REN

ANNUAL REPORT 2012

A NETWORK
IN EVOLUTION

REN

ANNUAL REPORT **2012**

A NETWORK
IN EVOLUTION

A NETWORK IN EVOLUTION

REN IS PART OF A MORE MODERN FUTURE

Equipped with a network infrastructure in constant evolution, we are ready to face any challenge and produce even better results. We want to expand our potential to new international destinations with the same level of efficiency which has always been our trademark, thus contributing to the general well-being of the people we serve. We are continuing to improve your day-to-day life through networks which transmit progress.

REN. A NETWORK IN EVOLUTION

INDEX

"OVERALL REN WILL CONTINUE TO GROW, WHILE RETAINING ITS FOCUS ON ITS CORE COMPETENCES: PLANNING, BUILDING AND OPERATING ENERGY TRANSMISSION SYSTEMS."

RUI CARTAXO
Chairman of the Board of Directors

REN REDES ENERGÉTICAS NACIONAIS

01 MESSAGE FROM THE CHAIRMAN

THIS WAS A DIFFICULT YEAR BUT ALSO AN IMPORTANT TURNING POINT FOR REN.

Dear Shareholders,

2012 was the most difficult year for the Euro zone since the 2008 financial crisis took its toll. The split between core and peripheral countries with regard to the access and cost of funding remained highly significant for most of the year, especially during the first half. In the second half, that gap started to shrink but recession spread to virtually all the Member States of the European Union, including Germany.

In Portugal, the recession caused a continuous increase in unemployment and contraction of economic activity. The most positive sign was the reorientation of demand and supply towards tradable goods and services, which resulted in the first surplus of the external balance of goods and services in decades.

As a result of the recession and the financial crisis, the demand for energy displayed a further reduction in 2012 and energy consumption in Portugal is currently lower than its 2006 level.

REN has a business model that is relatively robust against changes in the demand for energy, at least in the short to medium-term. However, the Company was not totally immune to the recession. The need for new power and gas transmission infrastructures displayed a significant slowdown which translated into a sizeable reduction of our investment versus 2011.

REN´s good operational performance allowed for an increase of its net income in spite of the worsening cost of debt.

EBITDA continued to show robust growth (+8.9%). This reflects several factors, but I would highlight REN's good response to the efficiency challenges posed by the regulatory framework, as well as the timely and efficient manner in which several important investment projects were concluded and put into operation. Also, EBITDA reflected an increase in the average rate of return on electricity regulated assets, partly linked to the rise in interest rates.

Net financial income deteriorated by €32.7 million reflecting the increasingly difficult conditions in new funding as well as the impact of the downgrading of the company's rating on several loans. This was especially the case with the 2008 five-year bond issue which contained step-up clauses that became effective after November 2011.

Among the projects completed in 2012, the LNG terminal upgrade stands out as a landmark for energy supply security. This is all the more important as it reinforces the capacity to diversify the sourcing of natural gas.

In addition to being a year that demonstrated REN´s resilience to adverse macroeconomic conditions, 2012 was also the year in which REN became a private company. In May 2012, Parpública sold 40% of REN's share capital to the State Grid Corporation of China (25%) and to the Oman Oil Corporation (15%). The Portuguese State retained 11%.

Extract from REN´s 2012 Annual Report. Read the full report for more information.

The success of the above transaction has provided REN with a reinforced and more diversified shareholder base. State Grid is the largest utility in the world and brings us a global perspective, as well as strong financial support and help in some additional areas of technical expertise. Oman Oil, being an international financial investor in energy companies, also adds to our global capacities and visibility.

As a result, our company now stands in a better position for the next stage of its development. Our concessions in Portugal will remain our main focus and the main source of value creation for our stakeholders. But at the same time as we continue to improve our efficiency in the core concessions, we are about to start developing new sources of value creation outside Portugal. The same skills that allowed us to reach a record level of quality of service and continuity of supply in 2012 will be used to further raise the efficiency of our Portuguese operations and to start exporting some of those technical capabilities.
Our company is about to enter a new and exciting phase of its life. Recognizing the limits of value creation in the domestic market, we have defined cost efficiency as an absolute priority in Portugal and the development of new business opportunities beyond the existing concessions as a way forward to find additional sources of value creation. Overall REN will continue to grow, while retaining its focus on its core competences: planning, building and operating energy transmission systems.

We are aware of the important role that REN's dividend plays in overall shareholder return. In coming years, our shareholders will continue to enjoy a steady high-yield dividend, as was clearly (re)stated during the presentation of the Strategic Plan to the market during REN's Investor Day.

People are our company's major asset. Strong technical skills and a culture of team work form the basis for our commitment to high quality and continuity of supply to all users of our infrastructures. In 2012, we achieved zero interruption time, both in electricity and natural gas.

We continued to invest in the integration of sustainability into our day-to-day activities, promoting the engagement of all stakeholders and accompanying the development of the communities where we work. We were proud to see our commitment to transparency, best practices and sustainable development, be publicly recognized both in Portugal and internationally. We will continue to actively endorse the UN Global Compact principles and encourage all our stakeholders to promote sustainable development in their activities.

In relation to corporate governance, REN's Board is committed to adopting measures that can further improve our performance, which was already recognized in 2012 amongst the top ranking companies for compliance with corporate governance recommendations.

I would like to thank REN's Audit Committee for their valuable contribution and advice.

This was a difficult year but also an important turning point for REN. We are proud of what we have achieved and look forward to the upcoming challenges. I thank REN's employees for their hard work, and our shareholders and business partners for their trust and continuous support.

Rui Cartaxo
Chairman of the Board of Directors

02 REN AT A GLANCE

2.1 PROFILE

CORPORATE FRAMEWORK

The year 2012 saw the start of a new phase for the company in which the majority of equity capital, until then held by state companies, passed to the hands of private entities.

This change was the result of the second stage of the REN privatization process, approved by Decree-Law No 106-B/2011 of 3rd November. Unlike the first REN privatization stage, which allowed part of the company's capital to be placed into the regulated market, the main aims of the second stage were to strengthen the development of the company and to comply with commitments made by Portugal in the Memorandum of Understanding on Specific Economic Policy Conditionality established between the Portuguese Government, the International Monetary Fund, the European Commission and the European Central Bank. This second stage of privatization took place through the direct sale of 40% of REN capital held by Parpública – Participações Públicas, SGPS, S.A., to two strategic investors:

- 25% of REN equity capital was acquired indirectly by the State Grid Corporation of China; and
- 15% of REN equity capital was acquired directly by the Oman Oil Company.

As part of the conditions formulated by the Portuguese Government requiring the presentation of a suitable strategic project for the company within the scope of the second stage of privatization, two strategic partnership agreements were signed with the new REN shareholders, with special emphasis on the agreement with State Grid Corporation of China, which acquired the status of REN Strategic Industrial Partner. These agreements, which establish a number of commitments for cooperation and relations with key entities in the world energy market, will help propel the company's internationalization process, which is currently underway.

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 50 years and started in 2007.
- Natural gas – the high pressure transmission and the overall technical management of the national natural gas system. Activities range from the reception, storage and regasification of liquefied natural gas to the underground storage of gas. This business is conducted through the following companies which are part of the REN Group: REN Gasodutos, S.A., REN Atlântico – Terminal de GNL, S.A. and REN Armazenagem, S.A., respectively. These companies have been public service concession holders since 2006, and the licence is for a period of 40 years.

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

Since 2002, REN has also been present in the telecommunications sector through RENTELECOM – 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 2010, 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 45 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 functions for the concession holders and back-office. In addition to this support work, REN Serviços also operates as a commercial extension 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 plan has been outlined.

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 eletricity 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 eletricity market – REN is able to develop the energy market in the Iberian Peninsula.

In addition to the abovementioned partnerships with the new shareholders, highlight also goes to 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., in which REN has holdings of 1%.

2.2 GOVERNING BODIES

GENERAL SHAREHOLDERS MEETING
Pedro Canastra de Azevedo da Maia, chairman
Duarte Vieira Pestana de Vasconcelos, vice-chairman

BOARD OF DIRECTORS
Rui Manuel Janes Cartaxo, chairman
João Caetano Faria Conceição, member
Gonçalo João Figueira Morais Soares, member
Guangchao Zhu, vice-chairman[1]
Mengrong Cheng, member
Haibin Wan, member
Hilal Ali Saif Al Kharusi, member
Aníbal Durães dos Santos, member[2]
Filipe Maurício de Botton, member[3]
Manuel Carlos de Melo Champalimaud, member[4]
José Folgado Branco, member[5]
José Luís Fazenda Arnaut Duarte, member[6]
José Luís Alvim Marinho, member
José Frederico Vieira Jordão, member
Emílio Rui da Veiga Peixoto Vilar, member

EXECUTIVE COMMITTEE
Rui Manuel Janes Cartaxo, chairman
João Caetano Carreira Faria Conceição, member
Gonçalo João Figueira Morais Soares, member

AUDIT COMMITTEE
José Luís Alvim Marinho, chairman
José Frederico Vieira Jordão, member
Emílio Rui da Veiga Peixoto Vilar, member

STATUTORY AUDITOR
Deloitte & Associados, SROC, SA
Carlos Luís Oliveira de Melo Loureiro, ROC, substitute

COMPANY SECRETARY
Pedro Jorge Cabral da Silva Nunes
Mafalda Maria Pinto de Mesquita Rebelo de Sousa, substitute

REMUNERATION COMMITTEE
Carlos Adolfo Coelho Figueiredo Rodrigues, chairman
Pedro Miguel de Sommer Carvalho, member
Rui Miguel de Oliveira Horta e Costa, member

GENERAL MANAGERS AND MANAGERS

GENERAL MANAGERS
Shewu Shan
Maria José Menéres Duarte Pacheco Clara
Jorge Manuel Martins Borrego
Victor Manuel da Costa Antunes Machado Baptista

MANAGERS

Corporate structures and consultancy
Internal audits, Gil Vicente Jorge Marcelino
Investor relations, Ana Rosa Fonseca Pereira Fernandes de Matos
Planning and Management Control, João Escobar Henriques
Communication, Ana Margarida Ferreirinha da Silva Baptista Moreira Rato
Business Development, Francisco Maria da Costa de Sousa de Macedo Simão
Project Management, Performed by Jorge Manuel Martins Borrego
Consultancy and Commercial Services, Jorge Manuel Pais Marçal Liça

1 Representing State Grid International Development Limited
2 Designated by Parpública – Participações Públicas (SGPS), S.A. on 27th March 2012
3 Designated by EGF, Gestão e Consultoria Financeira, S.A. on 15th June 2012
4 Designated by Gestmin, SGPS, S.A. on 17th July 2012
5 Designated by Red Eléctrica Corporación, S.A. on 26th April 2012
6 Appointed by co-optation by the Board of Directors on 22nd June 2012

Support to concessions

Studies and Regulation, Pedro Manuel Amorim La Puente Furtado
Operational Services, Isabel Maria Nazaré Carvalho Figueira
European Energy Agenda, João Pedro da Silva Ricardo

Shared services

Financial Management, Nuno Miguel da Silva Alves do Rosário
Accounting and Administrative Services, Gerardo Gonçalves
Procurement, Alexandra Margarida Vieira Reis
Legal Services, Maria Elvira Teixeira Borges
Human Resources, Elsa Maria Pinto de Carvalho Domingos
Information Systems, Tiago Bueri Antero de Azevedo
Sustainability, Rui Manuel Vicente Martins
Buldings and General Services, João Luís Navarro de Castro Correia Botelho

Rede Elétrica

Planning and Engineering, João Emanuel de Moura Afonso
Investment, António Albino Alencoão Marques
Operation, Albertino José Cerejo Meneses
System Management, José Júlio Amarante dos Santos

Enondas

Management, João Paulo Maria Freire Cardoso

Natural Gas

System Planning and Management, Rui Manuel Cardoso Vicente Marmota
Asset Engineering, António Ferreira Marques
Investment and Operation, Luis Manuel Ferreira
LNG Terminal, Paulo Fernando Pereira Mestre

REN Telecom

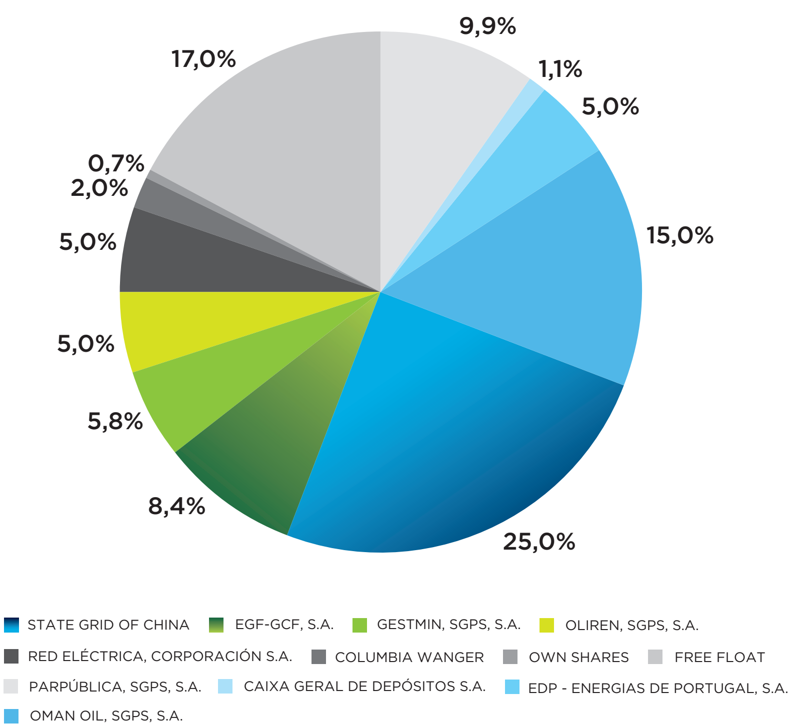
Management, Rui Manuel Macara Gabirro Franco

REN Trading

Management, Nelson Ferreira Cardoso

2.3 SHAREHOLDER STRUTURE

VOTING RIGHTS OF REN AS OF 31ST DECEMBER 2012



Extract from REN´s 2012 Annual Report. Read the full report for more information.

2.4 MILESTONES IN 2012

MAIN REN GROUP EVENTS

JAN

Corporate citizenship by REN – Redes Energéticas Nacionais, SGPS, S.A. (REN) internationally recognized after winning the award for "Best Corporate Citizen".

FEB

As part of the second stage of the REN privatization process, strategic partnership agreements were signed with State Grid International Development Limited and Oman Oil Company, S.A.O.C..

Moody's maintain the REN credit rating at Ba1 and place the company under review for possible downgrade as a result of Portugal's rating downgrade.

New shareholder Medgrid, an international consortium which develops Mediterranean interconnection networks.

REN Group companies sign new addenda to their concession contracts, which were amended with the main aims of detailing the functions of operators of national electricity and natural gas transmission networks and to develop the monitoring and supervision system for concession activities by the Portuguese state.

Standard and Poor's reviews REN's long and short term rating from "BBB – / A-3" to "BB+ / B", and the rating of the respective senior non-guaranteed debt from "BBB-" to"BB+", as a result of Portugal's rating downgrade.

MAR

REN Annual General Meeting held on 27th March 2012, during which the Articles of Association were amended with a view to concluding the privatization process. It was deliberated to bring forward the end of the current mandate of corporate bodies (2010-2012). For this reason, new REN corporate bodies were elected for the three-year period 2012-2014.

Debt instruments (Notes) were issued in the amount of EUR 63.5M, due in March 2015, without guarantee.

JUL

Resignation from the REN Board of Directors by the member appointed by Gestmin, SGPS, S.A., José Morgado. This company designated Manuel Champalimaud to exercise the respective position until the end of the current mandate (2012-2014).

Acquisition from Parpublica of 7.5% of the capital in Hidroeléctrica de Cahora Bassa, S.A., further to the contract signed in April.

SEP

Issue of EUR 300M in retail bonds, conducted under the scope of the Euro Medium Term Note, with a 4-year maturity.

REN present at FACIM (International Fair in Maputo).

Conclusion of the Sines LNG Terminal expansion project.

Conclusion of the second 220kV underground circuit in Alto de Mira – Zambujal.

Entry into operation of the new Valpaços 220/60 kV substation which will provide the Chaves area and neighbouring districts with improved quality of power supply.

OCT

China Development Bank Corporation approved the terms of a two-part loan to REN of EUR 800M.

Moody's maintain the REN credit rating at Ba1 as a result of approval by the China Development Bank Corporation of the terms of the loan to REN.

Construction started on the Mangualde/ Celorico/Guarda gas pipeline which includes the connection to the central/ interior gas pipelines, thus increasing NG supply security. Construction also started on the 1st stage of the third interconnection to Zamora/Spain.

APR

Contract signed with Parpública – Participações Públicas (SGPS), SA, CEZA – Companhia Eléctrica do Zambeze, S.A. and EDM – Electricidade de Moçambique, EP, under which REN will acquire 7.5% of the capital in Hidroeléctrica de Cahora Bassa, S.A. from Parpublica, at a cost of EUR 38.4M.

On 12th April, the Council of Ministers approved Decree-Law No. 112/2012 which allows changes to be made to the limits in holdings of REN capital. The new limit is set at a maximum of 25% of company shares.

MAY

Second stage of REN privatization concluded, in which the Portuguese Government sold 40% of company capital to State Grid (25%) and Oman Oil (15%). With this operation, the state now holds only 9.9% of company capital through Parpública.

REN launches institutional campaign "The mother of all networks", with the aim of communicating the main areas of REN business and promoting quality, professionalism and excellence in company work.

JUN

Resignation from the REN Board of Directors by the member appointed by EGF – Gestão e Consultoria Financeira, S.A., Luis Almeida. This company designated Filipe de Botton to exercise the respective position until the end of the current mandate (2012-2014).

The REN Board of Directors deliberated to co-opt José Luís Arnaut as a board member for the current mandate (2012-2014).

Company wins "Regional Award 2012" from the International Association for Impact Assessment (IAIA).

NOV

The event Investor Day was held. REN presented its new Strategic Plan for 2012-2016.

REN proposes new Collective Labour Agreement (ACT), original in effect at REN – Rede Eléctrica Nacional, S.A, since 2000, the main aim of which is to create a system of collective work relations, applicable to all workers in Group companies.

DEC

New 400 kV connection concluded between the Marateca area and Fanhões.

Entry into operation of the underground 220 kV circuit connection between the Vermoim substation and Prelada.

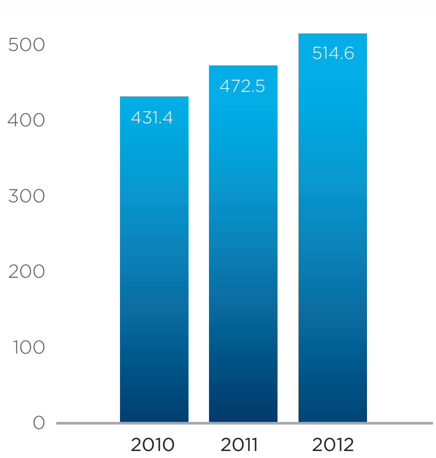
Upgrade to the junction station concluded for the four main pipelines, which will allow improvements in network operation.

2.5 MAIN PERFORMANCE INDICATORS

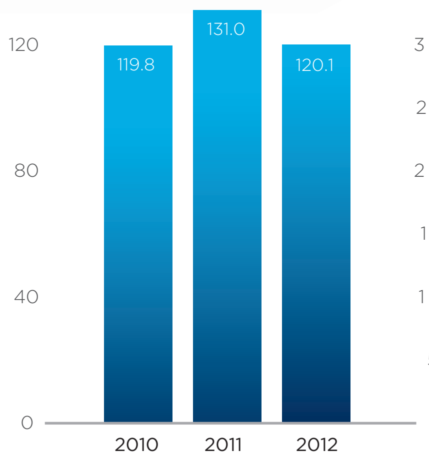
2.5.1 FINANCIAL INDICATORS

OPERATING PROFITS (MILLION OF EURO)	'09	'10	'11	'12
EBITDA	384.1	431.4	472.5	514.6
EBIT	258.7	250.5	283.2	314.6
NET FINANCIAL INCOME	-73.8	-83.9	-103.4	-136.0
INCOME BEFORE TAXES	184.9	166.6	179.8	178.5
NET INCOME	134.0	110.3	120.6	123.9
RECURRENT NET INCOME	108.2	119.8	131.0	120.1

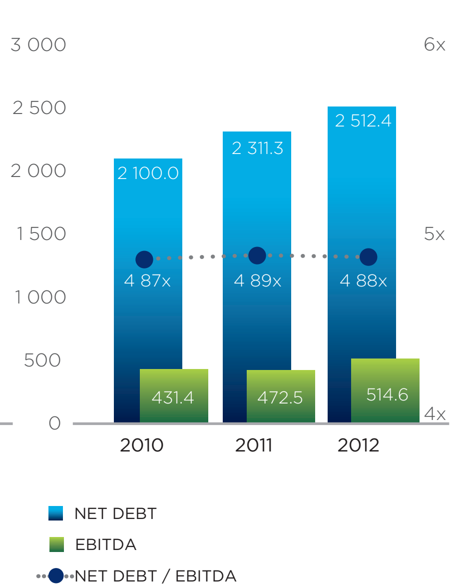
EBITDA, M€



RECURRENT NET INCOME, M€

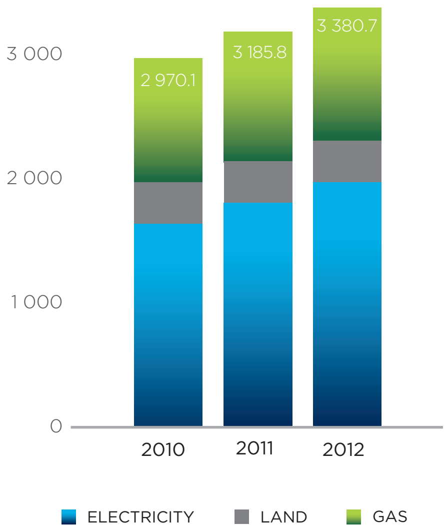


NET DEBT/EBITDA, M€

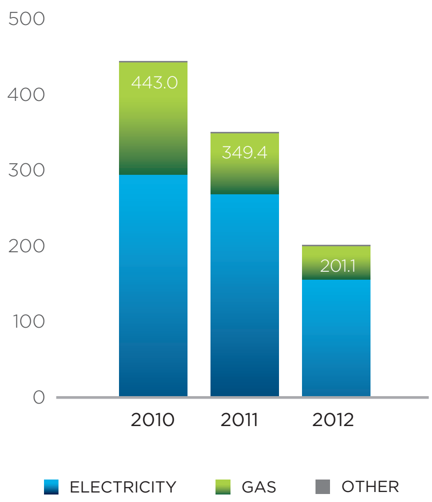


ASSETS, CAPEX AND DEBT (MILLION OF EURO)	’10	’11	’12
AVERAGE RATE OF RETURN ON RAB, %	6.89%	7.61%	8.79%
CAPITAL EXPENDITURE (CAPEX), MILLIONS OF EUROS	443.0	349.4	201.1
NET DEBT, MILLIONS OF EUROS	2 100.0	2 311.3	2 512.4
NET DEBT/*EBITDA*, x	4.87X	4.89x	4.88x

