their stakeholders and define sufficient mechanisms for this purpose. The adoption of international standards and guidelines of reference in its management and reporting of information ensures the comprehensiveness and relevance of sustainability information managed and communicated. It is recommended a greater alignment of sustainability reporting with the issues identified as relevant in this matter.

Lisbon, March 21, 2014

PricewaterhouseCoopers & Associados SROC, Lda.

Represented by:

António Joaquim Brochado Correia, ROC

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REN

GLOSSARY

FINANCIAL GLOSSARY

CAPEX
Capital expenditure on acquisitions andupgrades of tangible fixed assets

DEBT TO EQUITY RATIO
Net debt/equity

NET DEBT
Short and long-term financial debt – cash balances

DIVIDEND PER SHARE
Ordinary dividend / total number of shares outstanding

EBIT
Earnings before interest and taxes

EBITDA
Earnings before interest, taxes, depreciation and amortisation
(operating profit, excluding amortisation and depreciation)

OPEX
Operational expenditure

PAYOUT RATIO
Ordinary dividend/net profit

RAB
Regulated Asset Base

RCCP
Current ROE

RETURN ON ASSETS (ROA)
EBIT/total assets

RETURN ON EQUITY (ROE)
Net profit/Equity

TURNOVER
Sales plus services provided

VAB
Value Added Tax

TECHNICAL GLOSSARY

ACRONYMS

AA
Environmental Assessment

AA1000
Assurance Standard 2008

AA1000APS
Accountability Principles Standard

AA1000SES
Stakeholder Engagement Standard

AAE
Strategic Environmental Assessment

ACER
Agency for the Cooperation of Energy Regulators

ACT
Collective Bargaining Agreement

AGC
Agreement on the Management of Natural Gas Consumption

AGSI
Aggregated Gas Storage Inventory

APA
Portuguese Environment Agency

APAI
Portuguese Association for Impact Assessment

BCSD
Business Council for Sustainable Development

BV
Block Valve Station

BTN
Normal Low Voltage

CAE
Energy Emission Contracts

CDP
Carbon Disclosure Project

CELE
European Union Emission Trading Scheme

CEM
Electric and Magnetic Fields

CEO
Chief Executive Officer

CER
Certified Emissions Reductions

CESUR
Power Purchase Agreements for the Supplier of Last Resort

CIGRÉ
International Council on Large Electric Systems

CIT
Individual Employment Contract

CMVM
Portuguese Securities Market Regulator

CO
Certificates of Origin

CO_2
Carbon dioxide (greenhouse gas)

CODEMO
Portuguese Code for Market Research and Opinion Studies

CRH
Human Resources Committee

CT
Term Contracts

CTS
Custody Transfer Station

DACF
Day Ahead Congestion Forecast

DGEG
Department of Energy and Geology

DR
Diário da República [Portuguese official journal]

DRS
Disaster Recovery System

DWDM
Dense Wavelength Division Multiplexing

EC
European Commission

ECS
Environmental Framework Studies

ECSI
European Customer Satisfaction Index

ECX
European Climate Exchange

EDP
Energias de Portugal, S.A.

EEGO
Issuing Entity for Cogeneration Guarantees of Origin

EGIG
European Gas pipeline Incident Data Group

EIA
Environmental Impact Assessment

EIB
European Investment Bank

EIncA
Study of Environmental Incidences

EIS
Environmental Impact Statement

EIT
Equivalent Interruption Time

Elecpor
Portuguese Association of Companies in the Electricity Sector

EMTN
Euro Medium Term Notes

ENAAC
National Strategy for Adaptation to Climate Changes

ENS
Non Supplied Energy

ENTOS-E
European Network of Transmission System Operators for Electricity

ENTSO-G
European Network of Transmission System Operators for Gas

EPIS
Entrepreneurs for Social Inclusion

ERGEG
European Regulators Group for Electricity and Gas

ERSE
Energy Services Regulatory Authority

ESOMAR
European Society for Opinion and Marketing Research Association

ETA
Electricity Transmission Activity

ETS
Emissions Trading Scheme

ETSO
European Transmission System Operators

EU
European Union

EUA
European Unit Allowances

EURELECTRIC
European Union of Electricity Companies

FAI
Innovation Support Fund

FBF
Firefly Bird Flapper

FEUP
School of Economics, University of Porto

FP7

7th Framework Program of the European Community on research, technological development and demonstration activities