AVERAGE RAB, M€



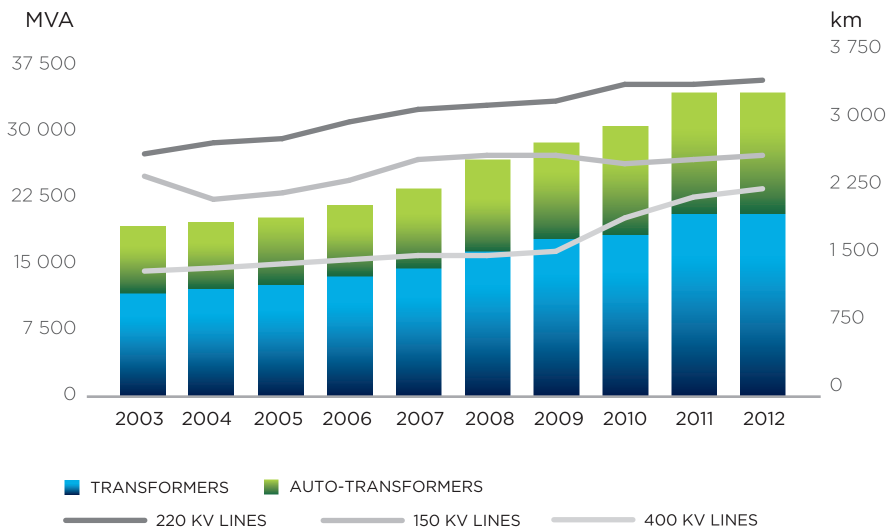
CAPEX, M€



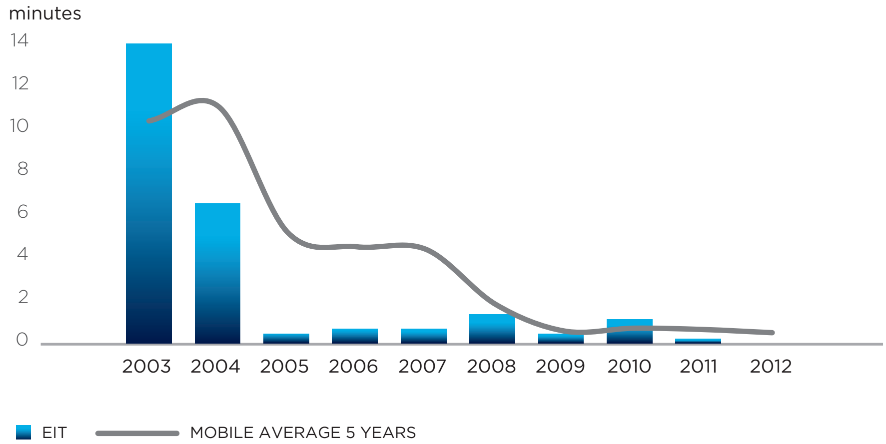
2.5.2
TECHNICAL INDICATORS – ELECTRICITY

	’08	’09	’10	’11	’12
CONSUMPTION, TWh	50.6	49.9	52.2	50.5	49.1
ANNUAL CHANGE IN ELECTRICITY CONSUMPTION, %	1.1	-1.4	4.6	-3.3	-2.9
INSTALLED POWER, MW	14 844	16 634	17 895	18 894	18 532
POWER TRANSMITTED ON THE RNT, TWh	42.8	42.5	42.6	42.2	41.0
ENERGY TRANSMISSION LOSSES, %	1.33%	1.37%	1.83%	1.54%	1.56%
EQUIVALENT INTERRUPTION TIME, MINUTES	1.29	0.42	1.15	0.27	0.00

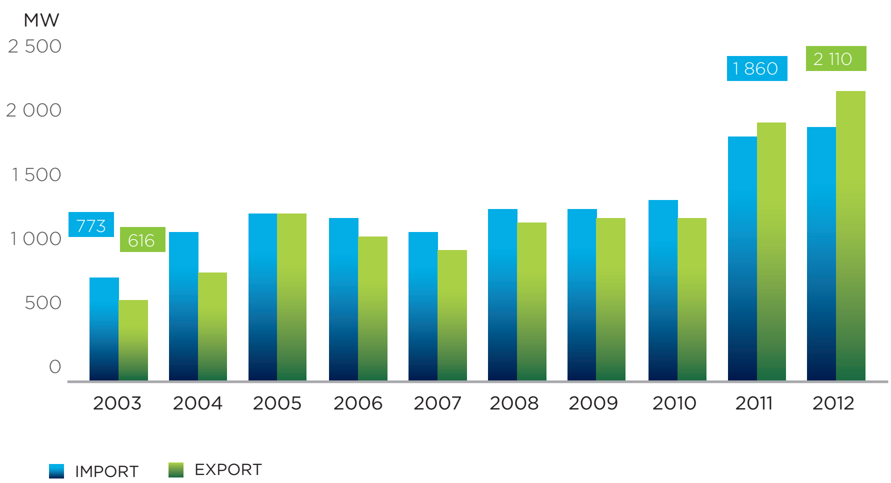
LINE LENGTH AND TRANSFORMATION POWER



EVOLUTION OF EQUIVALENT INTERRUPTION TIME (EIT), minutes



AVERAGE IMPORT AND EXPORT CAPACITY, MW



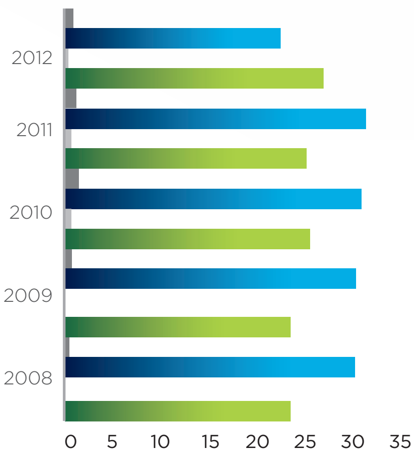
Extract from REN´s 2012 Annual Report. Read the full report for more information.

2.5.3
TECHNICAL INDICATORS NATURAL GAS

	'08	'09	'10	'11	'12
ANNUAL CHANGE IN NATURAL GAS CONSUMPTION, %	9.4%	-1.0%	9.1%	-0.5%	-13.0%
INPUTS TO RNTGN, TWh	53.9	54.3	58.3	58.1	50.3
OUTPUTS FROM RNTGN, TWh	53.9	54.4	58.3	58.2	50.3
LENGTH OF THE RNTGN (National Natural Gas Transmission Network), km	1 248	1 267	1 296	1 298	1 298
UNDERGROUND GAS STORAGE CAPACITY (MM³) (*)	66.3	138.2	138.2	132.7	132.7

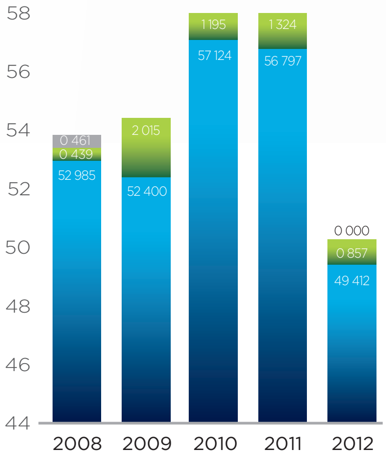
(*) The volume indicated expresses the maximum capacity available for commercial purposes, which is conditioned by the specific thermodynamics of high-pressure, natural gas storage in salt caverns.

INPUTS TO RNTGN, TWh



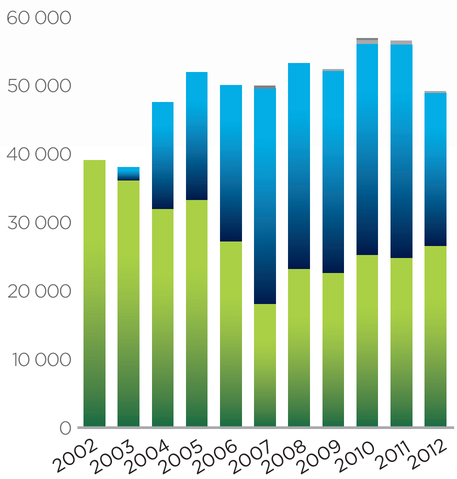
- STORAGE - US WITHDRAWAL
- NLG TERMINAL
- VALENÇA DO MINHO
- CAMPO MAIOR

OUTPUTS FROM RNTGN, TWh



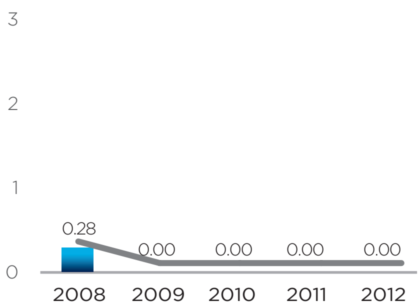
- AP OUTPUTS
- STORAGE - US INJECTION
- VALENÇA DO MINHO

DEMAND BY RNTGN ENTRY POINT, GWh



- CAMPO MAIOR
- NLG TERMINAL
- US EFFECTIVE WITHDRAWAL
- VALENÇA DO MINHO

EQUIVALENT INTERRUPTION TIME (EIT), minutes



EIT (min.) — AVERAGE 5 YEARS

2.6 REGULATED ASSETS

2.6.1 ELECTRICITY

ELECTRICITY BUSINESS

REN SA works in two regulated areas: Global System Management (GGS) and Transmission of Electrical Power (TEE). The revenue allowed from GGS and TEE is received by applying two regulated tariffs: the tariff for the Global Use of the System (UGS) and the tariff for the Use of theTransmission Network (URT).

Both tariffs are defined annually by the Energy Services Regulatory Authority (ERSE) based on energy and economic forecasts for demand, costs, revenues and investment.

In 2012, 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 Transmission of Electrical Power was altered to 3.5% (2013 and 2014) and the remuneration rate is now indexed to the 5 year Portuguese Republic Credit Default Swap rating. Limits, between 7.5% and 10.5%to the remuneration base rate for the 2012-2014 period were also introduced.

REGULATION OF ACTIVITIES

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

Activity relating to the Transmission of Electrical Power is regulated by incentives: (I) incentive to efficient investment in the transmission network; (ii) incentive to efficiency in operating costs by establishing a maximum 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 Network (RNT).

The investment incentive consists of calculating the asset base (RAB) to be remunerated and the respective rate of remuneration based on the level of efficiency achieved by the company.

The value of operating costs set for the 1st year of the regulation period evolves in subsequent years in line with the variation rate of the Price Index implicit in the GDP, and with an efficiency target determined by ERSE, which for 2013 and 2014 is 3.5%. Added to this amount is the change in the OPEX due to the annual growth in the transmission network (in kilometres 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 which has reached the end of its working life is to stimulate continuity in service of certain assets which are are at the end of their economic life but still technically viable in operational terms. For 2011, this incentive stood at EUR 8M.

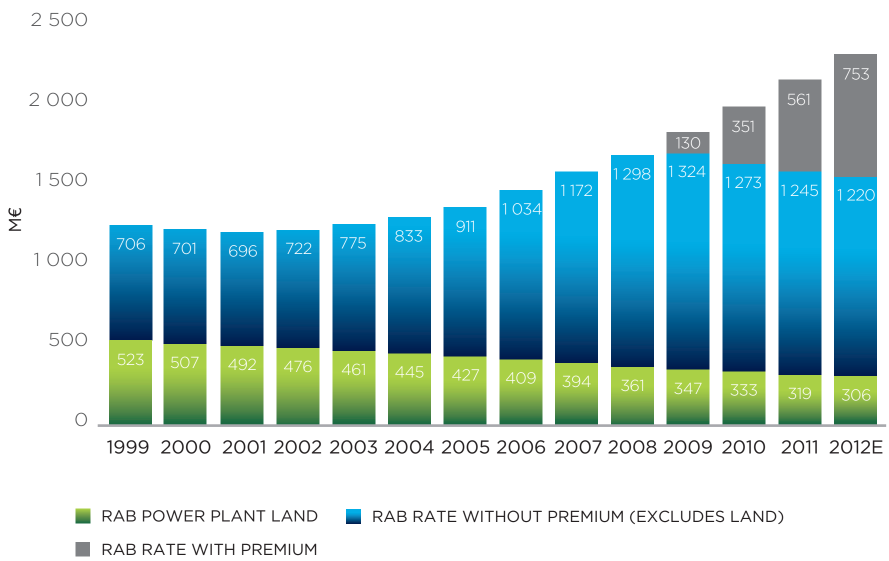
The aim of the incentive to increase the availability of the National Electricity Transmission Grid, which was introduced in 2009, is to promote more efficient operation and maintenance of the grid's infrastructure and is calculated based on values that have already occurred.

The electricity regulated assets base (RAB) consists of the assets net of amortizations and subsidies allocated to the activities of Electrical Power Transmission and Global Management of the System. As already mentioned, through the publication of Ministerial Order No. 14430/2010 of 15th 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 effect as of 1st January 2009. Therefore, in 2012, the average RAB on which the premium rate of 11.05% was applied, was EUR 753 million, while the remaining EUR 1 177 million was remunerated at a non premium rate of 9.55%.

In the activity of Global Management of the System, the principle of RAB valuation is based on historical costs. In these cases, the remuneration rate of 9.55% is applied. In 2012, the average RAB for the activity of Global Management of the System stood at EUR 43 million. 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 interbank swap rate with the maturity closest to the remaining lifetime of each asset, calculated on the 1st day of each period, as published by Reuters, plus 50 base points, pursuant to Ministerial Order No. 542/2010 of 21st July, which in 2012 corresponded to a remuneration rate of 3.15% applied to a sum of EUR 306 million.

The following graph shows the RAB for the different asset groups:

RAB FROM 1999 TO 2012



The tariffs set by ERSE also reflect tariff differences which, after two years, (to the extent they are justified and accepted by ERSE) reconcile the forecast and real values of income and costs and differences in demand.

The adjustments arising from the differences are recovered or returned two years after they have occurred. This sum is remunerated at a regulated rate equal to the 1 year Euribor average seen each year, plus a spread published annually by ERSE for the year in question.

At the end of 2012, the balance of differences was EUR 20 million to be recovered from tariffs.

The difference in 2012 of EUR 8 million to be recovered by REN was mainly due to an underestimation of consumption by the regulator and the application of Ministerial Order No. 139/2012 of 14th May which revoked the remuneration mechanism for the provision of the power guarantee service at electrical power production plants.

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 Market (MIBEL) and production from the remaining Power Purchase Agreements (PPA) through Tejo Energia and Turbogás.

The revenues from the Purchase and Sale of Electrical Power are essentially obtained from the market sale of production from the remaining PPAs, applying the UGS tariff, which reflects the difference, positive or negative, between the corresponding cost within the scope of the PPA, plus the incentives to optimise the management of these contracts and the efficient management of the CO_2 emission licences, plus the income from the market sale of power and system services supplied by the respective power generators.

In 2012, the balance of the tariff difference account from the Purchase and Sale of Electrical Power was EUR 32 million to be recovered in the tariffs.

2.6.2 NATURAL GAS

NATURAL GAS BUSINESS

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

- Natural gas high-pressure transmission – through REN Gasodutos
- Overall technical management of the SNGN – through REN Gasodutos
- Reception, storage and regasification of LNG – through REN Atlântico
- Natural gas underground storage – through REN Armazenagem
- Supplier switching management process – through REN Gasodutos

Regulation through incentives, promoting OPEX (operating and maintenance costs) efficiency, was applied to transmission activity as well as reception, storage and regasification in the current regulation period (2010-2013).

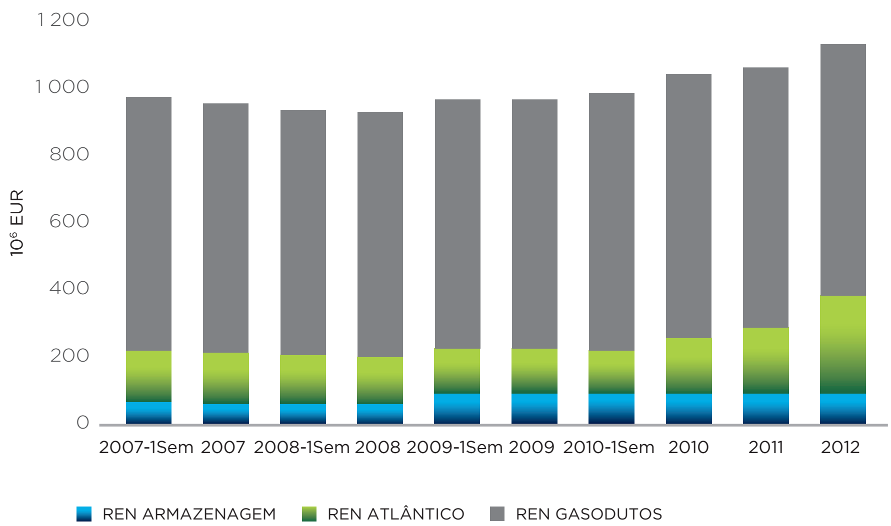
Currently, the level of eligible operating costs (cap) to calculate income has a maximum permitted value and includes a fixed part, subject to a regulatory revenue cap approach and a variable part, subject to a price cap approach, indexed to the representative variables of the size of the infrastructure and its use.

The value approved for OPEX for the first year of the current regulation period, evolves in subsequent years in line with the variation rate of the Price Index implicit in GDP, and with efficiency targets established and published by ERSE for this purpose. In 2012, the efficiency target was set at 0% for transmission activity by REN Gasodutos; and at 1% for REN Atlântico activities.

REGULATION OF ACTIVITIES

The revenues relating to invested capital stem from the return on fixed assets in operation, net of amortizations and subsidies (RAB), at a rate set by the Regulator at the start of every regulatory period, at a rate of 8% in 2012, plus the corresponding amortizations.

Up to the end of 2012, the six monthly average RAB values for the natural gas companies had the following evolution:



In 2012, the RAB for all NG activities evolved positively as a result of the investment made to increase the system's capacity. This increase especially reflects the project to expand the storage capacity of the LNG terminal, through the conclusion of the third stage and the startup of the new LNG storage tank, corresponding to an investment of approximately EUR 103 million.

Tariffs 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 amortizations and established operating costs, per activity, as well as the tariff adjustments for previous years.

The adjustments arising from the differences are recovered or returned two years after they have occurred. This sum is remunerated at a regulated rate equal to the 3-month Euribor average seen each year, plus a spread published annually by ERSE for the year in question.

2.7 INFRASTRUCTURES

2.7.1 ELECTRICITY

At the end of 2012, the RNT (National Transmission Grid) consisted of 8 533.8 km in lines and 65 transformer substations and 13 step down, switching and transition substations.

NATIONAL TRANSMISSION NETWORK	2012-12-31	2011-12-31	VAR (%)
LENGTH OF LINES IN SERVICE (km)	**8 534**	**8 371**	**1.9**
400 kV	2 333	2 236	4.2
220 kV	3 521	3 492	0.8
150 kV	2 680	2 643	1.4
TRANSFORMATION POWER IN SERVICE (km)	**33 915**	**33 777**	**0.4**
Autotransformation	**13 410**	**13 410**	**0**
400/220 kV	6 300	6 300	0
400/150 kV	5 990	5 990	0
220/150 kV	970	970	0
150/130 kV	150	150	0
Transformation	**20 505**	**20 367**	**0.7**
400/60 kV	3 230	3 060	5.3
220/60 kV	11 443	10 997	3.9
150/60 kV	5 692	6 170	-8.4
150/130 kV	140	140	0

The RNT enables power flow from production plants to the transformer substations where it is fed to the National Distribution Grid at 60 kV.

The RNT also connects to the European Transmission Grid through 9 interconnection points with the Spanish Transmission Grid as well as delivering VHV directly to numerous consumers.

The National Dispatch Centre in Sacavém (Loures) coordinates general operations and ensures balance in the National Electricity System. The Network Operations Centre in Vermoim (Maia) is responsible for the Monitoring and Remote Operation of all National Transmission Grid equipment.

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 was provided by one 130 kV line between Minho and Galicia, three 220 kV lines at Douro International and by five 400 kV lines, two between Minho and Galicia, one at Douro International, one at Tejo International and one between the Alentejo and Extremadura. The national stretch of a new 400 kV interconnection is now concluded between the Algarve and Andalucia.

2.7.2
NATURAL GAS

REN's natural gas infrastructures include:

- The National Natural Gas Transmission Network (RNTGN);
- The Sines Liquefied Natural Gas terminal (LNG);
- The Carriço natural gas underground storage facilities (3 caverns and 1 gas station).

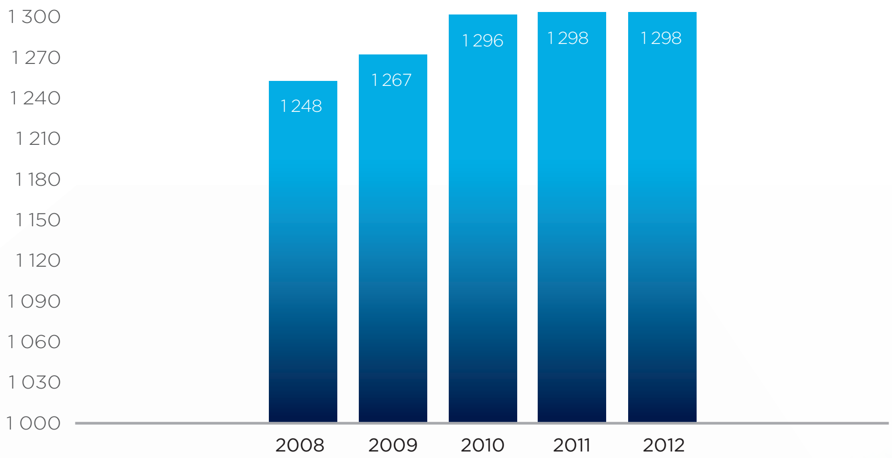
In 2012, the Carbogal plant delivery point in Sines came into operation. The project to automate the Bidoeira station was also concluded, resulting in anincrease in security of supply, given that this multi-junction station serves the convergence of the four main RNTGN gas pipelines. With regard to the network infrastructure, highlight goes to the start of construction work on the new Mangualde-Celorico-Guarda gas pipeline, approximately 74.5 km in length. This project is expected to come into operation at the end of 2013 and it will allow a ring connection of the high-pressure network in the central-interior area of Portugal. This will increase security of supply and includes the first section for the future third interconnection of the RNTGN with Spain.

Therefore, at the end of 2012, the RNTGN consisted of the following infrastructures:

- 1 298 km of high-pressure gas pipelines;
- 62 junction stations for pipeline branching;
- 43 block valve stations;
- 5 T-branch interconnection stations;
- 84 gas pressure regulating and metering stations;
- 2 custody transfer stations.

In the last five years, the transmission network has undergone the following developments:

LENGHT OF GAS PIPELINES, km



THE NATIONAL NATURAL GAS TRANSMISSION NETWORK		Ø (mm)	km
LOT 1	SETÚBAL – LEIRIA	700	173
LOT 2	LEIRIA – GONDOMAR	700	164
	GONDOMAR – BRAGA	500	50
LOT 3	CAMPO MAIOR – LEIRIA	700	220
LOT 4	BRAGA – VALENÇA	500	74
LOT 5	MONFORTE – GUARDA	300	184
LOT 6	MEALHADA – VISEU	500	68
LOT 7	SINES – SETÚBAL	800	87
HIGH-PRESSURE BRANCHES		150-700	278
TOTAL			**1 298**

As of 31st December 2012, the available capacity for commercial purposes of relevant points of the RNTGN was as follows:

AVAILABLE CAPACITY FOR COMMERCIAL PURPOSES OF RELEVANT POINTS	GWh per day	$Mm^3(n)$ per day
ENTRY		
SINES	213	17.9
CARRIÇO (WITHDRAWAL US)	86	7.2
CAMPO MAIOR (IP39)	134	11.3
VALENÇA DO MINHO (IP40)	40	3.4
EXIT		
SINES	179	15.0
CARRIÇO (INJECTION US)	24	2.0
CAMPO MAIOR (IP39)	70	5.9
VALENÇA DO MINHO (IP40)	25	2.1
OUTPUTS BY GRMS (TOTAL)	**707**	**59.4**

Supervised from a state-of-the-art National Dispatch Centre, using redundant fibre-optic technology telecommunication systems, the RNTGN connects the gas pipeline stations with the Sines LNG Terminal and the Carriço underground storage facility at Carriço, in Pombal municipality. All systems are equipped with digital communication,specially with regard to the monitoring and registering of network input and output flows. This allows for the best practices to be adopted both in relation to information quality and supervision response.

In May 2012, the LNG terminal expansion project (2009–2012) was concluded. The aim of this project was to increase the facility's storage and supply capacities. Work was completed below initial budget and sooner than anticipated.

After the conclusion of this project, the main specifications of the Sines LNG Terminal are as follows:

- Annual natural gas regasification capacity of 8 bcm;
- Mooring adapted for methane tankers with capacities ranging from 40 000 to 216 000 m^3;
- Supply capacity (maximum) of 1 350 000 m^3(n)/h;
- Tanker truck filling station capable of handling 4 500 loads/year (0.12 bcm).

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

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

At the end of 2012, the natural gas underground storage facilities of the REN Armazenagem concession were as follows:

- three operational caverns;
- maximum capacity: 1.66 TWh <> 142.5 Mm^3(n);
- maximum capacities of the surface station:
  - injection: 110 000 m^3(n)/h (31,4 GWh/day);
  - withdrawal: 300 000 m^3(n)/h (86 GWh/day);

- REN Armazenagem is responsible for the operation of the surface station.

03

MANAGEMENT REPORT

WE'RE GROWING **TO NEW HORIZONS**

REN is getting ready to expand its horizons. Our future now lies in the 4 corners of the world, where we will face new challenges and new opportunities to demonstrate the efficiency of out electric network. Internationalization, driven by clearly delineated, strategic partnerships and by ever higher standards of quality, will be a vital step allowing REN to reach ever further.

REN. A NETWORK IN EVOLUTION.

03 MANAGEMENT REPORT

3.1 ENVIRONMENT

3.1.1 ECONOMIC ENVIRONMENT

WORLD ECONOMY [1]

The recovery of the global economy slowed further in 2012. The forecast for growth in economic activity was +3.1% (vs. +3.8% in 2011 and +5.1% in 2010).

This slowdown was fuelled by the negative contribution of the European Union (EU), where several member countries are implementing policies to correct internal and external imbalances which were accumulated prior to the financial crisis and which continue to impact negatively on domestic consumption, investment and unemployment. A contraction of growth in the EU is expected of -0.3% in 2012, after positive growth of +1.5% in 2011. This performance is expected to lead to a reduction of -0.4% in the growth of advanced economies to +1.2% in 2012, despite the good performance expected in the USA (+2.1% in 2012 as against +1.8% in 2011) and in Japan (+2.0% in 2012 vs. -0.8% in 2011).

Emerging economies, although affected by the slowdown in growth and consumption in advanced economies, continue to see rates of growth which are considerably above the world average. Looking at the main regions in 2012, growth of +7.7% is expected in China and +5.0% in India and Sub-Saharan Africa. Latin America is an exception, with forecast growth of only +2.9%.

EURO ZONE [2]

The Euro zone continues to experience a very fragile economic situation, where the economy is expected to contract by -0.4% in 2012, after seeing growth of +1.4% in 2011. This is a result of the ongoing adjustment processes underway in several member countries. The combination of cuts in spending/tax increases in 2012 is expected to lead to a contraction in private consumption (-1%), public expenditure (-0.2%), investment (-3.5%) and an increase in the rate of unemployment (to 11.3%). On the positive side, highlight goes to the increase in the contribution to growth of net exports (positive contribution of 1.3% in 2012, against 0.9% in 2011) and the reduction of the aggregate budget deficit of 4.1% of GDP in 2011 to 3.3% in 2012.

INTEREST RATES [3,4]

During 2012, the ECB cut the reference rate from 1% to 0.75%, 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 led to a normalization of Euribor rates. Therefore, at 31 December 2012, Euribor rates for 3, 6 and 12 months stood at 0.187% (compared to 1.356% at the end of 2011), 0.320% (vs. 1.617%) and 0.542% (vs. 1.947%), respectively. In other words, a drop of around 120-140 base points over the end of 2011.

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[1] European Commission: European Economic Forecast, Autumn 2012
[2] European Commission: European Economic Forecast, Autumn 2012 – Euro Zone
[3] Reference Rates: ECB and FED (http://www.ecb.int; http://www.federalreserve.gov/)
[4] Bank of Portugal: Euribor Rates

PORTUGUESE ECONOMY [5,6]

2012 was marked by a dramatic contraction in economic activity, a result of implementing the measures set out in the memorandum of understanding with the EU/ECB/IMF "Troika". As a result, the conjugation of budgetary consolidation measures and restrictive credit (part of the deleveraging process in the banking sector), are expected to lead to a reduction in GDP of -3.0% in 2012. This contraction was brought about by the sharp drop in private consumption (-5.5%), public spending (-4.5%) and investment (-14.4%). On the positive side, of note was the good performance in the balance of trade: imports dropped by -6.9% and exports rose +4.1%. Looking more closely at the contributions to the variation in GDP in 2012, the main causes were the drop in domestic demand -7.2% and the rise in net exports of +4.2%. The latter, as was the case in 2011, was the only positive contribution to the Portuguese economy. Also of note was the target for the public spending deficit of 5.0%, which is expected to be met, although it was necessary to resort to extraordinary measures. Public debt continues to increase and is forecast to reach 119.1% of GDP in 2012 (as against 108.1% in 2011).

3.1.2
SECTORAL ENVIRONMENT

Globally, the energy year of 2012 was marked by the economic and financial crisis which impacted on energy policies and brought changes to the world energy map. Intensification of production of oil and gas in the United States (through technologies which allow access to shale oil and gas resources), the progressive abandonment of nuclear energy (mainly in Europe and Japan, for security reasons and in the USA and Canada, as it is becoming less competitive), the expansion in the production of non-conventional gas, the ever increasing use of wind and solar power and greater focus on energy efficiency are factors which all affected global energy trends and the climate and will continue to do so in coming decades.

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 3.6ºC IN THE AVERAGE TEMPERATURE (ABOVE THE TARGET LIMIT OF 2ºC FOR AVERAGE GLOBAL TEMPERATURE INCREASE).

In this period, the expansion of energy infrastructures indispensable to meet new needs, along with the need to replace existing obsolete capacity, will require vast investment.

The IEA estimates that China, India and the Middle East will represent 60% of the increase in energy demand up to 2035. In OECD countries, the increase in energy demand will be minimal.

Between 2015 and 2020, the increase in the supply of non-conventional sources in the USA, Canada and Brazil will drive production in non OPEC countries. After 2020, this scenario may change, leading to a new increase in the relative weighting of OPEC oil production which could reach a share of 50% of world production in 2035. Emerging economies are also expected to dominate the expansion of supply in the long-term.

[5] Bank of Portugal: Economic Bulletin Winter 2012
[6] European Commission: European Economic Forecast, Autumn 2012 – Portugal

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 81% to 75% by 2035. The good performance of natural gas points to growth in use, almost reaching the level of coal within the same time frame. The share of non-conventional gas will constitute half of the increase in world gas production in 2035, with China, the United States and Australia being the largest producers.

World demand for electricity will continue to grow. The IEA forecasts that renewable technologies will constitute half of the total new installed capacity, led by hydro and wind energy. Coal will be the main fossil fuel, especially in non OECD countries, but its overall weighting will reduce from the current 40% to around 30% by 2035. In OECD countries, the share of coal production will fall and be overtaken by gas and renewables up to 2035. Globally, the percentage of renewable sources of energy in the production of electricity is expected to reach 31% by 2035. In relation to nuclear energy, after the events of Fukushima Daiichi, evolution has been revised downwards as many countries have reformulated their nuclear policies. However, production has grown in absolute terms (due to expansion in countries such as China, South Korea, India and Russia) but its share in the global energy model will fall slightly in the long-term.

In this period, the IEA estimates that the electricity sector will require global investment of approximately 17 billion dollars (around half of energy investment) with 40% of this amount dedicated to transmission and distribution networks.

DESPITE THE INCREASED USE OF ENERGY, FORECASTS SUGGEST THAT IN THE LONG-TERM, AROUND 1 BILLION PEOPLE WILL CONTINUE WITHOUT ACCESS TO ELECTRICITY.

HOWEVER, ACCORDING TO THE IEA, AN ACCUMULATED INVESTMENT OF AROUND 1 BILLION DOLLARS WOULD ENSURE UNIVERSAL ACCESS TO ENERGY BY 2030.

In the long-term, energy efficiency will be vital to ensure, not only supply security, but also to achieve the agreed goals to tackle climate change. In the Efficient World Scenario which predicts the removal of barriers to the implementation of economically viable energy efficiency measures, the increase in primary energy demand would fall by half by 2035.

DEMAND AND PRODUCTION

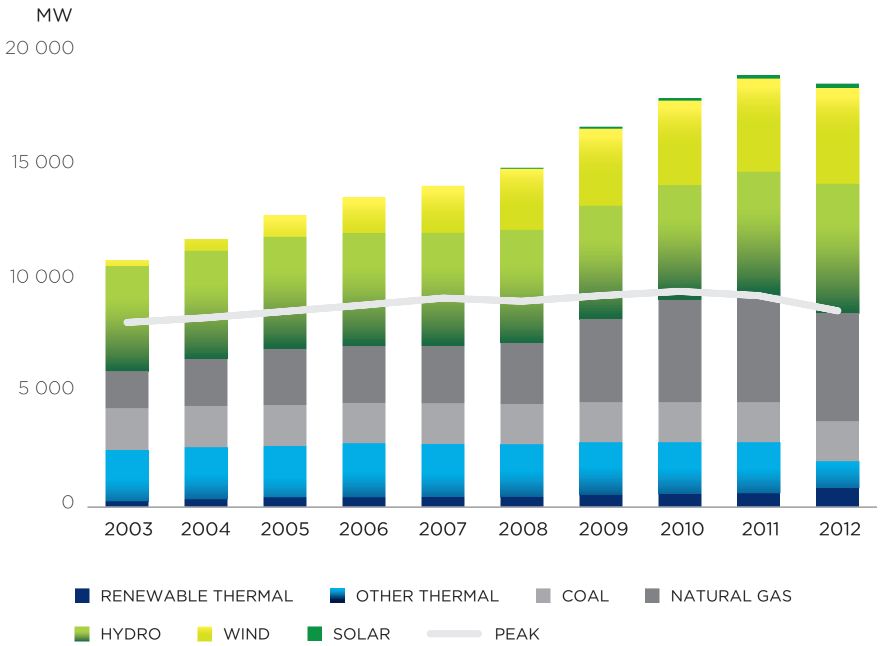
In 2012, electricity consumption supplied by the public network decreased to 49.1 TWh, contracting 2.9% over the previous year, (or 3.6% taking into consideration corrections relating to temperature effects and the number of working days). Despite a slowdown in the decrease trend at the end of the year, this was the second consecutive year of reduction in consumption, with an accumulated fall of 6% over the maximum figures seen in 2010.

TWh	CONSUMPTION	VARIATION	*CORRECTED*
2008	50.6	1.1%	*1.2%*
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%***

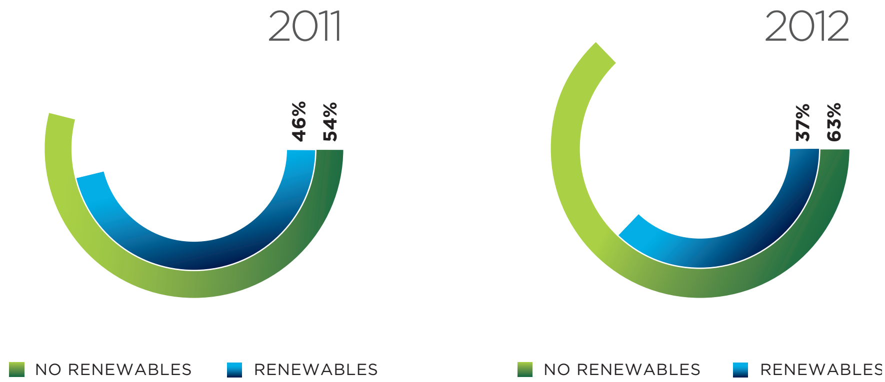
Extract from REN´s 2012 Annual Report. Read the full report for more information.

The maximum power requested of the network, seen in January, stood at 8 554 MW, about 850 MW below the maximum historic value recorded in 2010. In April, the Carregado fueloil plant, with 710 MW of installed power was declassified. It had been in operation since 1968. Among the new power plants, of note is the new Alqueva II plant with 254 MW, as well as an increase of about 100 MW in production under the Special Regime. Meanwhile, on 1 January 2013, the Setúbal fueloil plant, with 946 MW of installed power was also declassified. It had been in operation since 1979.

INSTALLED CAPACITY EVOLUTION



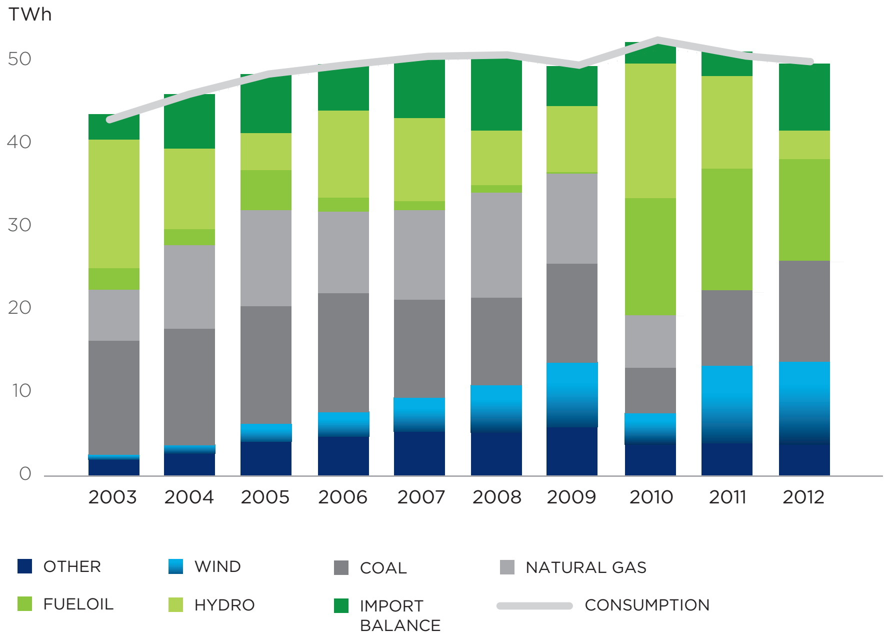
In 2012, production from renewable sources supplied 37% of consumption, less than the 45% seen in the previous year. This was due to highly unfavorable hydrological conditions, with below average flows throughout the year. This corresponded to a hydraulicity index of only 0.48.



Coal power plants and natural gas combined cycle power plants supply 25% and 11% of consumption, respectively. Hydro power stands at 11%, wind 20%, cogeneration 13%, biomass 2%
and photovoltaic 1%.

Imports supplied 16% of consumption, taking up 59% of import capacity.

SUPPLY



In 2012, 41 TWh of power passed through the transmission network, a reduction of 3% over the previous year. Losses stood at 641 GWh, corresponding to 1.56% of energy intake.

3.1.3
REGULATORY ENVIRONMENT

EUROPEAN ENERGY POLICY

In 2012 highlight went to the positive contribution provided by the European Union (EU) to the energy economy and energy efficiency with the publication of Directive 2012/27/EU on energy efficiency. This Directive establishes a common framework for measures to promote energy efficiency in the European Union. The aim is to improve energy efficiency by 20 % by 2020 and to establish a roadmap for new improvements beyond 2020. It also sets out rules for the removal of obstacles in the energy market and to overcome market deficiencies. It also establishes indicative national objectives for energy efficiency up to 2020.

With regard to renewable energies, of note is the Communication “Renewable energies: a decisive agent in the European energy market”. This document highlights the contribution of renewable energies to the diversification of energy supply in the EU, strengthening supply security and favoring European competitiveness.

With the publication of the Communication “Making the internal energy market work”, the European Commission sets out different actions with a view to concluding the EU internal energy market before 2014, and allowing the full potential of a genuinely integrated European market to be explored. This document also identifies the need to intensify consumer protection as well as the investment needed to modernize energy infrastructures.

The existence of duly interconnected, high-performance and sustainable Trans-European networks is considered to be indispensable if the EU single market is to work at full potential and advance to a hypo-carbonic and more sustainable economy.

With regard to energy infrastructures, and further to the setting up of the European Interconnection Mechanism, in June 2012, the European Council agreed the Pact for Growth and Employment, to eliminate barriers which still exist in the single market and it expressly refers to the sectors which are at the heart of the European Interconnection Mechanism: transport, energy and the Internet. The European Council also reached agreement with regard to the immediate launch of the pilot phase of obligations to finance projects.

DOMESTIC ENERGY POLICY

In Portugal in 2012, the sector witnessed the implementation of the energy policy guidelines laid out in the Program of the XIX Constitutional Government.

"IN THE MEDIUM-TERM, THE AIM OF THE GOVERNMENT IS FOR PORTUGAL TO HAVE THE LOWEST ENERGY INTENSITY IN THE EUROPEAN UNION." IT ALSO SEEKS TO PROMOTE "LIBERALIZED, HIGHLY COMPETITIVE ENERGY MARKETS, WITH TRANSPARENT MECHANISMS FOR SETTING PRICES AND STABLE AND CORRECTLY APPLIED REGULATION."

During the year, the European directives which establish common rules for internal electricity and natural gas markets were transposed. The aims of these directives are to contribute toward an increase in competition, to create effective regulation and to stimulate investment to benefit electricity and natural gas consumers. Therefore, the new principles relating to the organization and operation of the electricity sector were established (Decree-Laws 215-A/2012 and 215-B/2012) and for natural gas (Decree-Laws 230/2012 and 231/2012).

During 2012, the Government reviewed the reference tariff on which the subsidised remuneration regime is based for the production of power under the special regime (cogeneration and photovoltaic).

The evolution observed in the market, together with the fall in demand and the implementation of the measures in the Memoranda of Understanding agreed with the International Monetary Fund, the European Commission and the European Central Bank, led to the immediate suspension (February 2012) of allocations for power injection into the Public Electricity Supply System.

In relation to security of supply s, with the goal of ensuring a suitable degree of coverage for demand in electricity and suitable management of availability at electrical power production plants under the normal regime, Ministerial Order Nº 251/2012 was published which sets out the system for attributing incentives to guarantee power made available by electrical power production plants to the National Electricity System (SEN).

Legislation establishing the system to abolish regulated tariffs for the sale of electricity to end users of Normal Low Voltage (BTN) and of natural gas to end users with annual consumption of less than or equal to 10 000 m^3 and the respective schedules for the gradual abolishing of regulated tariffs, was also published in 2012.

In August 2012, the reviews of the Procedures Manual for the General Technical Management of the SNGN and the IGU Supply Logistics Management Manual (Directive Nº 16/2012) were also approved.

LIBERALIZED MARKET IN PORTUGAL

Electricity

From the beginning of 2012, acceleration in migration toward the market regime was observed, especially in the second half.
As a result, consumption in the reference generation of customers supplied by the liberalized market stood at 26 TWh, a figure which is around 13% higher than that for 2011. In the previous year, the relative weighting of the free market was around 53% of overall consumption.

The government, through Council of Minister Resolution Nº 34/2011 and Decree-Law Nº 75/2012, set out a schedule to abolish regulated tariffs for the sale of electricity, as stated in the Memorandum of Understanding signed by Portugal, the European Commission, the European Central Bank and the International Monetary Fund.

Currently, there are sixteen active trading agents. However, only eight of them have client portfolios.

Natural Gas

Following the process to abolish regulated sale tariffs to end users, started on 1st July 2010 for customers with annual consumption above 10 000 m^3, the government, through Decree-Law Nº 74/2012 set out a schedule to abolish regulated tariffs for the sale of natural gas, as stated in the abovementioned Memorandum of Understanding. Based on this schedule:

As of 1st July 2012, regulated tariffs ceased to exist for end users with annual consumption of less than or equal to 10 000 m^3 and greater than 500 m^3 (corresponding roughly to the largest households and small companies).

On 1st January 2013, regulated tariffs for the supply of end users were fully abolished.

3.2 ELECTRICITY

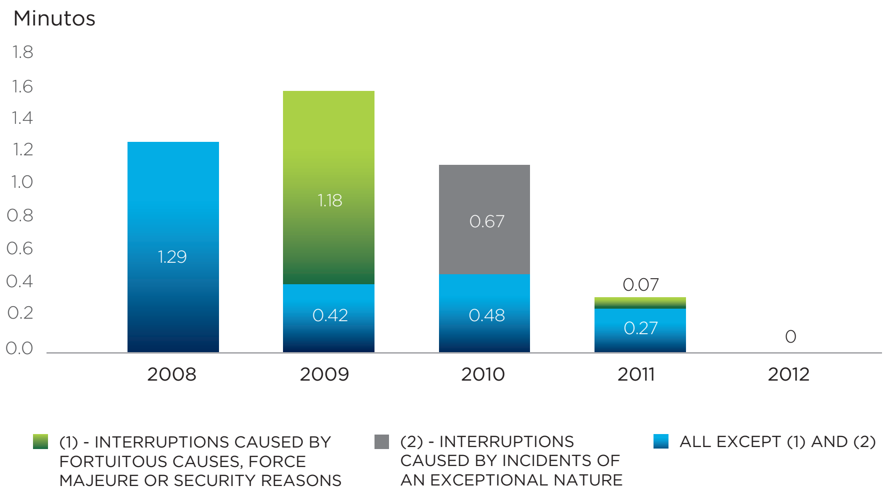
3.2.1 OPERATION OF THE RNT

QUALITY OF SERVICE

2012 was indeed an historic milestone in the Quality of Service provided by REN, as for the first time in the company's history, there was no record of service interruptions greater than 3 minutes. This consolidated the trend observed in previous years towards a gradual and sustained improvement in the performance of the National Transmission Grid (RNT).

For this reason, the Equivalent Interruption Time (EIT),an indicator of overall performance commonly used by electrical utilities, as well as the remaining general indicators for continuity of service (ENF, SAIFI, SAIDI and SARI) established in the Quality of Service Regulations, recorded the best ever figures.

EVOLUTION OF EQUIVALENT INTERRUPTION TIME – EIT

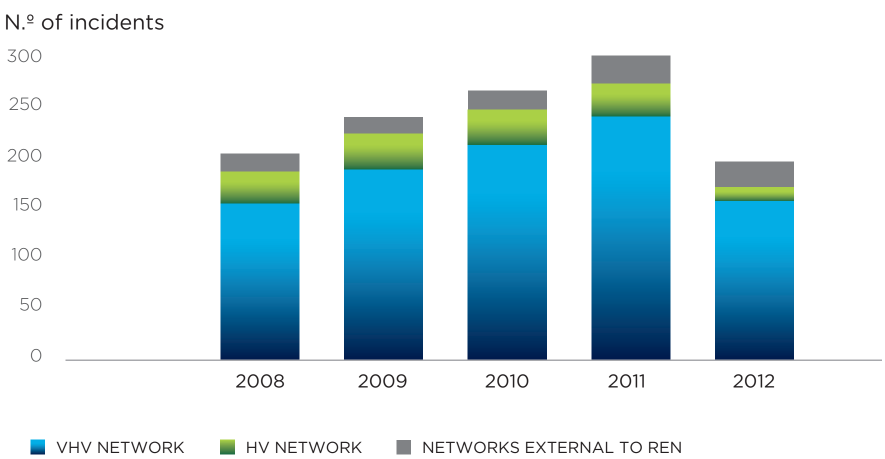


With regard to voltage waveform quality, in general terms, the average value of disturbances was relatively low and the regulatory limits (indicative) were complied with.

The overall level of electrical energy quality depends on the number of incidents recorded or with impact on the transmission grid. In 2012, the number of incidents and disturbances also reached a new historic low. There were 184 incidents (33% less than in 2011), 154 of which originated in the Very HighVoltage Network (VHV); 14 in the High Voltage Network (HV) and 16 in other grids but with an impact on the networks.

Only 4 incidents (2.2% of the total) actually caused interruptions to the supply of electricity to clients, having caused 5 short-duration interruptions (between 1 second and 3 minutes) of consumption at delivery points.

EVOLUTION IN THE NUMBER OF INCIDENTS

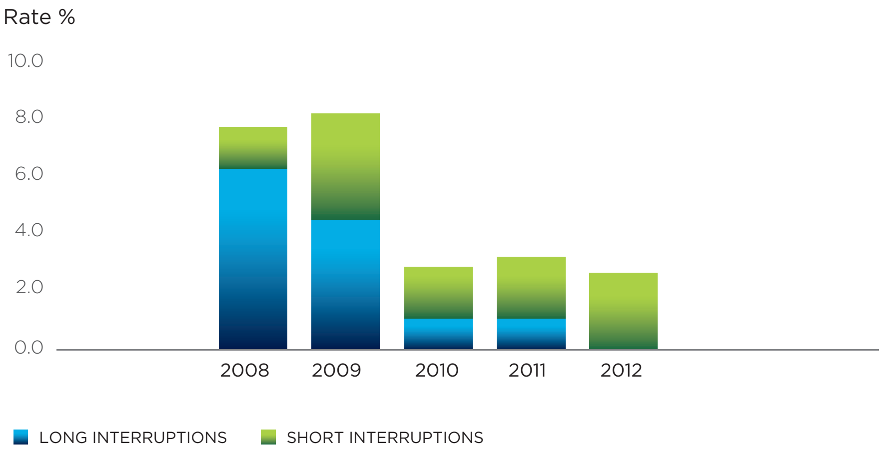


Another way of highlighting the performance of the transmission grid is through an indicator referred to as "Vulnerability", which expresses the capability of the transmission grid to not discontinue the supply of electrical power to consumers following an incident, regardless of its origin (including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

In 2012, this ratio was 0.0272, corresponding to all short interruptions.

This was the best figure ever for this indicator.

EVOLUTION IN THE VULNERABILITY OF THE TRANSMISSION NETWORK



NETWORK BEHAVIOR

During 2012, the major congestions that occurred in the RNT were associated with supply security in the Metropolitan Oporto area. They resulted from the combination of a very dry hydrological year and decisions of a commercial nature by producers. Congestion occurred at the end of February – beginning of March and was overcome by mobilizing generation through technical constraints.