FSR

Florence School of Regulation

GDP

Gás de Portugal, SGPS, S.A.

GDP

Gross Domestic Product

GGS

Global System Management

GHG

Greenhouse gases

GNL

Liquefied Natural Gas

GNR

Guarda Nacional Republicana [Portuguese National Guard]

GO

Guarantees of Origin

GPEARI

Planning, Strategy, Evaluation and International Relations Office

GRI

Global Reporting Initiative

GRMS

Gas Regulating and Metering Station

GSE

Gas Storage Europe

GVA

Gross Value Added

HICP

Harmonised Index of Consumer Prices

HIV

Human Immunodeficiency Virus

HV

High Voltage

ICE
Intercontinental Exchange

ICJCT
Interconnection Junction Station

ICNB
Institute for Conservation of Nature and Biodiversity

IDAD
Institute for the Environment and Development of the University of Coimbra

IEA
International Energy Agency

IES
Independent Electricity System

IFRS
International Financial Reporting Standards

IGU
Independent Gasification Units

INE
Portuguese Institute of Statistics

INESC
Institute of Systems and Computer Engineering

IOPS
Official Social Welfare Institutions

IP
Internet Protocol

IPCTN09
Survey of the National Scientific and Technological Potential, 2009

IPSS
Private Institutions of Social Solidarity

IRC
Corporate Income Tax

ISAE 3000
International Standard on Assurance Engagements 3000

ISDA
International Swap and Derivatives Association

ISO
International Organization for Standardization

ISQ
Welding and Quality Institute

IST
Higher Technical Institute

iTELSA
Innovative Tools for Electrical System security within Large Areas

IUCN
International Union for conservation of Nature

JCT
Junction Station

KPI
Key Performance Indicator

LABELEC
Research, Development and Laboratory Activities

LBG
London Benchmarking Group

LNEG
National Laboratory for Energy and Geology

LNG
Liquefied natural gas

LPN
League for the Protection of Nature

MBA
Master of Business Administration

MC
Market Committee

MEC
Portuguese Ministry of Science and Education

MEDGRID
Consortium with the goal of promoting the development of electrical interconnections between the North, South and East Mediterranean

MEFF
Spanish Futures and Options Exchange

MERGE
Mobile Energy Resources for Grids of Electricity

METSO
Mediterranean Transmission System Operators

MIBEL
Iberian Electricity Market

MLT
Medium- and Long-Term

MoDPEHS
Modular Development of a pan-European Electricity Highway System

MPAI
Procedures of Access to Infrastructures Manual

MPGTG
System Global Management Procedures Manual

MTSP
Municipal Tax on Sale of Property

NATO
North Atlantic Treaty Organization

NG
Natural Gas

OECD
Organisation for Economic Co-operation and Development

OHS
Occupational Health and Safety

OHSAS
Occupational Health and Safety Advisory Services

OMEL
Operador del Mercado Ibérico de Energía – Polo Español, S.A. [Spanish Cluster]

OMI
Iberian Market Operator

OMICLEAR
Sociedade de Compensação de Mercados de Energia, S.A.