Moreover, major congestions occurred associated with outages of grid elements, which were then solved through the creation of generation constraints or through the introduction of topological changes into the network by the System Operator.

In 2012, the domestic consumption of electricity maintained the trend towards decline already observed in 2011. This caused an excess of energy in the RNT and consequent difficulty in controlling voltage. The above mentioned difficulty was overcome by the use of measures programmed by the System Operator.

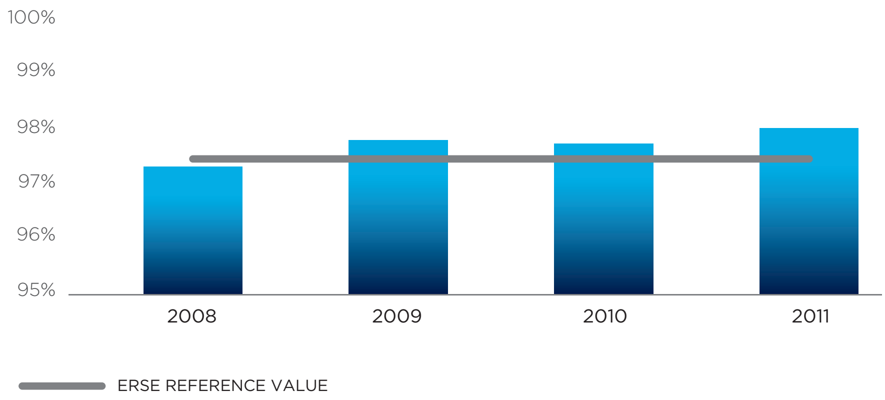
Finally, also of note in 2012 was the fact that new maximums for wind energy production were once again recorded, both with regard to energy and peak production. Once again the national electricity system managed to store all this production without having to introduce reductions.

AVAILABILITY

The Combined Availability Rate, a regulatory indicator introduced by ERSE in 2009, reached a new historic record in 2012, with a value of 98.49%. This variable is mainly affected by long-term work, particularly relating to increases in power transmission line capacity and remodelling of equipment at substations. The figure below shows the annual evolution of this indicator since it first started to be calculated in 2008. Its progressive improvement highlights the obvious evolution in terms of coordination and planning of grid outages during the period in question.

In 2012, a reduction was seen in long-term work as compared to previous years, more specifically with regard to work to increase line transmission capacity.

COMBINED AVAILABILITY RATE

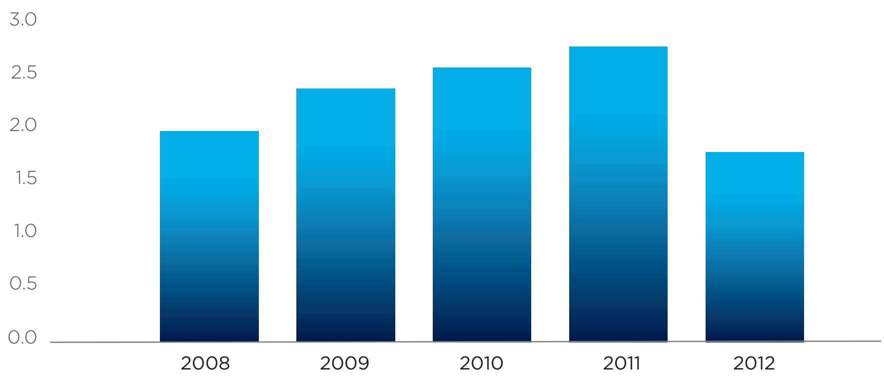


PERFORMANCE OF TRANSMISSION NETWORK ASSETS

In 2012, RNT lines registered a very good overall performance. The number of faults per 100 kilometres of circuit reached a new historic low (1.75).

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



This favorable evolution is due in part to a lower incidence of atmospheric discharges impacting on the RNT, but also as a result of preventive measures implemented in recent years by the company, which have tended to reduce the aggressiveness of the environmental phenomena to which it is subject.

The overall availability rate for line circuits, including terminal panels, was 98.58%, a higher figure than the one recorded in the previous year (+0.58).

In general, all substations recorded favorable behaviour in their service performance. The overall availability rate of transformers and autotransformers (including the respective panels) stood at 98.232%, a similar figure to that seen in 2011 (+0.01%). This indicator is affected mainly by remodelling and replacement work on HV equipment and transformers.

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 2012

In 2012, the projects concluded in the National Electricity Transmission Network (RNT) contributed toward enhanced safety and reliability of system operation, to improved reception capacity, particularly from renewable sources, and to better power feeding conditions to distribution networks.

In the Trás-os-Montes region, the new 220/60 kV Valpaços, substation came into operation which also improves supply to neighboring areas, especially Chaves.

In the Metropolitan Oporto area, to reinforce power demand supply, two new 220 kV connections in underground circuit came into operation, between the Vermoim and Prelada substations, and another between the Valongo transition post and the Ermesinde substation.

In the Lisbon region, in order to support demand supply, the second 220 kV Alto de Mira – Zambujal underground circuit came into operation, which was already built but operating in the 60 kV network. A new 220 kV underground circuit also came into operation, between the areas of Prior Velho and Alto de São João, provisionally connected at 60 kV between two facilities belonging to EDP Distribuição.

In the northern coastal area and south of the Tagus, the new 400 kV connection between Marateca and Fanhões was concluded, introducing greater reliability in the 400 kV north-south axis, and also providing improved supply to the Lisbon/Setúbal Peninsula region.

Five new transformers started operation, with a total power of 850 MVA.

MAIN INVESTMENTS UNDERWAY

The current situation of economic contraction the country finds itself in, with consequent lower consumption of electric power, the stand down of construction of new PNBEPH plants and production under the special status and the suspension of the Portuguese stretch of the Lisbon-Madrid high-speed rail connection, all led to the postponement of a number of investment projects planned in previous years.

Reinforcement of the interconnection capacitybetween 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 those of “O Covelo”and “Boborás” on the Spanish side.

Connection of special status producers to the RNT

- Completion of the 220 kV loop in Trás-os-Montes, with the construction of the Valpaços–Vila Pouca de Aguiaroverhead line.
- Construction of a new line between Falagueira and Castelo Branco, planned with double design of 400+150 kV, but initially operating at only 150 kV.

Connection of new, normal status, large-scale producers to the RNT

- Construction of a 400 kV switching station in Vieira do Minho and implementation of two connections, also at 400 kV, between this point and Pedralva, to connect the power upgrades from the Venda Nova (Venda Nova III) and Salamonde (Salamonde II) hydroelectric power plants.

Connection 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 neighboring counties of Guimarães, Vizela and Felgueiras.
- To the south of Oporto, next to the coast, setting-up of the 400/60 kV Feira substation to supply the counties of S. João da Madeira, Feira and Arouca.
- 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 introduction of the 400 kV Fernão Ferro substation and the completion of the second 150 kV overhead line between the substations of Fernão Ferro and Trafaria.

Supplying large consumers with very high voltage (VHV)

- In the Metropolitan Oporto area, in order to feed the Maia steelworks with 220 kV, a new 220/30 kV substation is being built and the current 150 kV line is being remodelled to 220 kV.
- The RNT map which includes this report, illustrates the location of the main short and medium-term reinforcements are illustrated.

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.

At the end of 2012, installed PRE power connected to the RESP totalled around 6 600 MW. Within this figure, highlight goes to the increase over the previous year of 132 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.

MALHANITO WIND FARM
(60 kV connection at the REN Tavira Substation)

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 2012. No supply interruptions occurred and all the natural gas indicators were within the limits set out in the Quality of Service Regulations (QSR).

However, one incident in the high-pressure transmission network took place in 2012 which should be noted. A non-intentional natural gas leak to the atmosphere, followed by ignition occurred. This event was on 23rd September but did not result in any interruption to the supply of natural gas or any damages other than to the pipeline.

The indicator for the frequency of incident occurrence per year per 1 000 km of high-pressure transmission infrastructure currently stands at 0.056, based on the total exposure time of the infrastructure. Considering only the last 5 years it is 0.157. 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 35 minutes, corresponding to facility availability of 99.99%.

COMPLIANCE WITH COMMERCIAL SERVICE (NOMINATIONS)	100.0%
INJECTION OF NATURAL GAS INTO THE NETWORK (INJECTED/REQUESTED)	99.68%
AVAILABILITY OF FACILITY	99.99%

SYSTEM OPERATION

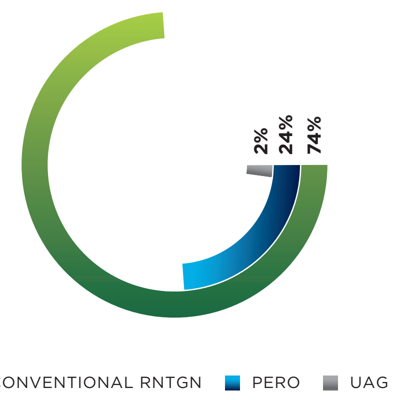
In 2012, the intake of natural gas into the infrastructure operated by the RNTGN concession holder was predominantly through Campo Maior (54%), which connects with the Maghreb gas pipeline and supplies Portugal with gas mainly from Algeria. The intake from the regasification of liquefied natural gas at the REN Atlântico Sines Terminal stood at 45%. As in 2011, intake through Valença accounted for only 1% of total entries into the national system.

In 2012, the 50 269 GWh (around 4.22 bcm) of natural gas transported by the RNTGN included domestic high-pressure consumption and the injection of natural gas into underground storage. The latter amounted to 857 GWh (around 0.07 bcm). There was no offtake of natural gas to Spain through the Valença do Minho interconnection.

The demand for natural gas in Portugal, detailed in the following table, suffered a drop of 12.8% compared to 2011.

MARKET SEGMENT	DEMAND FOR NATURAL GAS (GWh) '11	'12	VARIATION (%)
ELECTRICITY GENERATION UNDER ORDINARY REGIME (PERO)	21 317	11 932	-44.0%
RNTGN CONVENTIONAL MARKET	35 480	37 480	5.6%
UAG CONVENTIONAL MARKET	717	771	7.5%
TOTAL	**57 514**	**50 183**	**-12.8%**

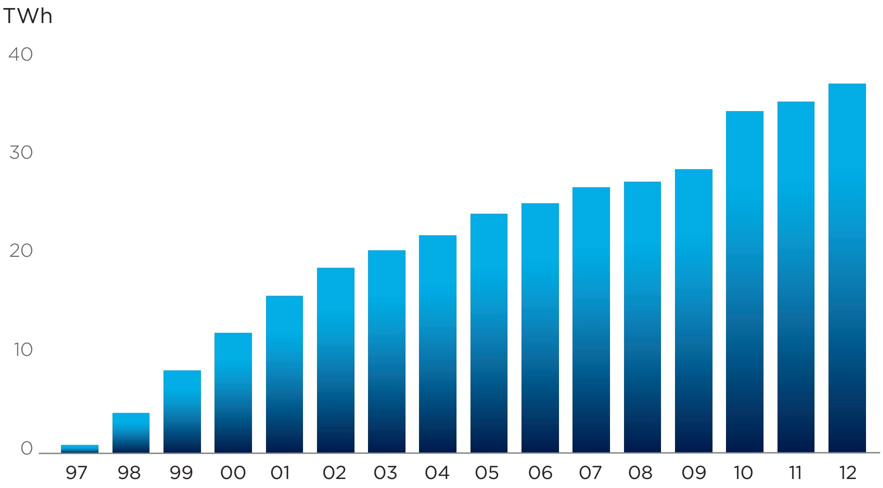
The following graph shows the weighting of the different market segments:



Extract from REN´s 2012 Annual Report. Read the full report for more information.

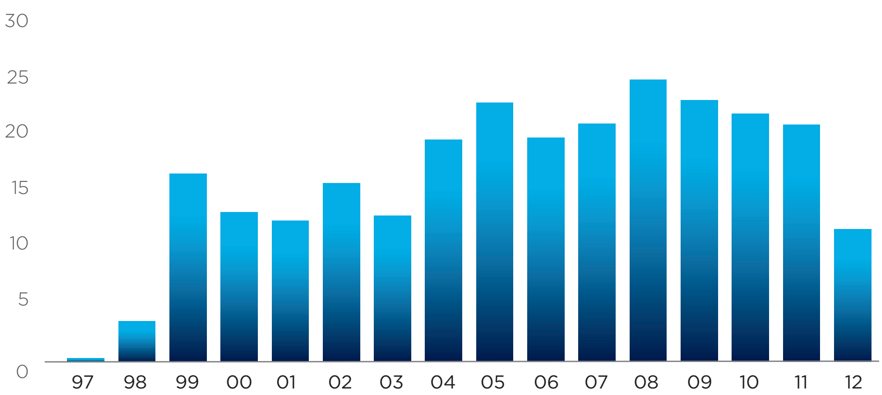
In the conventional market, the variation from 2011 para 2012 can be considered high, taking into account not only the evolution observed from 2010 to 2011 but also the current economic climate in Portugal The growth registered was due to the start up of new natural gas consumption points supplied at high-pressure.

EVOLUTION IN DEMAND FOR NG IN THE CONVENTIONAL MARKET



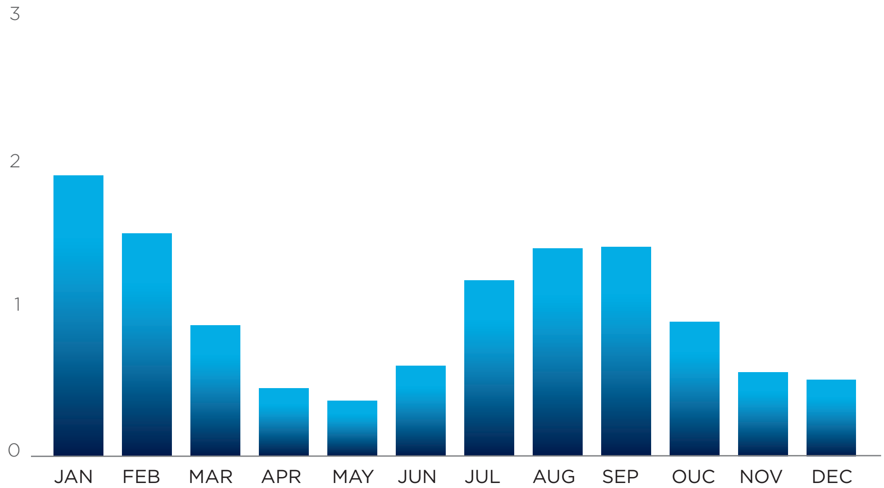
In the market segment for power generation under the ordinary regime, annual consumption varies according to the installed thermoelectric power, hydrological conditions and the competitiveness of coal and natural gas within the context of the Iberian market and also with regard to the contribution of power generated under special regime. Therefore, with regard to the hydrological regime, the hydroelectric producibility index for 2012 stood at 0.94. In relation to PRE, wind power continues to have significant weighting, recording a growth in installed power of 1.4% over figures for the end of 2011.
The combination of these factors contributed toward the considerable reduction (44.0%) in the consumption of natural gas in this sector, as can be observed in the following figure:

EVOLUTION IN DEMAND FOR NG PRO



Due to the reduction in the demand for electricity registered in 2012, the increase in electrical power imports and the competitiveness of coal when compared to natural gas, which resulted in the low consumption of gas, especially in the months from April to May, demand in this segment recorded the following evolution during 2012:

DEMAND FOR NG FOR ELECTRICITY GENERATION UNDER THE ORDINARY REGIME IN 2012



OPERATION OF THE SINES LNG TERMINAL

With regard to operations, the LNG Terminal received a total of 33 ships in 2012 (27 unloading operations, 5 cooling operations and 1 loading operation), corresponding to total unloaded energy of 23.9 TWh and regasification of 22.4 TWh to the network. In the same period, 2 568 tanker trucks were loaded (2 550 for the domestic market and 18 for export), corresponding to total energy of 777 GWh (771 GWh for the domestic market and 6 GWh for export).

The company conducted seven audits, all with positive results, 3 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).

LNG TERMINAL
Storage

OPERATION OF REN ARMAZENAGEM

In 2012, a total of 631 GWh of natural gas was withdrawn and 708 GWh was injected into REN Armazenagem caverns, with a global self consumption of around 7 GWh. With regard to the operation of the gas station, total processed natural gas was 1 653 GWh, broken down into 796 GWh of withdrawals and 857 of injection, with 9 GWh of self-consumption.

At the end of the year, compared with 2011, the following balance of stocks was observed:

NATURAL GAS STOCKS AT REN ARMAZENAGEM (GWh)*

	AT 31 DECEMBER '11	AT 31 DECEMBER '12	VARIATION (ENERGY) '11/'12
	1 439	1 509	5%

* The Figures Indicated do not include Cushion Gas

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

	'11	'12	VARIATION (ENERGY) '11/'12
	1 377	1 429	3.8%

* The figures indicated do not include cushion gas

The quantities stored at the end of 2012 represent an increase of 5% compared to figures for the previous year,while the use of infrastructure, measured by the average daily physical stock over the year, registered a positive change from 2011 to 2012 of 3.8%.

At 31st December 2012, the nominal capacity figures for REN Armazenagem's three caverns in operation were as follows:

INFRASTRUCTURE CAPACITIES (GWh)

	'11	'12
MAXIMUM CAPACITY	1 659	1 659
EFFECTIVE MAXIMUM CAPACITY AFTER TECHNICAL RESTRICTIONS	1 483	1 483
COMMERCIALLY AVAILABLE CAPACITY	1 403	1 403
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.

Extract from REN´s 2012 Annual Report. Read the full report for more information.

3.3.2
INVESTMENT IN RNTIAT

In 2012, 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 RNDGNand customers, represented an investment in 2012 in natural gas infrastructures of EUR 45.1M, with the respective asset value under operation totalling EUR 119.5M.

REN GASODUTOS

As part of the connection to new clients, REN Gasodutos start-up the delivery point to Carbogal plant, in Sines. With regard to the expansion of the RNTGN, construction work was started on the Mangualde-Celorico-Guarda gas pipeline. This pipeline is expected to start operation at the end of 2013. This project was considered eligible under the EU European Energy Program for Recovery (EEPR).

Also carried out in 2012 was the project to automate the Bidoeira station, as part of the revamping projects to increase security of supply. This is a multi-junction station where the four main RNTGN gas pipelines converge.

Furthermore, in 2012, REN Gasodutos started the development process to upgrade the SCADA system,both for the Bucelas Dispatch Centre and the Emergency Dispatch Centre. The aim is to guaranty the quality of service statutory levels while optimizing the RNTGN command and supervision processes, updating and modernizing the respective technology.

REN ARMAZENAGEM

In 2012, 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:

- A diagnostic study on the status and conditions of the Gas Station, with a view to the debotlenneck capacity constrainsts and implement automatic remote mode of operation, from the Bucelas Dispatch Centre.
- Continuation of construction of cavity RENC-6, which underwent leaching operations throughout 2012.
  An accumulated volume of approximately 210 000 m^3 was reached. The estimated final volume will be around 500 000 m^3.
- Environmental impact study and base engineering project for cavity RENC-8, as a result of the Memorandum of Understanding between REN Armazenagem and Transgás Armazenagem for the joint construction of three new cavities. These studies gave rise to the licensing process submitted to the DGEG in June 2012.
- Conclusion of construction work to install a Fiscal Metering System at each of the caverns, in order to comply with regulations which require the physical and commercial balance to be ascertained with regard to gas injected into and withdrawn from caverns by the storage operators, REN Armazenagem and Transgás Armazenagem.

REN ATLÂNTICO

With regard to REN Atlântico, the construction work on the LNG Terminal expansion project was concluded during the first semester of 2012.

As a result, the Sines LNG Terminal storage capacity increase to 390 000 m^3 and natural gas supply capacity rise to 1 350 000 m^3(n)/h.

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 conformance with Decree-Law Nº 172/2006 of 23rd August, 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 Order Nº 11210/2008, 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 2012, the AGC contract with GALP was renegotiated, which resulted in a significant reduction in the Annual Contracted Quantity (ACQ) of Natural Gas (NG) to be consumed at the Turbogás power plant. It was agreed that from October 2012 to September 2015, the total annual ACQ value of natural gas would be reduced significantly, so as to adapt the plant's production to real market needs in light of the current drop in the consumption of electric energy.

With regard to operating in the European market for emissions licences (ETS – *Emissions Trading Scheme*) REN Trading continued to participate, albeit less actively than in previous years, on the Bluenext (discontinued on 5 December 2012) and ICE (Intercontinental Exchange) exchanges.

REN Trading is responsible for managing the CO_2 emissions licences portfolio attributed to the two abovementioned power plants and for establishing a management strategy for these environmental bonds, which consists of buying and selling emissions licences, as well as conducting swap operations of EUAs (European Unit Allowances) for CERs (Certified Emissions Reductions). In 2012, the accentuated decline in volumes and prices in this market continued, due to diverse factors. REN Trading's activities were consequently reduced and the results of the corresponding incentives were therefore lower than in previous years.

The sale of electric energy in the market is mainly carried out by means of the Iberian Electricity Market (placing daily and intra-day 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 2012, with a highly positive final outcome.

Through its area of Financial Products, REN Trading accompanies the most relevant market trends in the sector, with an emphasis on coal, energy and CO_2 emission licences. Term hedges were conducted (in the derivatives market) and some purely financial operations were negotiated with regard to providing services to REN SGPS.

As it is a regulated company, in its Order No 11210/2008 of 8th April, 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 2012 correspond to the value calculated for the incentives set by ERSE, which are identified below (the I2, an incentive for the efficient contracting of natural gas consumed at the Tapada do Outeiro power plant, was eliminated in 2012):

I_1 – Incentive related to the efficient supply of energy from the Turbogás Power Plant in the daily market (limited to EUR 1.5 M, fully achieved in 2012).

I_3 – Incentive related to optimising the production of the Tejo Energia Power Plant (limited to EUR 1.5 M, fully achieved in 2012).

ICO_2 – Incentive for the efficient management of CO_2 emission licenses (limited to EUR 2.72 M, while the figure achieved in 2012 was EUR 0.035 M).

Swaps – Incentive for optimizing exchanges (swaps) of EUA for CER in the CO_2 emission licenses trading market (this incentive has no ceiling, the figure achieved in 2012 was EUR 0.105 M).

Thus, the total incentives obtained in 2012 amounted to EUR 3.14 M, a figure higher than that of the previous year (due to increased sales of energy from the Pego plant, resulting from a drop in coal prices in international markets along with a reduction in the price of emissions licences, which made the power plant quite competitive in the Iberian electricity market).

3.4.2
REN TELECOM

The REN Group is present in the Information and Communication Technologies market through RENTELECOM, 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 2007.

REN TELECOM engages in a diverse range of activities, including infrastructure, managed services, projects and consultancy.

In 2012, REN TELECOM consolidated and reinforced its presence in the external market, ensuring a more proactive and systematic approach to national and international markets both in terms of companies (65%) and operators (35%).

This strategy contributed towards an increase in turnover of more than 10% as compared to 2011, with an emphasis on the services of space rental (15%), housing services (25%) and rentals of lines (15%). Similarly, there was an increase in turnover in the area of maintaining wind farms as compared to 2011 (8%), notwithstanding the accentuated reduction in activities in this economic sector.

In 2012, REN TELECOM also accompanied the Group's efforts towards diversification and internationalization of business, having signed an important infrastructure contract with a large international operator. Thus, RENTELECOM has proved that it has an interesting value proposition, not just at a national level but also at the level of the most demanding global players, having emerged as an outstanding service provider in the area of Information and Communications Technologies.

3.4.3 ENONDAS

BRIEF BUSINESS DESCRIPTION

ENONDAS is a company dedicated to public service 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

In the second year of its existence, ENONDAS continued the projects it had begun while carrying out its development plan.

In this regard, the project to prepare a geophysical profile of the Pilot Area (PA) was concluded – an exhaustive task to prepare for the other projects envisaged in the development plan, more specifically in terms of infrastructure (undersea electric cables), of fundamental importance for future promoters/customers.

Based on the results of this project, the good conditions of the Pilot Area for developing renewable marine energy have been confirmed. The PA has a good quality marine bed for mooring systems and good energy potential in terms of waves.

The results of this project, concluded in November 2012, as a report and geographic information system, are currently being circulated among potential customers by ENONDAS.

2012 was also the year in which the ENONDAS budget was approved by the Regulator and the overseeing authority authorised part of it for execution. After these approvals, ENONDAS began two more projects, the regulating of access and the environmental profile, which will be concluded in 2013.

An important part of its activities in 2012 was dedicated to commercial marketing, so as to attract customers/promoters to the Pilot Area. The most important channels were national agencies and associations, with an emphasis on AICEP, ENERGYIN and the Sea Economy Entrepreneurial Forum.

ENONDAS has contributed towards promoting a marine economy in the energy sector at various national and international events and in press articles. It has provided clarifications on its role in terms of attracting investments and developing this economic sub-sector.

As part of its commercial activities and with regard to potential customers with which it is negotiating, coupled with the aspects described in the previous paragraph and its commercial strategy, ENONDAS promotes ties with companies in the marine sector in addition to the services it provides to its customers. Such entities include shipyards, industrial companies, maritime services companies, consultants and service firms.

MAIN INVESTMENTS

In 2012, the geophysical profile project continued to be the main investment and was concluded this year.

FUTURE PROSPECTS

In 2013, ENONDAS will continue and finalise the projects begun in 2012, namely regulating access to the Pilot Area and the environmental profile.

It will likewise continue the infrastructure project (electricity connection and undersea cable) and it is expected that the engineering phase will be at an advanced stage/ concluded by the end of 2013, with a view to commencing construction in 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.

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 internationalization based on its core competences.

Thus, in 2012 REN reviewed its strategic plan for the period 2013-2016, identifying priority areas for expansion and consolidating its international presence in 3 geographical regions, namely: South America (Brazil and other nations in Latin America), South Africa and opportunities identified in Europe, the Middle East and Asia (on a case-by-case basis in the latter region).

It is important to note the creation, in September 2012, of a specific business development area, aimed at following the guidelines of the international component of the strategic plan. REN will ensure a balanced use of its resources to guarantee a correct balance between M&A opportunities – which generate immediate cash flows – and greenfields opportunities – implemented over a longer term. Owing to inherent risks and due to competitive circumstances, internationalisation will be carried out in phases and considered on a case-by-case basis, following a financially prudent attitude, ensuring suitable returns on investments.

REN has carried out various business missions in these areas and has negotiated the acquisition of stakes and consultancy projects with companies and governments controlling energy infrastructure. In particular:

South America:

- Identifying and monitoring opportunities of strategic interest in the short-term, including consulting opportunities as well as acquisitions or greenfields opportunities.

South Africa:

- Acquisition for EUR 38 million of a 7.5% stake in the Cahora Bassa Hydroelectric Plant (HCB) in Mozambique;
- Evaluation as part of a consortium for the Energy Transmission Company (STE) project in Mozambique, which aims to create the backbone of the High Voltage National Electric Energy Transmission Network, spanning approximately 2 000 km, with links to South Africa, and future projects for hydroelectric and thermoelectric production by the Electricidade de Moçambique (EDM) company;
- Identifying opportunities, mainly for the medium/long term.

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 based on 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

3.5.1 RESULTS IN 2012

MAIN INDICATORS

In the 2012 fiscal year, EBITDA increased 8.9% (+EUR 42.0M) as compared to 2011, which was essentially due to: i) a change in the remuneration formula for electricity assets, excluding land (a rate that in 2011 was calculated on the basis of the average of the daily profitability of the 10 year Treasury Bonds and in 2012 was now indexed to the average daily quotes for the 5 year CDS issued by the Portuguese Republic) and ii) an increase in the average remunerated assets base (RAB).

Net financial income was -EUR 136.0M, reflecting a drop of -EUR 32.7M€ (+31.6%) as compared to 2011. However, the positive operational performance surpassed the increased financing costs, enabling the net financial income to rise to EUR 123.9M (+EUR 3.3M€; +2.7%).

Capex reduced from the investment peaks witnessed in previous years (-EUR 148.4M; -42.5%) and transfers to RAB reflected the same trend (-EUR 105.9 M, -24.8%). Nonetheless, the average value of the RAB grew 6.1% as compared to 2011.

Net debt increased by EUR 201.1M (+8.7%), reaching EUR 2 512M, and its average cost rose to 5.70%, i.e. 0.98% higher than in 2011.

MAIN INDICATORS (MILLION OF EURO)	'11	'12	CHANGE %
EBITDA	472.5	514.6	8.9%
NET FINANCIAL INCOME	-103.4	-136.0	31.6%
NET INCOME	120.6	123.9	2.7%
RECURRENT NET INCOME	131.0	120.1	-8.3%
TOTAL CAPEX	349.4	201.1	-42.5%
TRANSFERS TO RAB[7] (AT HISTORIC COSTS)	426.5	320.6	-24.8%
AVERAGE RAB (AT REFERENCE COSTS)	3 185.8	3 380.7	6.1%
NET DEBT	2 311.3	2 512.4	8.7%

[7] Includes direct acquisitions RAB related.

OPERATIONAL RESULTS – EBITDA

EBITDA increased by EUR 42.0 M (+8.9%) as compared to 2011, achieving EUR 514.6 M. The following factors contributed towards this evolution:

- 6.1% increase in the average RAB, as well as in the corresponding average rate of return (as a result of a review of the remuneration mechanism for electricity assets (excluding land) and a change in the asset mix, with a greater emphasis on premium assets), which enabled a rise of EUR 57.6M (+25.1%) in the return on RAB;
- Increase in income from the recovery of deprecitions of EUR 15.7M (+9.7%), in line with the increase in RAB;
- Telecommunications sales and services of EUR 5.5M, an additional EUR 0.6M as compared to 2011.

However, these results were affected by a set of unfavorable factors, including:

- A reduction in the remuneration of hydric lands by EUR 2.8M due to a reduction in the interbank swap rates[8];
- A reduction in the smoothing differences and the neutrality effect for gas, which went from 1.8M€ in 2011 to -EUR 7.5M in 2012 according to the smoothing methodology defined;
- A decline in the contribution of the interest on tariff deviation, which went from EUR 2.5M in 2011, referring to tariff deviation to be received from tariffs, to -EUR 6.5M in 2012, referring to tariff deviation to be given back to tariffs;
- The net effect of the exclusion of the OMIP from the REN consolidation perimeter of -EUR 1.3M;
- A reduction in Own Works of EUR 5.3M (-16.2%), accompanying the Capex reduction and, consequently, from the fixed assets underway;
- An increase in OPEX by EUR 5.0M, of which the following are worthy of note: i) the increase in the pass-through costs: forest clearing (+EUR 2.6M) and system services and cross-border tariffs (+EUR 2.3M) and ii) the increase in personnel costs (+EUR 4.1M), which was fundamentally due to reverting to the situation prior to the contingencies imposed by the 2011 State budget law.

[8] 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%.

EBITDA (MILLION OF EURO)	'11	'12	CHANGE %
1) REVENUES OF ASSETS	**430.2**	**493.1**	**14.6%**
RETURN ON RAB	229.0	286.6	25.1%
HYDRO LAND REMUNERATION	12.5	9.7	-22.7%
LEASE REVENUES FROM HYDRO PROTECTION ZONE	0.8	0.8	-7.6%
REMUNERATION OF FULLY DEPRECIATED ASSETS	7.0	7.9	13.1%
SMOOTHING DIFFERENCES AND NEUTRALITY EFFECT (GAS)	1.8	-7.5	
RECOVERY OF DEPRECIATION (NET FROM SUBSIDIES)	161.6	177.3	9.7%
SUBSIDIES DEPRECIATION	17.5	18.4	5.2%
2) REVENUES FROM OPEX	**109.4**	**110.4**	**0.9%**
3) OTHER REVENUES	**28.4**	**7.3**	**-74.3%**
ALLOWED INCENTIVES (TRADING)	2.5	3.1	24.3%
INTEREST ON TARIFF DEVIATION	2.5	-6.5	
AVAILABILITY INCENTIVE	0.6	1.0	76.8%
HEDGING	0.4	0.4	-5.4%
TELECOMMUNICATIONS SALES AND SERVICES RENDERED	4.9	5.5	11.4%
SERVICE PROVISION FROM THE MARKET OPERATOR	1.9	0.0	
GAINS IN RELATED COMPANIES	10.3	0.0	
OTHER SERVICES PROVIDED	1.3	1.3	0.3%
OTHER REVENUES	4.0	2.6	-36.5%
4) OWN WORKS (CAPITALISED IN INVESTMENT)	**33.0**	**27.6**	**-16.2%**
5) CONSTRUCTION REVENUES (EX. OWN WOKS)	**316.3**	**172.9**	**-45.3%**
6) OPEX	**118.2**	**123.2**	**4.2%**
PERSONNEL COSTS*	48.3	52.3	8.4%
EXTERNAL SUPPLIES AND SERVICES	52.9	57.5	8.7%
OTHER OPERATIONAL COSTS	17.0	13.3	-21.6%
7) CONSTRUCTION COSTS	**316.3**	**172.9**	**-45.3%**
8) PROVISIONS	**15.2**	**0.6**	**-95.8%**
9) IMPAIRMENT OF RECEIVABLE DEBTS	**2.7**	**2.6**	**-0.2%**
10) NONRECURRING ITEMS	**7.6**	**2.6**	**-65.1%**
PPROVISION TO COVER LITIGATION WITH AMORIM ENERGIA	15.3	0.0	
IMPAIRMENT OF RECEIVABLE DEBTS	2.7	2.6	-0.2%
GAINS IN RELATED COMPANIES	-10.3	0.0	
EBITDA (1+2+3+4+5-6-7-8-9+10)	**472.5**	**514.6**	**8.9%**

*Includes a provision of 2M€.

NET INCOME

Despite the negative Net financial Income, which, due to the increase in net debt (+8.7%) and the finance cost (a rise in the average cost from 4.72% to 5.70%), worsened by EUR 32.7M (+31.6%), the net income increased by EUR 3.3M to EUR 123.9M, as a result of a good operational performance.

The Recurrent Net Income (i.e. Net Income without nonrecurring items) reduced 8.3% (-EUR 10.9M).
The nonrecurring items considered in 2012 and 2011 are as follows:

In 2012 – i) the surplus from the estimated income tax of –EUR 5.6M connected with recognising as a fiscal cost the provision for an indemnity pertaining to the litigation with Amorim Energia; and ii) a provision for impairment of debts receivable amounting to EUR 2.6M.

In 2011 – i) increase of the provision for the Amorim B.V. case, amounting to EUR 15.3M; ii) recognition of EUR 3.6M in income tax for the non-recognition in 2008 of the Holding's funding costs as a tax cost; iii) gains of EUR 10.3M related to the valuation of REN's equity share in OMIP at historic cost and the fair value of the asset resulting from the appraisal and iv) a provision for impairment of debts receivable amounting to EUR 2.7M.

NET RESULT (MILLION OF EURO)	'11	'12	CHANGE %
EBITDA	**472.5**	**514.6**	**8.9%**
DEPRECIATIONS	181.8	197.4	8.6%
NET FINANCIAL INCOME	-103.4	-136.0	31.6%
INCOME TAX EXPENSES	59.3	54.7	-7.8%
NET INCOME	**120.6**	**123.9**	**2.7%**
NONRECURRING ITEMS	**10.4**	**-3.8**	
PROVISION TO COVER LITIGATION WITH AMORIM ENERGIA	15.3	0.0	
CORRECTION OF INCOME TAX RELATED TO PREVIOUS YEARS	3.6	-5.6	
GAINS IN RELATED COMPANIES	-10.3	0.0	
IMPAIRMENT OF RECEIVABLE DEBTS	2.7	2.6	-0.2%
TAX EFFECT	-0.8	-0.8	0.2%
RECURRENT NET INCOME	**131.0**	**120.1**	**-8.3%**

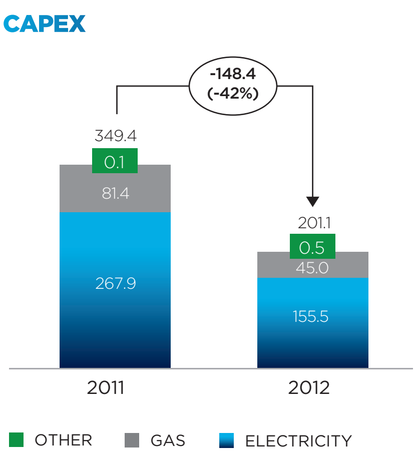
3.5.2

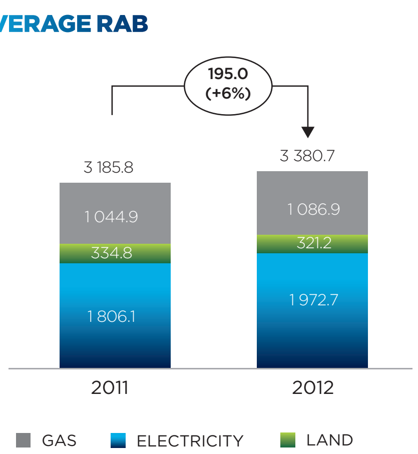
AVERAGE RAB AND INVESTMENT

CAPEX AND AVERAGE RAB

Total Capex reached EUR 201.1M, reducing by EUR 148.4M (-42.5%) as compared to 2011. The electricity segment witnessed a reduction of EUR 112.4M (-41.9%) while in the gas segment the reduction was EUR 36.4M (-44.7%).

Similarly, the transfers to RAB reduced EUR 105.9M (-24.8%) as compared to 2011, reaching the sum of EUR 320.6M in 2012. The average RAB was EUR 3 380.7M, increasing EUR 195.0M (+6.1%) as compared to 2011, of which EUR 153.0M was in electricity and EUR 42.0M in gas. It can be noted that, in electricity, the increase in the average RAB occurred above all in the categories with the greatest rate of return, wherein of this increase EUR 159.2M took place in electricity with premium (RoR of 11.1%), while the categories with a lower rate of return (hydro lands, RoR of 3.2%, and electricity without premium, RoR of 9.6%) saw their average RAB value reduce EUR 12.9M and increase EUR 7.4M, respectively.





Extract from REN´s 2012 Annual Report. Read the full report for more information.

CAPEX

In the electricity segment, it is possible to highlight projects associated with reinforcing the distribution network's feed conditions, increasing 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 EUR 8.7M was invested; reinforcing the feed to the Greater Porto region, where EUR 35.2M was invested; and that of Lisbon, where EUR 20.9M was invested; as well as improving the north-south energy flow in Portugal, with the construction of a 400 kV connection between the area of Marateca and Fanhões, involving a total investment of EUR 28.8M.

In the gas segment, the following activities are worthy of note: the expansion of the capacity of the natural gas terminal in Sines, where around EUR 23.5M was invested in 2012; the construction of the new Mangualde-Celorico-Guarda gas pipeline, the investment for which was EUR 4.1M; and the construction tasks for the C6 cavern for storing natural gas, with an investment of EUR 3.9M.

In 2012, the value of the group's transfers to RAB amounted to EUR 320.6M, which represents a decline of 24.8% as compared to 2011.

MAIN PROJECTS IN 2012

REN – REDE ELÉCTRICA
(MAIN PROJECTS)

35.2M€
Development of the network in the Greater Porto area

28.8M€
Marateca-Fanhões area connection

20.9M€
Reinforcing the network in the Greater Lisbon area

8.7M€
Developing the network in the Trás-os-Montes area

61.9M€
Other projects

REN ATLÂNTICO
(MAIN PROJECTS)

23.5M€
Project to expand the Sines Terminal

5.1M€
Other projects

REN ARMAZENAGEM
(MAIN PROJECTS)

3.9M€
Cavern 06

2.3M€
Gas facilities

0.8M€
Other projects

REN GASODUTOS
(MAIN PROJECTS)

4.1M€
Mangualde-Guarda gas pipeline

1.2M€
Branch lines

1.4M€
Upgrade SCADA system

1.0M€
Bidoeira

0.2M€
Substituting equipment at the end of its useful life

1.4M€
Other projects

ELECTRICITY: 155.5M€	GAS: 45.0M€	OTHER BUSINESSES : 0.5M€

GROUP'S INVESTMENTS IN 2012: 201.1M€

Extract from REN´s 2012 Annual Report. Read the full report for more information.

ELECTRICITY

Investment in the electricity segment amounted to EUR 155.5M (-41.9%) and placements into service amounted to EUR 201.0M (-44.3%). The new 220/60 kV substation in Valpaços entered into operation in the Trás-os-Montes region, which will help improve supplies in neighboring districts as well, especially the district of Chaves.

In Greater Oporto, in order to reinforce consumer feeds, two new connections were made operational in an underground 220 kV circuit, one between the substations in Vermoim and Prelada and the other between the transition station at Valongo and the substation in Ermesinde.

In the Lisbon region, to support consumption supply, the second underground Alto de Mira – Zambujal circuit was placed in service at 220 kV, which had already been built but was operating in the 60 kV network. A new 220 kV underground circuit was also placed in service between the areas of Prior Velho and Alto de São João, temporarily connection at 60 kV between two facilities belonging to EDP Distribution.

In the coastal area north and south of the Tagus River a new 400 kV connection was concluded between the zone of Marateca and Fanhões, reinforcing the reliability of the 400 kV north-south axis and also supplying the Lisbon/ Setúbal Peninsula region.

Five new transformers were placed in service with a total capacity of 850 MVA.

GROUP'S MAIN INVESTMENTS – ELECTRICITY

NATURAL GAS

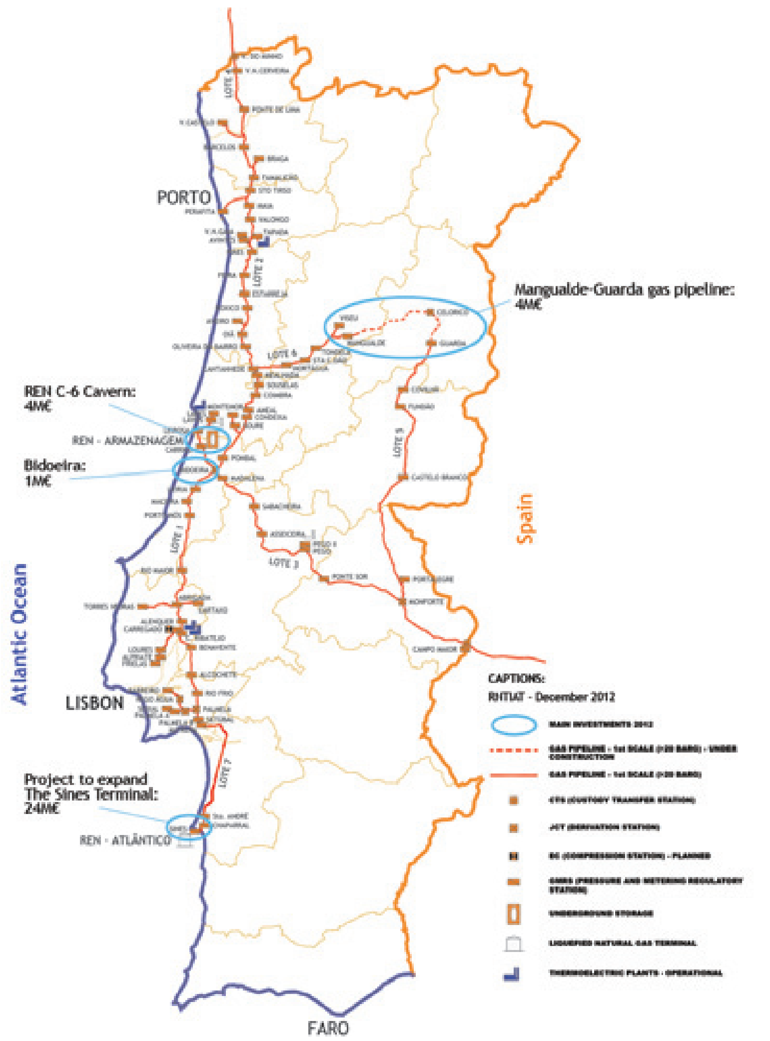
Investments in the area of natural gas stood at EUR 45.0M (-44.7%) and asset value into operation totalled EUR 119.6M (-83.0%).

In REN Atlântico, the construction tasks associated with the LNG Terminal expansion project were concluded, i.e. expanding the emissions and storage capacitiesy. The main technical features of the terminal at the end of 2012 are as follows: regasification capacity of 8 bcm of natural gas/year, capacity to receive gas tanker ships (volumes between 40 000 and 216 000 m^3 of LNG), operational storage capacity of the tanks 390 000 m^3, expansion of the technical capacity for natural gas emissions from 1 300 000 m^3(n)/h to 1 350 000 m^3(n)/h and filling of tanker trucks to a capacity of 4 500 trucks/year.

REN Gasodutos implemented the RNTGN development and investment plan during 2012. The most significant activities included starting the construction activities for the Mangualde-Celorico-Guarda gas pipeline, the upgradinges of the SCADA system and the automation at the Bidoeira station.

REN Armazenagem continued to construct the RENC-6 cavity. The environmental impact study and engineering basis for the RENC-8 cavity were carried out, while the construction tender for installing a metering system in each of the cavities was concluded.

GROUP'S MAIN INVESTMENTS – GAS



Extract from REN´s 2012 Annual Report. Read the full report for more information.

3.5.3
FUNDING AND DEBT

Notwithstanding the difficult economic scenario in 2012, REN successfully continued to consolidate the structure of its debt with a view to diversifying sources of funding, expanding its base of financing and reinforcing the amount and maturity of its credit lines. The funding operations carried out in 2012 improved the company's liquidity position and reinforced its capacity to face future funding challenges.

Within the scope of privatising the company, the new REN shareholder, State Grid International Development, committed to give REN, through the China Development Bank, a long term line of funds for an amount of EUR 1 000 million. After this commitment, the financial terms for funding of EUR 800 million were approved in 2012, the terms for the remaining EUR 200 million to be defined at a future date.

Among the various funding operations carried out in 2012, highlight goes to the bond issued in the retail market is worthy of note.

The following funding operations were carried out in 2012:

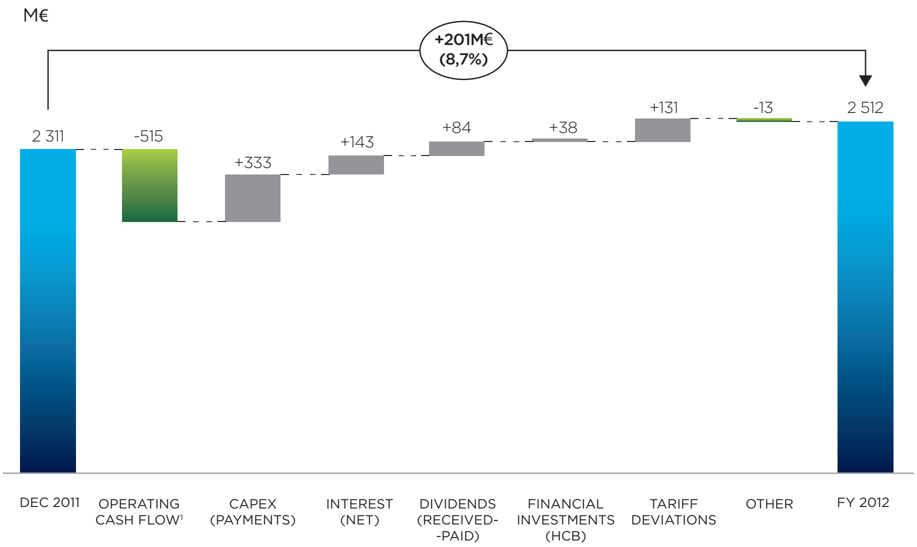
- In March, two bonds were issued, for private subscription, for a total amount of EUR 83.5 million, without guarantees, for a maturity of 3 years.
- In September, a bond was issued, for private subscription, for EUR 50 million, without guarantees, for a maturity of 3 years.
- In September, a public bond was issued, aimed at the retail market, for an amount of EUR 300 million, without guarantees, with a maturity of 4 years.
- In October the loan terms for an EUR 800 million loan from the China Development Bank were approved, divided into two equal tranches of EUR 400 million. The first tranche has a maturity of 8 years and is earmarked for refinancing financial debt and the second tranche, with a maturity of 12 years, is earmarked for funding investments in the electricity and gas infrastructure.
- In December, a bond was issued, for private subscription, for an amount of EUR 100 million, without guarantees, with a maturity of 3 years.

At the end of 2012, the REN Group's net consolidated debt was EUR 2 512.4 million, EUR 201.1 million more than in the previous year. This increase was largely due to investments and payment of tariff deviations.

FINANCIAL DEBT

IFRS	'12	'11	CHANGE ABSOLUTE	CHANGE %
GROSS DEBT	2 705.9	2 407.6	298.3	12.4%
MINUS SWAPS	15.1	26.9	-11.8	-43.8%
MINUS CASH AND CASH EQUIVALENTS	61.2	69.4	-8.2	-11.8%
COLLATERAL DEPOSITS ASSOCIATED WITH DEBT	117.2		117.2	-
NET DEBT	2 512.4	2 311.3	201.1	8.7%

NET DEBT



[1] Operational income + Depreciations + Previsions
Key: FY = Full Year

Bonds were the main source of funding in 2012, representing 60% of total debt.