OMI
Operador do Mercado Ibérico de Energia Energía (Pólo Português), S.A. [Portuguese Cluster]

PAPI
Pen and Paper Interview

PDIR
Development and Investment Plan of the Electricity Transmission Network

PDIR
Development and Investment Plan of the RNTIAT

PEGASE
Pan European Grid Advanced Simulation and state Estimation

PNALE
Portuguese Emission Licence Award Plan

PNBEPH
Portuguese Plan for High Hydraulic Potential Dams

PNDI
Natural Park of International Douro

PNLE II
Portuguese Emission Licence Award Plan

POC
Portuguese Official Accounting Plan

PPA
Power Purchase Agreements

PPDA
Environmental Performance Promotion Plan

PPEC
Plan for the Promotion of the Efficient Use of Electricity

PRE
Subsidised producers

PREn
Plan for the Rationalization of Energy Consumption

PRV
Variable Remuneration Program

PSP
Portuguese Police Force

QAS
Quality, Environment and Safety

QP
Permanent Staff

QSR
Quality of Service Regulation

QUERCUS
National Association for Nature Conservation

R&D
Research & Development

RDC
Research and Development Committee

RDI
Industrial Data Network

RDI
Research, Development & Innovation

RECAPE
Environmental Compliance Report on the Execution Project

RECS
Renewable Energy Certificate System

REIVE
Power lines with Smart Electric Vehicles

REN TELECOM
REN TELECOM – Comunicações, S.A.

RES
Renewable Energy Sources Directive

RH
Human Resources

RNDGN
National Natural Gas Distribution Network

RNT
National Electricity Transmission Network

RNTGN
National Natural Gas Transmission Network

RNTIAT
National Natural Gas Transmission Network, Storage Infrastructure and LNG Terminals

SAIDI
System Average Interruption Duration Index

SAIFI
System Average Interruption Frequency Index

SAP
Systems of applications and products for data processing

SARI
System Average Restauration Index

SCADA
Supervisory Control and Data Acquisition

SDC
System Development Committee

SDH
Synchronous Digital Hierarchy

SEN
National Electricity System

SEP
Public Electricity Supply System

SGCIE
Intensive Energy Consumption Management System

SGNL
Sociedade Portuguesa de Gás Natural Liquefeito, S.A.

SGPS
Holding Company

SGRI
South Gas Region Initiative

SIFIDE
System of Tax Incentives for Research and Development

SIGQAS
Integrated Management System for Quality, Environment and Safety

SNGN
National Natural Gas System

SOC
System Operations Committee

SRPV
Service of Private Voice Networks

SS
Substation

SSSV
Safety Valves on Surface

TEE
Transmission of Electrical Power

TEN
Trans-European Networks

TSO
Transmission System Operators

TYNDP
Ten-Year Network Development Plan

UGS
Tariff of Global Use of the System

URT
Tariff of Use of the Transmission Network

US
Under Storage

VHV
Very High Voltage

VHVL
Very High Voltage Lines

ZCA
Hunting Area

ZPE
Special Protection Areas

UNITS

bcm	109 cubic metres
cent	Euro cents
CO_2	carbon dioxide
EUR	Euro
€	Euro
GHz	gigahertz
GJ	gigajoule
GW	gigawatt
GWh	gigawatt hour
k€	thousand of Euro
km	kilometre
kV	kilovolt
kWh	kilowatt hour
m^3	cubic metre
m^3(n)	normal cubic metre (volume of gas measured at 0º Celsius and at the pressure of 1 atmosphere)
M€	million Euros
mEuros	thousand of Euro
MVA	megavolt-ampere
Mvar	megavolt-ampere reactive
MW	megawatt
MWh	megawatt hour
p.p.	percentage points
s	second
t	tonne
tcm	1012 cubic metres
tCO_2eq	Tonne of CO2 equivalent
TWh	terawatt-hour

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GREEN LIGHT
FOR THE **FUTURE**

Because we all have an active role in protecting the environment, REN provides, for the second consecutive year, its Annual Report in digital format only. This is a working version, to be used only in REN´s General Shareholders Meeting.

Consult it in **www.ren.pt**

REN

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