FUNDING SOURCES

			CHANGE		WEIGHT	
(UNPAID BALANCE)	'12	'11	ABSOLUTE	%	'12	'11
BOND ISSUES	1 606.4	1 072.9	533.5	49.7%	59.8%	45.3%
BANK OVERDRAFTS	736.2	739.4	-3.2	-0.4%	27.4%	31.2%
COMMERCIAL PAPER	343.0	555.0	-212.0	-38.2%	12.8%	23.4%
OTHER	1.4	2.9	-1.5	-51.9%	0.1%	0.1%

Net funding costs in 2012 increased by EUR 35 million as compared to 2011, rising from EUR 108 million to EUR 143 million. This increase was due to two reasons: (i) a rise in the average debt cost in 2012, especially due to the general increase in credit spreads as a result of Portugal's worsening economic situation and (ii) an increase in average debt during the year.

The average cost of debt in 2012 was 5.70%, 98 base points more than in 2011.

The policy for managing interest rates risks continued to be aimed at reducing the volatility of financial responsibilities. Making the most of a market scenario with historically low interest rates, fixed rates were covered by contracting swaps.

3.6 PERSPECTIVES 2013

2013 will mark the start of a new three-year regulatory period for the natural gas business. As was mentioned during the public presentation of the REN strategic plan on Investor Day, the company is working to ensure stable and realistic regulation which promotes suitable incentives for efficiency.

Despite the severe recession the country is currently experiencing, REN will continue to invest significant sums every year which will allow us to continue to provide the country with infrastructures which guarantee supply security and quality of service.

The company will remain focused on its ongoing efforts to increase operating efficiency, which can be observed in the changes to the internal organization currently underway, naturally without prejudicing the standards of excellence which consumers expect and deserve.

We will continue to diversify our sources of financing, seeking solutions which best fit the profile of maturity and risk which a company of such characteristics requires.

With the support of shareholders, efforts for internationalization and the development of new business started in 2012, will have greater visibility in 2013 and will start to contribute, although in a more modest manner, toward company profits.

This new phase which REN is going through represents a new challenge in the life of all involved and for this reason, investment in the training of people will continue to be a priority.

3.7 PROPOSED ALLOCATION OF NET PROFIT

The consolidated net profit of REN SGPS, S.A. in the 2012 financial year amounted to EUR 123 892 293.48 (one hundred and twenty-three million, eight hundred and ninety-two thousand, two hundred and ninety-three Euros and forty-eight cents).

Considering the above stated, the Board of Directors, pursuant to article 28 of the Articles of Association of REN SGPS, S.A. and articles 31 to 33 and 66 paragraph 5 of the Portuguese Companies Code, proposes that the net profit for the financial year of 2012, verified in the individual financial statements according to the National Accounting System's norms and rules, amounting to EUR 121 094 993.36 (one hundred and twenty-one million, ninety-four thousand, nine hundred and ninety-three Euros and thirty-six cents), has the following implementation:

- For legal reserve – EUR 6 054 749.67 (six million, fifty-four thousand, seven hundred and forty-nine Euros and sixty-seven cents);
- For dividends – EUR 90 780 000.00 (ninety million, seven hundred and eighty thousand Euros), corresponding to a distribution of 73.273% of the consolidated net profit of REN SGPS, S.A. in the 2012 fiscal year, amounting to EUR 123 892 293.48 (one hundred and twenty-three million, eight hundred and ninety-two thousand, two hundred and ninety-three Euros and forty-eight cents), which corresponds to the distribution of a gross dividend per share value of EUR 0.170;
- For free reserves, the amount of EUR 24 260 243.69 (twenty-four million, two hundred and sixty thousand, two hundred and forty-three Euros and sixty-nine cents).

04 REN'S SUSTAINABILITY

WE'RE GROWING WITH MORE EFFICIENCY

To grow is also to do better. With increased capability, more professionalism and greater speed.

2012 was a very positive year for REN, with higher than expected performance levels and results which confirm the growing efficiency of our network. REN quality once again speaks for us and the numbers achieved allow us to face the new year with the confidence to help move the country forward, always on the right course.

REN. A NETWORK IN EVOLUTION.

04 REN´S SUSTAINABILITY

4.1 SUSTAINABILITY APPROACH

The sustainability information contained in this integrated report refers to 2012 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 at www.ren.pt[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 3000*), likewise considering the principles of standard AA1000AS (Accountability 1000 Assurance Standard – 2008) and the GRI and AA1000APS (*Accountability Principles Standard* – 2008) guidelines.

[1] 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.

4.1.1
COMMITMENTS

The action plan for the period 2010-2012 was concluded. In 2012, this plan focused especially on the following dimensions:

DIMENSION	MOTIVATION	ACTIONS DEVELOPED IN 2012
Technical and specialised know-how in the energy sector	Maintaining technical and specialised know-how	• FORMAR Program • VIVA Program • Knowledge Management Project • Management Meetings
Risk management	Reinforcing the implementation of the risk management model	• Further developed the implementation of the new risk management process in alignment with the ISO 31000 standard
Involvement with stakeholders	Increase the motivation of employees	• Reinforcing the competences of employees and promoting internal communications, through the VIVA, STAR and TRAINEE programs • Launch of the "Saudável" program to promote the health and well-being of employees • Holding "Encontros REN"
	Improve relations with REN's stakeholders	• Voluntary activities • Cultural sponsorship activities • Support for national and local associations working to promote social inclusion

(CONTINUAÇÃO)

(CONTINUAÇÃO)

DIMENSION	MOTIVATION	ACTIONS DEVELOPED IN 2012
	Promote the sharing of information and specialised know-how among companies and entities in the energy sector	• Establishing regular academic and scientific partnerships • Participation in national and international working groups in sectoral organisations and associations • Publication of scientific articles and active participation in international conferences and forums for debate
Communication	Recognition by society and employees of REN's sustainability practices in various business aspects	• Participation and presentations at diverse events • Providing information in ratings assessments by international agencies and response to questionnaires on sustainability and social responsibility • New REN website, including a section on sustainability

REN's new strategic plan was publicly released at the end of 2012. Based on the company's main strategic vectors and consolidating the work carried out in the previous cycle, a new plan will be prepared in 2013 focusing on the aspects deemed to be a priority for REN's activities in the near future to promote sustainable development.

4.1.2
STAKEHOLDERS

REN periodically identifies and assesses its relevant stakeholders, in accordance with the principles of standard AA1000APS – *Assurance Principle Standards* – 2008.

In 2011, the 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.

For detailed information about the most recent review process please consult:

SURVEY OF STAKEHOLDERS

MAPPING OF STAKEHOLDERS

EXPECTATIONS AND RESPONSE

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 at www.ren.pt[2]

4.2 SOCIAL PERFORMANCE

4.2.1 MANAGEMENT AND DEVELOPMENT OF HUMAN RESOURCES

The 2012 activities plan sought to develop and consolidate the objectives defined for REN's Human Resources Strategy and was based on the following pillars:

- Reinforcing the Corporate Culture by promoting transversal identification, development and integration activities in conformance with REN's Mission, Values and Culture;
- Sustainability by promoting an integrated model for managing human resources which aims to ensure consistency in terms of REN's activities with regard to its personnel, promoting equity and articulation between all the policies which have been defined;
- Corporate development and alignment with a view to upgrading the structure and ensuring the necessary competences for business development, internationalisation and competitiveness in the sector;
- Productivity, by consolidating management instruments and tools to promote levels of efficiency while carrying out diverse activities;
- Development, by defining and implementing a training policy aimed at responding to matters pertaining to corporate development and the individual development of employees.

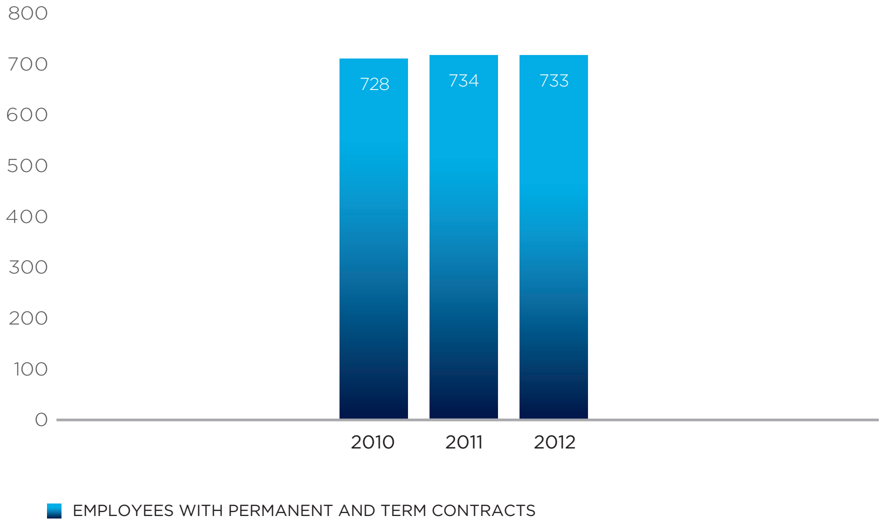
4.2.1.1 HUMAN RESOURCES PROFILE

NUMBER OF EMPLOYEES

At the end of 2012, the number of REN employees remained almost unchanged as compared to 2011, as was also the case with regard to age groups and average time employed with the company.

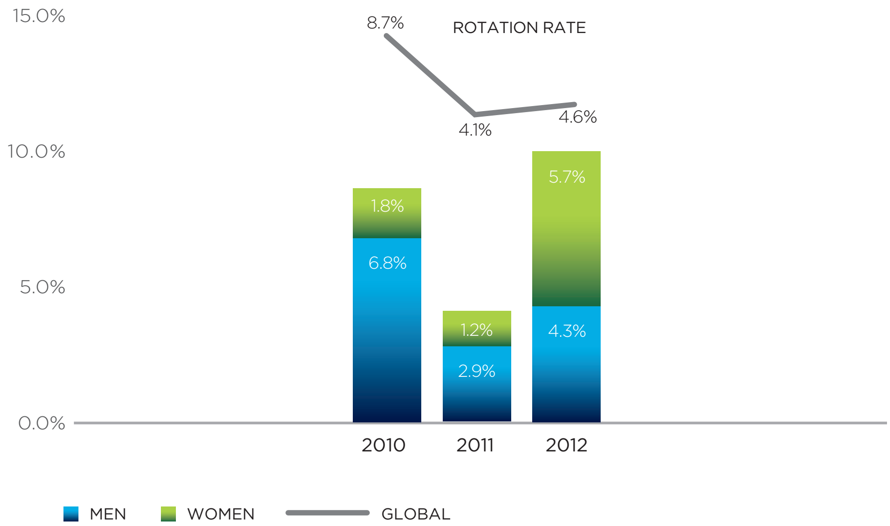
NUMBER OF EMPLOYEES	'10	'11	'12
EMPLOYEES WITH PERMANENT AND TERM CONTRACTS	728	734	733
INTERNS	14	5	2

[2] See REN>Sustainability>Stakeholders>Customers.



	'10	'11	'12
AVERAGE AGE	44.2	44.5	44.7
AVERAGE TIME EMPLOYED AT COMPANY	16.5	16.8	16.9

ROTATION RATE

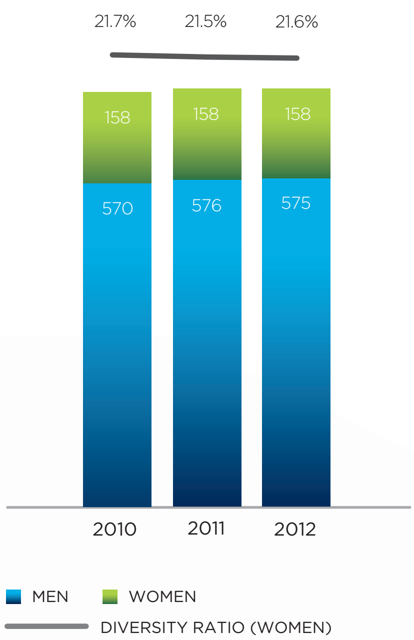


ROTATION RATE BY AGE GROUP	'10	'11	'12
UNTIL 30 YEARS	0.3%	1.0%	5.0%
FROM 30 TO 50 YEARS	1.4%	1.1%	2.2%
ABOVE 50 YEARS	7.0%	2.0%	7.5%

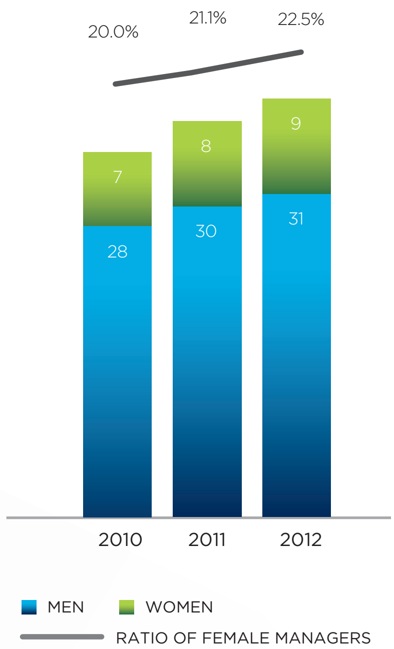
In 2012, the Rotation Rate rose slightly as compared to 2011, primarily because employees left the company due to retirement and early retirement as well as due to new employees joining the company.

With regard to retirement, it is expected that around 20% of REN's employees will retire in the next five years and that this figure will rise to about 35% in the next 10 years.

DIVERSITY OF EMPLOYEES



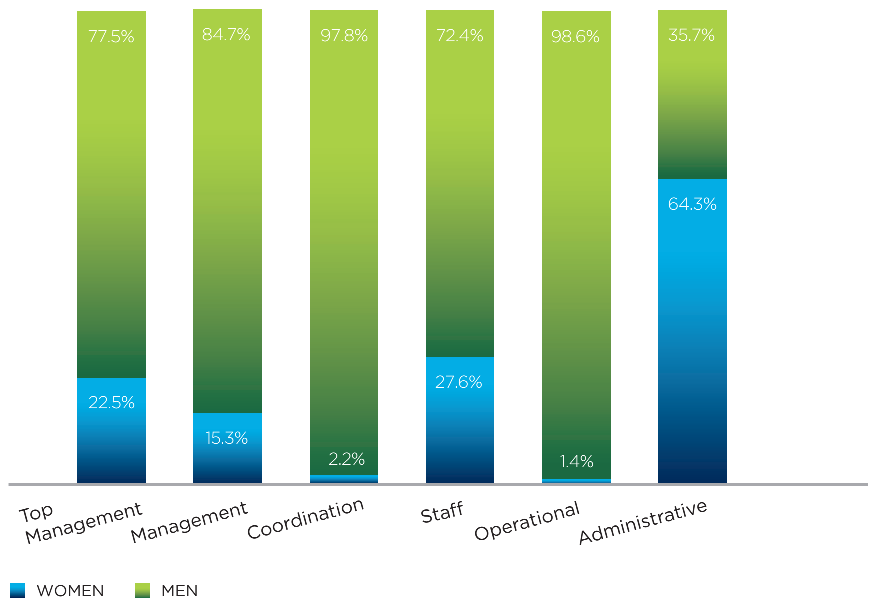
DIVERSITY OF MANAGERS



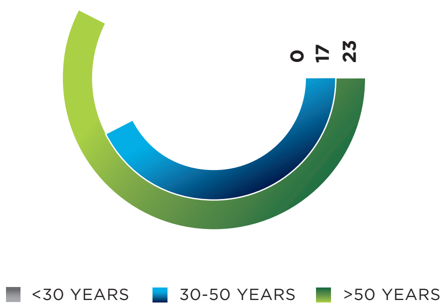
It is important to note the growing presence of women employees at REN in recent years, especially in top management and management positions, rising 2.5 p.p. in the past 3 years. This result reflects a policy to have a balanced ratio of men and women in management positions at REN, which is viewed as 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.

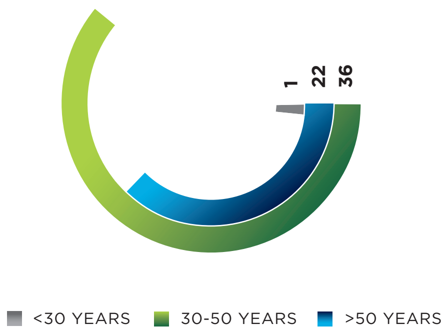
DISTRIBUTION OF EMPLOYEES BY GENDER AND PROFESSIONAL CATEGORY



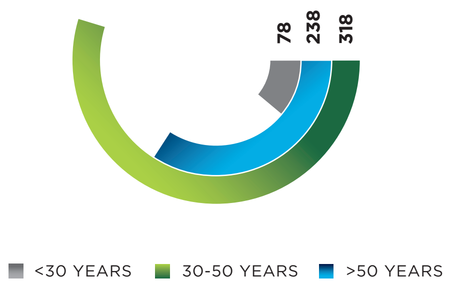
DISTRIBUTION OF TOP MANAGEMENT POSITIONS ACCORDING TO AGE GROUP AND PROFESSIONAL CATEGORY



DISTRIBUTION OF MANAGEMENT POSITIONS ACCORDING TO AGE GROUP AND PROFESSIONAL CATEGORY



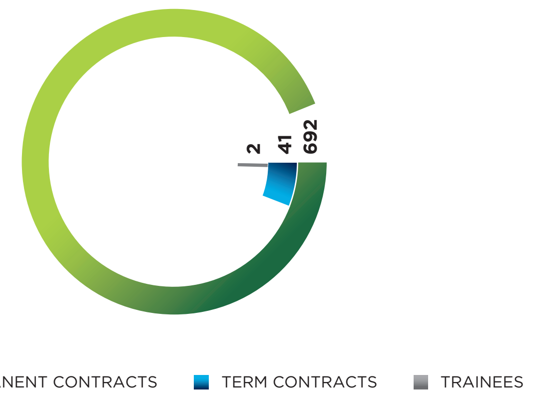
DISTRIBUTION OF OTHER EMPLOYEES ACCORDING TO AGE GROUP AND PROFESSIONAL CATEGORY



Extract from REN´s 2012 Annual Report. Read the full report for more information.

According to overall trends, the oldest age groups are concentrated in the top management positions. At the level of its medium ranks REN has striven to rejuvenate the structure, reflected in the intermediate and other management positions where the percentage of employees aged between 30 and 50 years predominates.

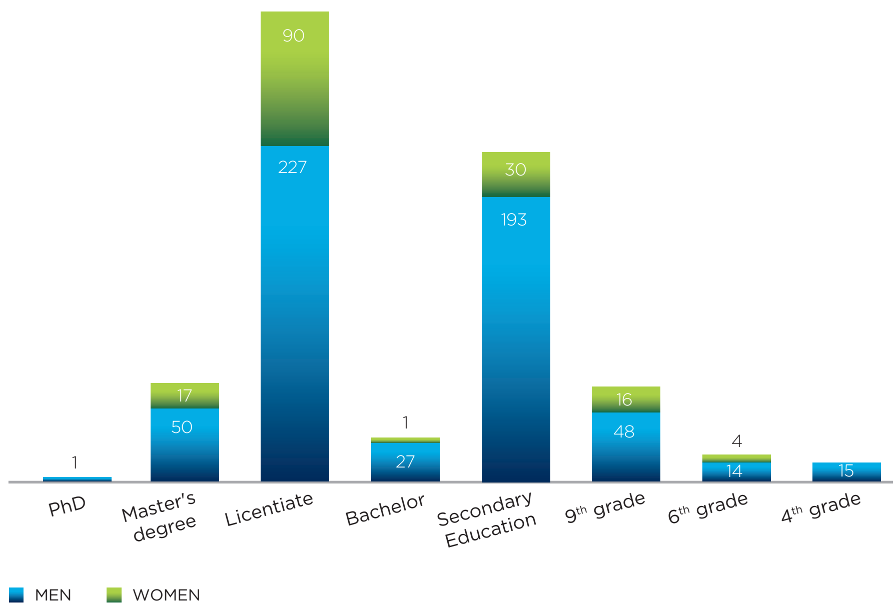
TYPE OF CONTRACT



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.

ACADEMIC QUALIFICATIONS

ACADEMIC QUALIFICATIONS



4.2.1.2 PERSONAL AND PROFESSIONAL DEVELOPMENT

FORMAR PROGRAM

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.

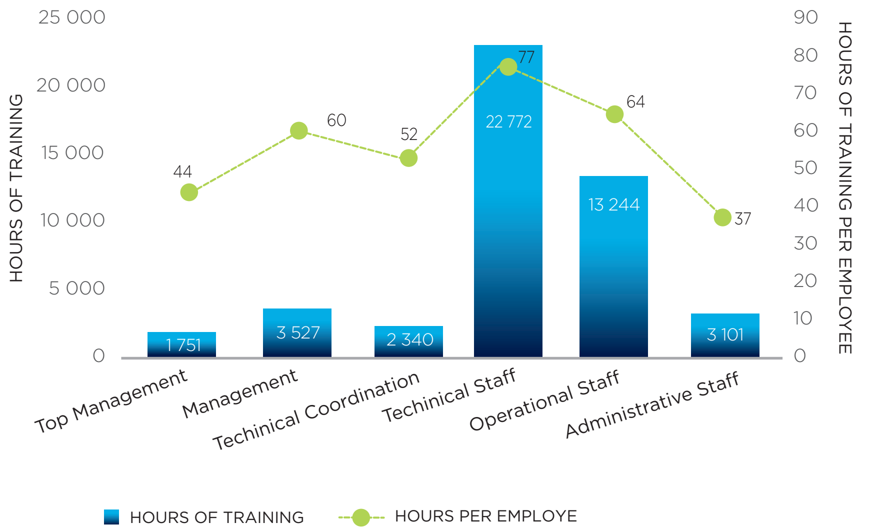
As an ongoing development process, REN has promoted various initiatives associated with the FORMAR Program, where it is possible to highlight the preparation of 2 annual training programs: one based on the specific needs of employees and the other aimed at the company's strategic and transversal needs. Moreover, there are also programs offering training subsidies for seminars and conferences, which likewise contribute towards developing, upgrading and sharing know-how and competences. As a result of this investment, REN has increased the average number of hours of training per employee.

In 2012, it is possible to highlight one of the transversal actions conducted — the training course entitled "Pillars for Creating Value", in which all the company's employees participated.

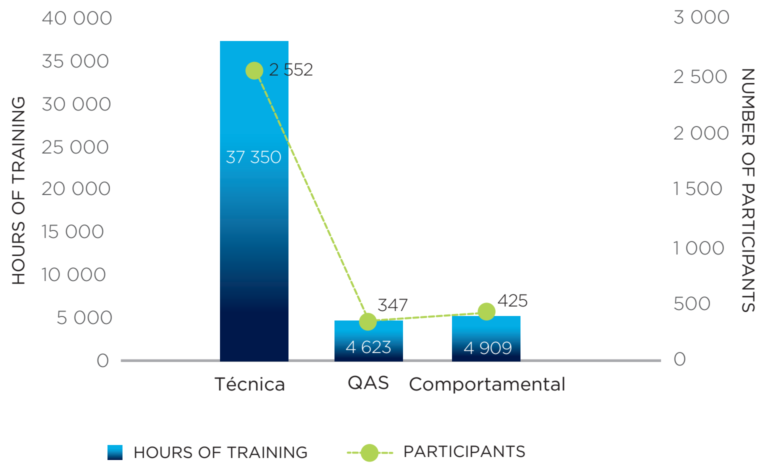
Relevant data for the FORMAR 2012 program:
(The number of hours of training and the number of participants includes interns)

	'09	'10	'11	'12
Nº OF HOURS OF TRAINING	17 248	14 118	31 241	46 882
Nº OF PARTICIPANTS	2 012	2 242	2 256	3 324
Nº OF HOURS/EMPLOYEE	23.1	19. 0	42.3	63.1

VOLUME OF TRAINING



TYPE OF TRAINING



REN also promoted 37 internal training courses and granted 18 financial subsidies for external training. In 2012, REN clearly focused on training its medium level staff and on technical training.VIVA PROGRAM.

VIVA PROGRAM

The VIVA Program, which serves to welcome and integrate employees at REN, was continued in 2012. This program is structured so as to support and facilitate the rapid and adequate integration of new employees, while also being open to existing employees.

Begun in 2010, the VIVA Program has been received enthusiastically and with great satisfaction over the course of these 5 sessions. The overall appraisal has been truly positive and encouraging, since the participation and interest of new and existing employees reflect and demonstrate the importance of this initiative, likewise reinforced by the high level of overall satisfaction of the participants and the total dedication of the speakers.

"For new employees, the VIVA Program is a moment to welcome them and help them integrate, while for both new and existing employees it is an opportunity to get better acquainted with the Group – what we do and how we do it – clarifying each procedure and each process. Moreover, this initiative is also a moment of social interaction, enabling employees from completely different areas to get to know each other, which would otherwise not be possible".

Vanessa Pereira (Head of Training & Development)

VIVA Program 2012:
Satisfaction rate: 88.8%

REN TRAINEE PROGRAM

In 2012, REN continued the REN Trainee Program, which consists of professional job rotation, academic and summer internships, where interns have the opportunity to work on specific projects, creating value for different areas while enhancing their own skills.

The program challenged participants to direct a film on REN's value proposal "What's it like to work at REN?", which involved the participation and involvement of many REN employees and is currently an important REN media project, circulated at universities as well as internally.

"This was one of the most enriching experiences I have ever had at every level, since it enabled me to identify the area in which I felt most comfortable and allowed me to meet innumerable people in different contexts and in various offices and functions"
Participant – Tiago Oliveira (REN Trainee 2011/2012)

"This program allowed me to get to know and interact with colleagues from the most diverse departments in the Company and to hear their experiences. All this networking was very important."
Participant – Carina Sousa (REN Trainee 2011/2012)

"What I liked most, apart from the work I was involved in, were the activities in which the interns participated, such as directing the film and the Campus Trainee workshops"
Participant – João Limpo (REN Trainee 2011/2012)

Relevant data for the Trainee 2012 Program:

INDICATORS	'12
PROFESSIONAL INTERNSHIPS AS JOB ROTATION	9
PROFESSIONAL INTERNSHIPS	3
ACADEMIC INTERNSHIPS	11
SUMMER INTERNSHIPS	16
TOTAL	**39**

4.2.1.3 RECOGNISING PERFORMANCE

STAR PROGRAM – PERFORMANCE MANAGEMENT

This program was reinforced so as to promote a meritocracy, with a view to aligning the REN objectives, the different departments and each employee. It is important to note that this program was strengthened in 2012 so as to constitute a management tool, likewise serving to manage personnel and the compensation policy.

Relevant data for the STAR 2012 Program:

INDICATORS	AV. '11
Nº OF EMPLOYEES COVERED	711
% OF ASSESSMENTS CONCLUDED	100%
AVERAGE – FINAL ASSESSMENTS	3.64
% OF AWARDS CALCULATED AS COMPARED TO THE NUMBER OF ASSESSMENT	97%

In 2012, 100% of REN´s employees received information on their performance.

MANAGING KNOWLEDGE

Lending continuity to initiatives developed in 2011, with a view to implementing an Integrated Talent Management Program, the first results of this project were presented in 2012, which made it possible to map existing talents and focus on retaining and developing human resources, aligning the company's strategy with organisational needs and employee expectations.

Around 290 employees were involved in this project, aged below 50, from the Management, Coordination, Technical- Operational and Technical Staff Groups.

4.2.1.4 BENEFITS AND SOCIAL DIALOGUE

In order to create a system of collective labor relations applicable to employees of the Group's companies while simultaneously seeking to increase internal equality, provide greater efficiency in human resource management and adjusting practices pertaining to the organisation of labor, remuneration, social benefits and occupational health and safety to the Group's current situation, on 23rd November 2012 REN denounced the Collective Labor Agreement (ACT) applicable exclusively to the National Electricity Network, in effect since 2000, simultaneously presenting a new ACT proposal transversal to the Group's companies and business units. With this management decision, REN aims to ensure that the new model for collective labor relations, better suited to current realities, is transversal while ensuring a solid and sustainable relationship among all the Group's companies and their employees.

The proposal for the New Collective Labor Agreement is currently being negotiated with trade unions, while the following benefits were applicable in 2012:

BENEFITS	COLLECTIVE LABOR 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	

In 2012, 57% of REN employees were encompassed by a collective labour agreement (ACT) and 47.5% were part of a union.

4.2.1.5 HEALTH AND SAFETY

Aware that a safe and healthy environment is a decisive factor for the satisfactionof the 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

REN's safety policy encompasses all the activities which can increase REN's resilience to the consequences of accidents or incidents which could affect the continued operations and functioning of energy transmission systems.

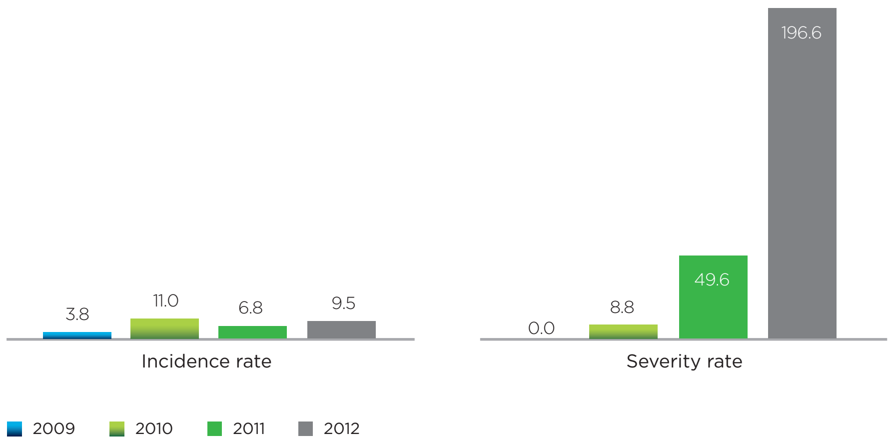
These activities are complemented by promoting compliance with legal requirements and best practices underlying a good performance, proactive measures and continued improvements in this regard.

In 2012, the number of accidents involving Company employees rose from 5 to 7 as compared to 2011, which also translated into an increase in the number of days lost.

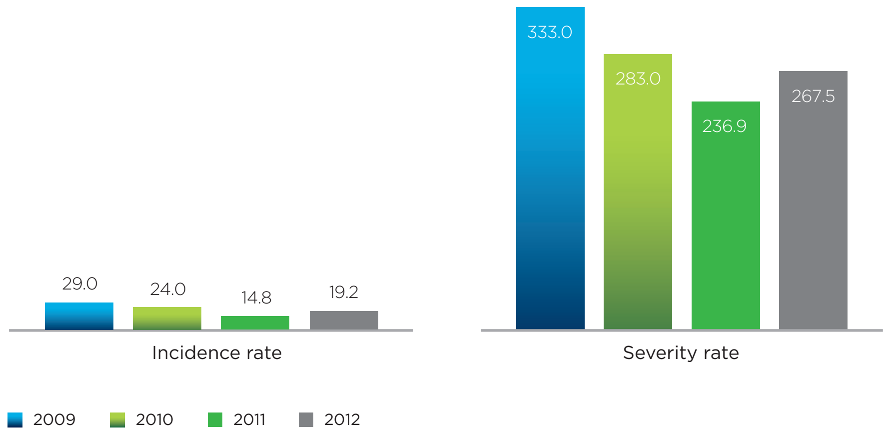
COMPANY	AVERAGE NUMBER OF EMPLOYEES	NUMBER OF HOURS WORKED	Nº OF ACCIDENTS		DAYS LOST
			FATAL	NON-FATAL	
REN ELÉCTRICA	306	505 676	0	4	16
REN SERVIÇOS	221	338 769	0	1	0
REN GASODUTOS	112	195 513	0	1	156
REN ATLÂNTICO	36	67 871	0	0	0
REN ARMAZENAGEM	9	15 677	0	0	0
REN TRADING	7	11 604	0	0	0
REN TELECOM	3	4 662	0	0	0
ENONDAS	2	3 201	0	0	0
REN SGPS	43	67 343	0	1	66
TOTAL REN	**739***	**1 210 315**	**0**	**7**	**238**
SERVICE PROVIDERS AND CONTRACTORS	**1 302**	**2 478 837**	**0**	**25**	**663**

*This is the average number of employees and is not the effective number as on 31st December 2012.

INCIDENCE AND SEVERITY RATE – REN



INCIDENCE AND SEVERITY RATE – SERVICE PROVIDERS



RENs severity rate increased as compared to the previous year due to a rise in the number of non-fatal accidents and consequently in the number of days lost. In terms of accident rates among contractors and service providers, there were fewer non-fatal occupational accidents and days lost, due to a reduction in the number of employees.

In 2012, approximately 35% of REN contractors and service providers had certified safety management systems, developed in compliance with the OHSAS 18001/NP 4397 standards. Over the course of 2012, REN conducted training actions and safety awareness initiatives involving 119 contractors and service providers.

During 2012, REN participated as a guest speaker at the Seminar on Protecting Critical National Infrastructure, organised by KPMG and the Security and Defence Magazine. It was also a guest speaker at seminars on the Protection of Critical Energy Infrastructures and Cybersecurity, organised by the *Europäische Akademie für Steuern, Wirtschafen & Recht and by Marcus Evans.*

In 2012, REN likewise published an article in this regard in the Europe Today magazine of the *Europäische Akademie für Steuern, Wirtschafen & Recht*, in the 08/2012 issue.

REN also participated in the 2nd CADSSE – Advanced Course for Directors of Safety in the Corporate Sector, with a talk and a visit by auditors to the Group's facilities.

Within the scope of security procedures and emergency response situations, REN regularly promotes and participates in exercises and drills with a view to testing efficacy and improving its procedures.

In 2012, five drills were scheduled and conducted, simulating fire and personal accidents of electric origin:

- New facilities (2) – Caniçada and Tavira
- Drill in old facilities (3) – Pereiros, Tunes and Estói
- In 2013, REN aims to conduct 16 drills:
- New facilities (4) – Prelada, Valpaços, Zambujal and Picote
- Renovated facilities (2) – Ermesinde and Fernão Ferro
- 1st drill in old facilities (10) – Carriche, Sete Rios, Rio Maior, Trajouce, Santarém, Vila Fria, Chafariz, Oleiros, Lavos and Porto Alto

Further information in this regard can be consulted on REN's website [3].

HEALTH

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.

In 2012 there were:

- 1189 diagnose support tests
- 653 medical acts
- 2156 nursing acts

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

	'09	'10'	'11	'12
ABSENTEEISM RATE	2.3%	2.2%	3.1%	2.9%

[3] See REN>Sustainability>Stakeholders>Human Resources>Safety.

The “Saudável” program was launched in 2012, an innovative initiative designed to promote health and well-being, as well as to improve the quality of life.

This program made it possible to ensure a greater commitment by employees with regard to the company, contributing towards enhancing and improving the working environment, human relations and productivity and performance.

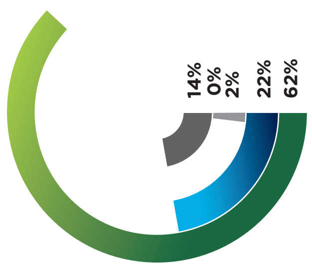
This program was highly flexible and consisted of diverse types of sessions, including workshops, individual health check-ups and activities which varied according to the work sites. Diverse and transversal themes were developed:

THEMES	INFORMATION CAMPAIGN	CHECK-UPS	CONSULTATIONS	WORKSHOPS
EATING WELL, LIVING BETTER	√	√	√	√
SPRING AND ALLERGIES	√			√
HEART MONTH: HAVE YOU TREATED YOUR HEART WELL?	√	√		√
HOLIDAYS AND YOUR SKIN: DO YOU KNOW HOW TO PROTECT YOUR SKIN?	√	√		
BACK TO SCHOOL: LEARNING DIFFICULTIES AND STUDY TECHNIQUES	√	√	√	√
STRESS: DO YOU KNOW HOW TO PROTECT YOURSELF?	√	√		
YOUR HEALTH IN WINTER: FLU AND COLDS	√	√		

Relevant data for the “Saudável” Program 2012:

- Nº of health campaigns – 14
- Nº. of workshops – 11
- Nº of participants – 420

WORKSHOPS OVERALL SATISFACTION



Individual feedback and participants have indicated a high level of overall satisfaction:

"It was a very interesting and useful initiative, with a strong interactive component. Many health problems are directly related to nutrition and this is a different way of teaching people, with a very interesting playful aspect, challenging our habits. It was unexpected. I was hooked the moment I saw the setting. I was naturally interested and motivated. The training actions were spectacular and were undeniably useful and insightful"
Rui Marmota | REN Gasodutos

"The way the physiotherapist showed me how to improve my posture and the way we take care of our spine was extremely important."
Sofia Pestana Carvalho| REN Serviços

Since health is a growing area of concern for REN, along with its articulation with Occupational Medicine, the programme will be consolidated in 2013 with new preventive actions so as to promote healthy habits and lifestyles.

4.2.2
RELATIONSHIP WITH THE COMMUNITY

4.2.2.1 RELATIONSHIP WITH LAND OWNERS

In 2012, REN interacted with 2 267 owners whose land was crossed by new sections of electricity transmission networks of projects underway, as apart of REN's development and investment plans. REN also acquired 24 properties to install other electricity and natural gas infrastructure. With this expansion, the database of REN owners contained around 65,000 records at the end of 2012, 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.

It is necessary to mention that the establishment of compensation agreements to institute easements is not always easy and REN is therefore sometimes obliged, for the common good, to resort to mechanisms to unblock the impasses stipulated in legislation, especially the process of intimation, in the case of electricity lines, and of requesting the support of the public authorities to ensure the progress of work, in the case of gas pipelines. In 2012, REN was forced to use these mechanisms only 6 times for VHV electricity lines projects and twice in projects to expand the high pressure natural gas transportation network. 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 at www.ren.pt[4]

4.2.2.2 COMMUNITY SUPPORT

In 2012, REN was awarded the Best Corporate Citizen Prize in Portugal, conferred by the British magazine *The New Economy*. Aware of its responsibility in the area of corporate citizenship and committed to maintaining and perfecting a socially responsible and ethical management model, in 2012 REN supported a set of initiatives relevant to the community in diverse areas: social, cultural, educational, environmental and sports.

4 See REN>Sustainability>Stakeholders>Community>Land Owners and Rights of Way.

Special mention can be made of REN's support for the development of competences through the REN Prize, which every year has distinguished the best Master's theses in engineering courses in Portuguese universities, or the support extended to *The Lisbon MBA*, of which REN is a founding member. Equally worthy of note is the partnership established with "*The Next Big Idea*", a program to encourage entrepreneurs and promote innovative ideas, especially relevant in the context of Portuguese universities.

In terms of interaction with stakeholders, the launch of a more dynamic and intuitive new corporate website was an important milestone, with a view to making information about the company and its activities available in a more attractive manner.

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. An example of this, amongst others, is the reforestation plan, where REN has already contributed by planting more than 400 000 trees in Portugal.

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 institutions for social solidarity, while also supporting the United Nations High Commission for Refugees and volunteer activities by REN employees in initiatives developed by such institutions.

Equally worthy of note in 2012 was the formalisation of REN's volunteering policy, viewed as a corporate social responsibility project, based on three axes – education, environment and solidarity – which aims to make available the time and skills of REN employees to serve the community. Internally, REN has developed various initiatives with a view to developing its work environment, such as, for example, team reports transversal to all business areas, reports about employees' lives outside work or actions to motivate employees. Internal communications are another essential vehicle for developing a climate of participation, functioning as a process of dialogue between the company and its employees and the employees among themselves, informing and encouraging.

Further information in this regard can be consulted on the REN website at www.ren.pt[5]

4.2.3

INNOVATION, RESEARCH AND TECHNOLOGY

4.2.3.1 INITIATIVES

REN – SGID TECHNOLOGICAL PARTNERSHIP

REN – Redes Energéticas Nacionais and the State Grid International Development (SGID) signed a Memorandum of Understanding in July 2012 which established a technological partnership with a view to creating an R&D Centre in Portugal dedicated to energy systems.

5 See REN>Sustainability>Stakeholders>Community>Social, Scientific and Cultural Support.

This R&D Centre aims to become an international platform for know-how and a catalyst for innovative tools and solutions, applied to the planning and operation of energy transmission networks. This unit will embody a new culture of creative thought, by developing innovative strategies and methodologies, supported by the advent of new technologies and models.

The projects resulting from the R&D Centre will be synchronised with the new energy paradigm, moving towards a more efficient, intelligent, safe and sustainable system. With this in mind, four R&D areas have been defined within the scope of this Centre: Simulating Energy Electric Systems; Managing Sources of Renewable Energy; Technologies for Intelligent Networks; and Energy Economy and Markets.

In short, this technological partnership aims to create a “strategic triangle”, by designing a network for Innovation, encompassing reputed universities in the area of energy systems, local industry and international R&D institutions. This “geostrategic innovation” is crucial for the development of robust, inter-operable and global solutions.

REN WAS AGAIN AMONG THE 100 COMPANIES THAT INVESTED THE MOST IN R&D

As usual, based on the results of the National Scientific and Technological Potential Survey 2010 (IPCTN10) the DGEEC published the ranking of the 100 companies that contributed the most towards R&D investments in Portugal.

In this publication, published on its website (www.dgeec.mec.pt) in December 2012, the REN Group was once again listed among 100 Portuguese companies that invested the most in R&D activities. To this end, the list considered the sum invested in this area by 3 of the Group’s companies: Rede Eléctrica Nacional, REN Serviços and REN Gasodutos, which in 2010 spent a total of EUR 2.2 M (without deducting subsidies; EUR 1.9 M after deducting subsidies) in R&D activities.

PARTICIPATION IN EUROPEAN PROJECTS (FP7)

REN continues to participate actively in European projects, namely within the scope of the current Seventh Framework Program (FP7).

Also worthy of note in 2012 was the approval of the projects for the *e-Highway*2050 and *EUPORIAS* initiatives.

E-Highway2050 (2012-2015) – European Electricity Highway System 2050 – the objective of this project is to develop the bases for a robust and modular expansion of the pan-European electricity transmission networks between 2020 and 2050, keeping in mind the three pillars of the European energy policy. REN is responsible for coordinating a *Work Package* (WP4).

EUPORIAS (2012-2017)- European Provision Of Regional Impact Assessment On A Seasonal-to decadal timescale – This project aims to explore the value of seasonal and decadal meteorological forecasts for the European economy, offering its end users access to these products and seeking, in collaboration with them, to develop methodologies to make use of such forecasts in a suitable manner in different sectors. In the case of Portugal, end users encompass fundamental sectors of the national economy, clearly exposed to meteorological factors, albeit with different levels of sensitivity. The participation of Portuguese end users can be crucial in the European context, given the broad range of the selected sectors and their transversal inter-regional nature. This is the context in which REN participates as a stakeholder.

APPLICATIONS TO THE SIFIDE PROGRAM

REN once again made use of the tax incentive system for corporate R&D. This funding program enhances investments in R&D activities by attributing tax credits, which in the case of REN have been quite favorable, further fomenting investments in innovative projects in REN's sector of activities.

In 2012, the REN Group submitted 4 applications to SIFIDE, pertaining to the R&D activities that took place during the 2011 fiscal year at the following companies: REN-Rede Eléctrica Nacional, REN Gasodutos, REN Serviços and ENONDAS.

The reported investment in R&D totalled EUR 1.6 M, corresponding to expenditure related to 18 different projects.

ENONDAS presented its application for the first time, with the Pilot Area Development Project (Phase I). The project aims to develop a pilot area that would become an open space, along the Atlantic coast, dedicated to developing marine energies, with a special emphasis on wave energy. The Portuguese Pilot Area is located off the coast of the district of Leiria and, by means of Decree-Law nº 5/2008, REN is responsible for managing the concession. This concession includes the preparation of infrastructure to connect to the public electricity network. This project is part of the activities to prepare a geophysical and environmental profile of the area. The project also includes the collaboration of the Hydrographic Institute and the Bio3 company, which specialises in biology studies and projects.

At a national level, other projects developed internally and in partnership with academic institutions and national R&D organisations – such as the Institute for Higher Technical Studies (IST), the Institute for the Environment and Development (IDAD) of the University of Coimbra, the Institute for Computers and Systems Engineering (INESC) in Oporto, LABELEC Estudos, Desenvolvimento e Atividades Laboratoriais S.A., Faculty of Engineering of the University of Oporto (FEUP) and the Institute for Welding and Quality (ISQ) – also submitted applications.

Considering the projects that were already underway in 2012 and the projects that were launched in the 3rd quarter, it has been estimated that the investment in R&D in 2012 will prove to be higher than in 2011.

In 2012, the financial subsidies received for investments amounted to EUR 917 728.

4.2.3.2 INTERNATIONAL WORKING GROUPS

ENTSO

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 by a constant and active presence in various committees and groups of this institution, respectively: System Development Committee, System Operations Committee, Market Committee, Research and Development Committee and Legal and Regulatory Group. In particular, REN has also pursued its collaboration to prepare European network codes in the areas of planning, operation and markets, both by commenting on ACER guidelines as well as drafting the said codes. In this context, during 2012 ENTSO-E: (1) continued bilateral debates with ACER regarding the Network Code for Requirements for Grid Connection (NC RfG); (2) submitted the Demand Connection Code (NC DCC) for final approval by ACER, REN having participated in the respective drafting team; (3) submitted the Capacity Allocation and Congestion Management Code (NC CACM) for final approval by ACER and (4) finalised the text of the Operational Security Network Code (NC OS), which will shortly be submitted for final approval by ENTSO-E. Simultaneously, work also commenced on the Operational Planning and Scheduling (NC OPS), Load Frequency Control and Reserves (NC LFCR) and Balancing (NC BAL) Network Codes.

At the same time, REN disseminated the network codes among diverse national stakeholders, a pioneering step among its European peers, promoting and organising working sessions aimed at publicising and providing clarifications regarding the contents of the codes that are in the final phases of being drafted.

REN also once again participated in the preparation of the new edition of ENTSO-E's Ten-Year Network Development Plan (TYNDP), identifying the projects that best contributed towards achieving the national targets defined by the European energy policy.

ENTSO-G (EUROPEAN NETWORK OF TRANSMISSION SYSTEM OPERATORS FOR GAS)

The European Network of Transmission System Operators for Natural Gas – ENTSO-G – saw intense activities in 2012 through the working groups that are part of its three main business areas, viz. market, systems development and systems operation. In terms of the most important achievements it is possible to highlight: (1) formally submitting to ACER the proposal for the Capacity Allocation Mechanisms Network Code (CAM NC) and its subsequent revision in response to the Commission's specific request; and (2) finalising the proposal for the Balancing Network Code / Balancing Compensation for Gas Transmission Networks (BAL NC), which, at the end of the year, was in a phase of prior adjustment with ACER to later be sent to the Commission. In both cases the commencement of the comitology procedure has been scheduled for the first quarter of 2013, after which the final versions of these codes will be approved and published, which must compulsorily be adopted by EU Member States. With regard to the CAM NC, REN has been participating in the process through the pilot project for allocating aggregate capacity in links between the gas systems of Portugal and Spain, which it manages jointly with the Spanish operator under the supervision of the Regulators of the two countries. This is also part of the set of initiatives that comprise an experimental roadmap launched by ACER with a view to studying the practical application of the new mechanisms in concrete cases *(Roadmap for the early implementation of the Capacity Allocation Mechanisms Network Code)*. In the case of BAL NC, REN promoted a specific analysis applying transition mechanisms and devices to the Portuguese case in the context of the current situation and the model that will come into effect after the code is formally published, a task developed in direct articulation with the ENTSO-G team responsible for preparing the document. It can be noted that 2012 was also a year designated for preparing the next version of the ten-year plan to develop European gas networks (TYNDP), to be published in 2013, and this entailed the corresponding compilation of basic information and the development of models and forecast scenarios necessary for the purpose.

CIGRÉ (Conseil International des Grands Réseaux Eléctriques)

In 2012, a REN employee was appointed as the Chairman of the C3 Studies Committee – Networks and Environment of the International Council for Large Electric Networks – CIGRÉ, while two other REN employees continued in the offices of the Director and Secretary of the Portuguese National Committee at CIGRÉ and other REN personnel continue to carry out tasks as part of the various Study Committees and Working Groups.

REGIONAL ELECTRICITY INITIATIVES

In 2012, within the scope of the regional initiative of the South-West Europe (SWE) region, REN, RTE, REE and ONEE, respectively the transmission system operators (TSO) in Portugal, France, Spain and Morocco, took a decisive step towards greater transparency in the electricity markets by launching a new website (www.iesoe.eu) dedicated to publishing information about electric energy links, namely information related to the mechanisms to manage long term congestion, prices of organised markets and economic information pertaining to managing the interconnected links.

By signing a Cooperation Agreement REN, RTE, REE, OMI-Polo Español, S.A. (OMIE) and EPEX Spot, S.E, began the necessary tasks to link the Iberian Electricity Market (MIBEL) with the European market, which will be an important step towards creating a single electricity market, expected to be concluded by 2014. The TSOs continued the tasks aimed at implementing long term mechanisms to manage congestion in links and to enable the exchange of system services between electricity systems.

WORKING GROUPS OVERSEEN BY THE EUROPEAN COMMISSION

Within the framework of legislative proposals pertaining to lines for implementing priority European energy infrastructure, in 2012 REN actively participated 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.

MED-TSO, MEDGRID AND FRIENDS OF THE SUPERGRID

In 2012, REN formally joined MED-TSO, the network of Mediterranean Transmission System Operators (TSO), as a founding member, having participated actively in the creation of this network, which is primarily aimed at reinforcing dialogue and cooperation between the region's TSOs as well as supporting projects to reinforce the security and integration of the electricity systems in the Mediterranean. In 2012, REN also formalised its participation in MEDGRID, a consortium that 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.

In 2012, REN also formalised its participation in the Friends of the Supergrid (FOSG). The FOSG is an association of companies and organisations which have a common interest in promoting and influencing the regulatory framework and policy necessary for large scale European links – the Supergrid. The FOSG seeks to promote, develop and create the Supergrid by bringing together companies from sectors which develop HVDC infrastructure and related technology, along with companies that will develop, install, hold and operate this infrastructure.

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 promoing its activities in this area. This presence is one of the components of the company's strategic plans for internationalisation.

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

4.3 ENVIRONMENTAL PERFORMANCE

4.3.1 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 themes mean far more to REN than just complying with legal obligations, instead they represent a long-term commitment and living in harmony with surroundings.

In 2012, for the first time, REN promoted a public event in Brussels to disseminate its professional practices in the area of the environment. The aim of the workshop was to showcase some best environmental practices in planning and designing the very high voltage electricity transmission network. Called the *Grid Development Plan Strategic Environmental Assessments (SEA): Towards Sustainability*, this initiative was held in partnership with REN's Spanish and Belgian counterparts (REE – Red Elétrica de España and ELIA), the Belgian federal authority for health and the environment and the Spanish Ministry for Industry and took place within the scope of the even *Open Days of the Regions 2012* organised by the European Commission's DG REGIO. REN also collaborated to promote a workshop by the North Regional Coordination and Development Commission and the Institute for Higher Technical Studies (IST), which played a key role in the environmental appraisal of the PDIRT. These entities presented their point of view regarding environmental assessment processes, in order to ensure the broadest possible debate and views regarding these processes.

The company's approach in this regard can be consulted on the REN website [7].

[6] See REN>Sustainability>The RDI in REN.
[7] www.ren.pt/sustentabilidade/abordagem_da_ren

4.3.2
ENVIRONMENTAL IMPACT ASSESSMENT

Detailed information on Strategic Environmental Assessment[8] and Project Environmental Assessment[9] can be consulted on the REN website.

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

REN was awarded the Regional Award 2012 by the International Association for Impact Assessment (IAIA), a reputed international organisation promoting best practices for using environmental impact assessments keeping in mind informed decision making processes within the scope of policies, programs, plans and projects, in around 120 countries worldwide.

According to the IAIA, the award was due to the important contributions of the REN Group in the area of environmental impact assessment in its projects and activities, even when not required to do so by law, and its pioneering role in carrying out the strategic environmental assessment for its Investment and Development Plan for the National Electricity Transmission Network (RNT) in Portugal.

Monitoring actions were also conducted in 2012 in diverse REN infrastructures including the following:

Nº OF PROJECTS MONITORED DESCRIPTORS	'11	'12
BIRDLIFE	5	12
SOUNDSCAPE	0	7
WATER RESOURCES	6	2
FLORA	8	2

[8] www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/avaliacao_ambiental_estrategica/
[9] www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/avaliacao_de_projectos/

In 2012, 28 REN projects were subject to environmental supervision and monitoring.

4.3.3
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
NITROGEN (m^3)	1 127	885
ETHYLENE GLYCOL (t)	4	0
LUBRICATING OILS (t)	1.7	0.2
LUBRICATING GREASES (t)	0.01	0
TRANSFORMER OIL (t)	11	8
PH SOFTENER (H_2SO_4 AT 38%) (LITRES)	330	775
CAUSTIC SODA (t)	0.1	0.3
SODIUM HYPOCHLORITE (t)	412	0.3
NATURAL GAS ODORANT (THT) (t)	54	57
REUSED OIL (TRANSFORMERS) (t)	4	0.6
INK CARTRIDGES AND TONERS (Nº)	1 092	1 080
ADMINISTRATIVE PAPER FOR CONSUMPTION (t)	11.4	18.7
RECYCLED PAPER FOR INTERNAL USE2 (t)	0.7	2.5

[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.).

There was an increase in the consumption of nitrogen in the REN Atlântico infrastructure, due to work associated with the project to expand the Sines terminal (PETS). Despite this the group's overall consumption reduced by about 20%.

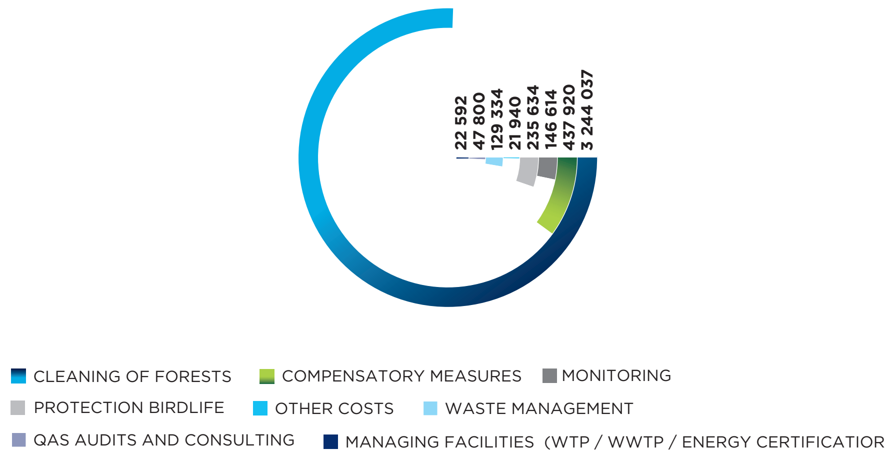
WATER AND EFFLUENTS	'11	'12
CONSUMPTION OF WATER FROM PUBLIC NETWORK (m^3)	86 784	102 563
WATER UPTAKE FROM UNDERGROUND SOURCES (m^3)	1 703 726	1 540 600
USAGE OF SEA WATER (m^3)[3]	75 976 708	61 176 762
DISCHARGE OF BRINE INTO THE SEA (m^3)	1 330 500	1 307 929
DISCHARGE OF BRINE FOR TREATMENT (m^3)[4]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

[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 2012, a total of 771 tonnes of waste were sent to a final destination, of which only 20% were hazardous. Around 65% of the wastes were sent to waste utilisation operations and of these, more than 220 tonnes were sent for recycling.

The following graph shows the breakdown of the environmental costs in 2012 according to typology.



4.3.4

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 2012.

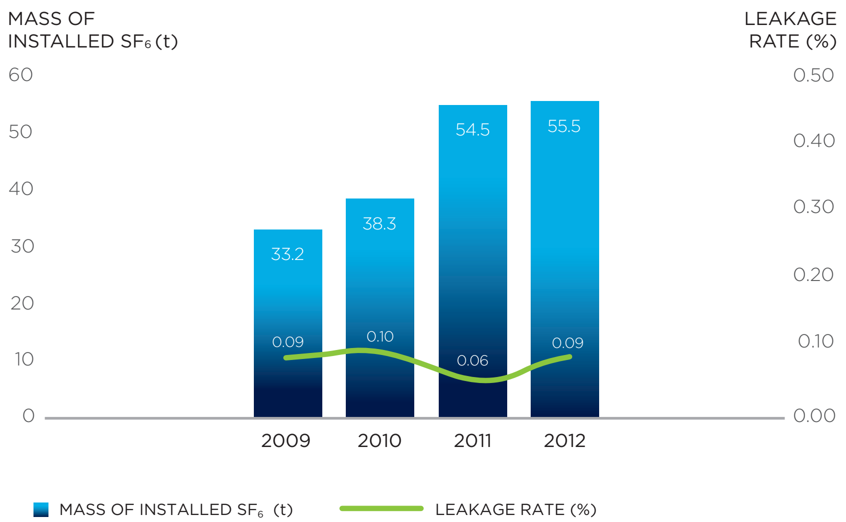
REN was invited to participate, for the fourth consecutive year, in the CDP's annual questionnaire. The company had a classification of 81 points in terms of the level of information made available and following the rules of the report guidelines. The company was also classified at level C with regard 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.

In terms of disseminating information, REN's response was above the average of responses in the Iberia 125 index, having improved its previous grade by 12 points, thus enabling it to be placed in the upper half of the table and above some of its peers.

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 (SF6), a gas used as an electrical insulator (dielectric) in diverse high and very high voltage equipment. In 2012, there was a slight increase as compared to 2011, caused by sporadic leakages in some substations.

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 (T CO_{2EQ})	'11	'12
DIRECT EMISSIONS	**17 288**	**32 491**
PURGES OF NATURAL GAS (CH_4)	853	11 590
FLARE BURNING	1 030	4 685
BOILERS SELF-CONSUMPTION	11 089	12 353
COGENERATION	1 590	1 229
SULPHUR HEXAFLOURIDE (SF_6)	780	1 133
NATURAL GAS (BUILDINGS)	7	55
PROPANE (BUILDINGS)	5	12
DIESEL IN OTHER EQUIPMENT	38	1
FLEET FUEL	1 896	1 432
INDIRECT EMISSIONS	**171 988**	**164 972**
ELECTRICITY	16 885	17 070
ELECTRICAL LOSSES IN THE NETWORK	153 402	147 541
EMISSIONS FROM AIR TRAVEL FOR REN SERVICES	170[1]	361

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

The increase in purges of natural gas and flare burning was due to controlled actions to release and burn natural gas. The increase in emissions associated with sulphur hexaflouride corresponds to the aforesaid increase of sporadic leakages in some substations.

In 2012, the number of videoconferences increased significantly, by 78% 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
NUMBER OF TRAIN JOURNEYS (LISBON-OPORTO)	780	974
NUMBER OF VIDEOCONFERENCES	601	1 069

A REN continua a incentivar o uso de comboio em detrimento da utilização de viaturas ligeiras, em particular nas ligações Lisboa-Porto. Em 2012, o número de viagens de comboio aumentou cerca de 20% em relação a 2011.

MANAGING CO_2 EMISSIONS FROM PLANTS WITH AECS

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. The management of the power plants for which it holds Energy Acquisition Contracts (EAC), *viz*. Tejo Energia and Turbogás, is conditioned by the rules and limitations resulting from PNALE II and hence the European Emissions Trading Scheme.

In 2012, there was once again a reduction in activities as compared to the previous year. Between purchases and sales REN Trading transacted 535 000 tonnes of CO_2 on the spot market and around 1.1 million tonnes on the futures market (of which 52 000 are EUA-CER swaps).

ISSUING ENTITY FOR GUARANTEES AND CERTIFICATES OF ORIGIN

Decree-Law nº 23/2010 of 25 March adapted the system for cogeneration activities in Portugal establishing, among others, the rules for issuing guarantees and certificates of origin for electricity produced by means of cogeneration. This law attributed REN with the competences of the Issuing Entity for Guarantees of Cogeneration Origin (in Portuguese EEGO), namely:

- Implementation and management of a system of guarantees of origin for the electricity produced in high efficiency cogeneration, encompassing the registration, issue, annulment and cancellation of the respective guarantees of origin;
- Implementation and management of a system of compiling and registering the information pertaining to efficient cogeneration plants, but not high efficiency plants, to register, issue, annul and cancel certificates of origin;
- Conducting audits, either directly or through external auditors recognised by the DGEG, and monitoring plants and equipment for cogeneration production, 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 the electricity produced;

- 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.

REN began its activities as the EEGO[10] in October 2012, having already enrolled 28 cogeneration plants and issued 45 484 Guarantees of Origin associated with the production of electric energy by high efficiency cogeneration, each corresponding to 1 MWh.

ENERGY EFFICIENCY AND ENERGY MANAGEMENT

REN is developing a pioneering project among European operators, which involves installing solar panels in gas stations. This project is rooted in the Environmental Performance Promotion Plans, dating from 4 years ago, in the area of transporting natural gas (regulatory instruments stipulated in the Tariff Regulations of the electricity and natural gas sectors). The project under the aegis of the Regulatory Authority (ERSE) ended and the objective of reducing CO_2 emissions was achieved, a reduction of 28% of the emissions in monitored stations having been achieved in since 2011. The innovative nature of this project and the proven results achieved to reduce CO_2 emissions helped the project apply to the SIFIDE Program – System of Tax Incentives for Corporate R&D.

At the same time, other opportunities for optimisation were identified, this time relating to the heating control system. In order to optimise the management of the temperature, it will be necessary to carry out intraday forecasts for the evolution of the distribution consumption and, in a final stage, will even involve a weather forecast.

INTENSIVE ENERGY CONSUMPTION

REN has two facilities that can be classified as large and intensive consumers of energy: the gas and leaching station of REN Armazenagem and REN Atlântico's Liquefied Natural Gas (LNG) Terminal at Sines. Within the scope of the Intensive Energy Consumption Management System (SGCIE), REN conducted a series of energy audits at these facilities, so as to identify and implement a set of measures to rationalise the consumption of energy integrated into an Energy Consumption Rationalisation Plan (PREn).

[10] www.ren.pt/o_que_fazemos/eletricidade/eego/?culture=pt-PT

Of these facilities it is important to note that in the case of REN Atlântico's SGCIE, the audit identified the adoption of a minimum natural gas flow rate of 174 km^3(n)/h as the most important measure to increase the Terminal's energy efficiency. This measure was implemented whenever possible, however, during 2012 there were some conditioning factors which hindered compliance, namely:

- An abrupt rise in the prices of LNG in the international market, due to an increase in demand in the Asian market. This spike in prices resulted in LNG originally earmarked for Sines being diverted to these markets;
- A drop in the consumption of natural gas at a national level;

In light of these conditioning factors, the LNG Terminal at Sines operated for long periods at its minimum technical level, thus not meeting the proposed energy rationalisation measure.

Since the Asian crisis has been overcome, it is expected that the usage rate of the Sines Terminal will rise significantly, thus making it possible to comply with the said measure for a much higher percentage of time and significantly improving the energy efficiency of the LNG Terminal.

MANAGING CONSUMPTION

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

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

4.3.5
BIODIVERSITY AND MANAGING ECOSYSTEMS

Biodiversity[11] 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.

OCCUPATION IN SENSITIVE AREAS	AREA/LENGTH	% OF TOTAL OCCUPATION
STATIONS/FACILITIES	0.47 km^2	5.4%
EXTENSION OF GAS PIPELINES/LINES	1 195.31 km	12.2 %

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]
CRITICALLY THREATENED	3	3
THREATENED	4	6
VULNERABLE	17	26

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

[11] www.ren.pt/sustentabilidade/ambiente/biodiversidade_e_gestao_dos_ecossistemas/

Extract from REN´s 2012 Annual Report. Read the full report for more information.

Process of ensuring the compatibility of the Mangualde/Celorico/Guarda gas pipeline with the endemic *Narcissus scaberulus*

The process of the environmental compatibility of the Mangualde-Celorico-Guarda gas pipeline encompasses, among other actions, safeguarding a plant species known as the Mondego Narcissus (Narciso-do-Mondego) *(Narcissus scaberulus)*. The study conducted detected the existence of some clusters of this plant in the future route of the gas pipeline works, which implied the implementation of measures to minimise the impact, with a view to temporarily removing these plants from the course of the works and replacing them carefully at the same sites after the works for installing the gas pipeline were concluded.

To this end, specialised biologists accompanied by representatives of the Institute for the Conservation of Nature and Forests (ICNF) collected the fruits (containing the seeds) and bulbs detected.
The replanting was carried out last November at the identified sites, approved by the ICNF. The first site visits will be conducted next spring (2013) to verify whether the operation was a success.

4.3.6
FLORA AND SOIL USE

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.

While constructing the Mangualde-Celorico-Guarda gas pipeline REN implemented compensatory measures that greatly exceed the affected areas and legal requirements. Holly oaks (*Quercus ilex*) will be planted on 6.96 hectares, in the forest perimeter of the Serra da Estrela area and an additional 5 798 holly oaks, 20 488 oaks and 2 375 ash trees will be planted in an area of more than 25 hectares. Environmental and forestry best practices will be used in this project keeping in mind its sensitive location, in a mission scheduled to extend over the next 22 years. Through its reforestation program REN has already planted more than 400 000 trees in recent years in an area of more than 500 hectares.

A total of 106 287 trees were planted in 2012, in an area of approximately 127 hectares in the following infrastructure:

INFRASTRUCTURE	AREA (ha)	NUMBER OF TREES
LARES – PARAIMO LINE	119.6	99 656
MACEDO DE CAVALEIROS – VALPAÇOS LINE	3.9	3 225
MODIFICATION OF THE VILA NOVA-RIBA D'AVE LINE TO DUAL 150/400KV	3.7	3 084
VALPAÇOS SUBSTATION	-	281
VALONGO TRANSITION POST	-	41

4.3.7
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 [12].

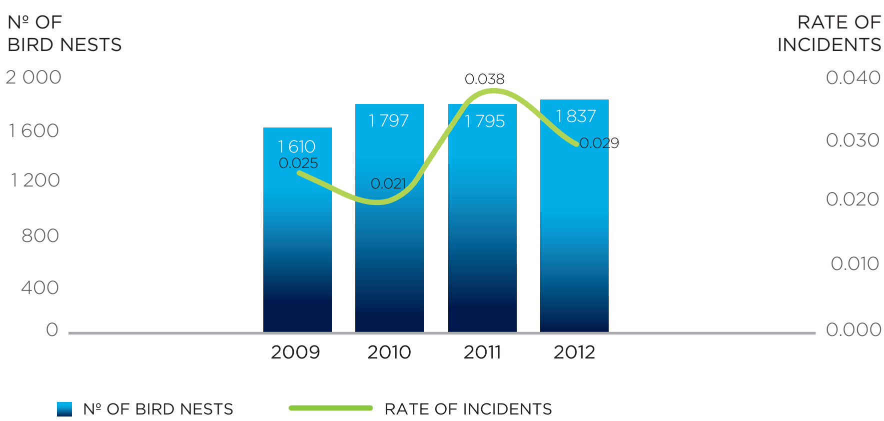
COMPATIBILITY BETWEEN REN'S INFRASTRUCTURE AND THE WHITE STORK POPULATION

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 favorable habitats and installing devices that minimise the risk of accidents with an electrical origin.

More actions were implemented in 2012 as compared to the previous year, described below according to typology:

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

In 2012, there was a slight reduction in the rate of incidents involving white storks as compared to 2011.
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.



Note: The figure for the number of nests in 2011 was corrected from that previously reported, since the value originally cited for 2011 was an estimate.

[12] www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/medidas_compensatorias/

USE OF BIRD ANTI-COLLISION DEVICES

Observing, studying, comparing and once again observing, studying and testing was a routine that was repeated over the two years when the Bird Anti-Collision Device Effectiveness Assessment was being conducted, developed in a partnership between REN and Quercus. Concluded in 2011, it set out from a real problem, birds dying as a result of transmission lines, which has an impact both in terms of the level of conservation of the species as well as the quality of service.

The death of birds on lines has been studied in-depth on an international scale and has given rise to innumerable efforts with a view to minimising bird deaths on the part of transmission and distribution companies as well as associations dedicated to environmental conservation.

By means of this study, REN was able to conclude that the Firefly Bird Flappers (FBF) devices in general were considerably more effective in reducing bird mortality in the various sections observed when the two types of devices analysed were compared, i.e. Bird Flight Diverters (BFD) and FBF. The former are the most common anti-collision devices in Portugal and are the devices used on REN lines. The latter are a newer technology already being used in other countries with very promising results, except they have been used for species of birds that very often do not exist in Portugal. This project represented a clear improvement with regard to the current state of the art with the identification of a more effective anti-collision model, having a lesser visual impact and lesser sound impact, which is also capable of a 90% reduction in the collision rate of wild birds with transmission lines, thus contributing towards a greater compatibility between electricity transmission and the conservation of birdlife.

The French RTE – Réseau de Transport d’Electricité has replicated the birdlife protection system created by REN

REN received a request for information from RTE on its experiences protecting birdlife, due to the highly significant increase in the nesting of storks that had occurred on the line supports of REN’s French counterpart. Through this request, which emerged through the work REN developed at the CIGRÉ (www.cigre.org/), RTE wished in particular to find out what actions REN had implemented to ensure compatibility between the nesting of storks and maintaining the necessary quality of service. Based on the information provided by REN, RTE implemented a pilot project to install this type of devices.

Taking advantage of the opportunity created by the 44th session of the CIGRÉ, a benchmarking meeting was held in August 2012 between the RTE and REN environmental departments where, among other matters, RTE presented the excellent results of the pilot project using dissuasion equipment, with a success rate of 90%. REN’s participation in sectoral technical associations such as the CIGRÉ is an excellent mean of sharing know-how and best practices among companies, which, in this case, was a key factor for the success of this initiative.

05

FINANCIAL ACCOUNTS

WE'RE GROWING **WITH MORE AMBITION**

REN is in a constant process of renewal. Today, we are one of the best energy transmission companies in Europe, internationally recognized and ready to expand to new destinations beyond our borders. As a team, we can add our energy to the will we have to exceed expectations, sharing the same ambition to face any challenge and with the commitment and dedication to meet the world head on.

REN. A NETWORK IN EVOLUTION.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statements of financial position as of 31st December 2012 and 2011

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

		YEAR ENDED	
ASSETS	NOTE	'12	'11
NON-CURRENT ASSETS			
Property, plant and equipment	8	827	488
Goodwill	9	3 774	3 774
Intangible assets	8	3 891 464	3 888 161
Investments in associates	10	9 382	8 717
Available-for-sale financial assets	12 and 13	131 002	82 051
Derivative financial instruments	12 and 16	6 853	26 696
Other financial assets	12	112 583	5 667
Trade and other receivables	12 and 14	70 451	80 079
Deferred tax assets	11	61 215	63 057
		4 287 552	**4 158 691**
CURRENT ASSETS			
Inventories	15	2 920	3 628
Trade and other receivables	12 and 14	310 738	226 791
Current income tax receivable	11 and 12	14 318	14 015
Derivative financial instruments	12 and 16	416	1 144
Other financial assets	12	8 864	-
Cash and cash equivalents	12 e 17	61 246	69 407
		398 503	**314 984**
Total assets	**7**	**4 686 054**	**4 473 675**
EQUITY			
SHAREHOLDERS' EQUITY:			
Share capital	18	534 000	534 000
Own shares	18	(10 728)	(10 728)
Other reserves	19	231 753	215 401
Retained earnings		148 671	178 189
Net profit for the year		123 892	120 576
Total equity		**1 027 589**	**1 037 439**
LIABILITIES			
NON- CURRENT LIABILITIES			
Borrowings	12 and 20	1 535 495	2 354 032
Liability for retirement benefits and others	21	105 808	55 110
Derivative financial instruments	12 and 16	27 958	14 239
Provisions	22	4 801	4 520
Trade and other payables	23	360 895	381 495
Deferred tax liabilities	11	82 797	66 875
		2 117 755	**2 876 271**
CURRENT LIABILITIES			
Borrowings	12 and 20	1 170 400	53 587
Provisions	22	2 419	27 794
Trade and other payables	23	367 081	476 328
Income tax payable	11 and 12	-	520
Derivative financial instruments	12 and 16	811	1 735
		1 540 711	**559 965**
Total liabilities	**7**	**3 658 465**	**3 436 236**
Total equity and liabilities		**4 686 054**	**4 473 675**

The accompanying notes form an integral part of the statement of financial position as of 31st December 2012.

THE ACCOUNTANTS THE BOARD OF DIRECTORS

Consolidated statements of profit and loss for the years ended 31st December 2012 and 2011

(TRANSLATION OF CONSOLIDATED STATEMENTS OF PROFIT AND LOSS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 36)
(AMOUNTS EXPRESSED IN THOUSAND OF EUROS – tEuros)

	NOTE	YEAR ENDED '12	'11
Sales	7 and 24	405	798
Services provided	7 and 24	588 568	530 023
Revenue from construction of concession assets	7 and 25	200 507	349 269
Gains from associates	10	665	10 326
Other operating income	26	21 143	26 909
Operating income		**811 287**	**917 325**
Cost of goods sold		(797)	(1 417)
Cost with construction of concession assets	25	(172 892)	(316 305)
External supplies and services	27	(57 532)	(52 923)
Employee compensation and benefit expense	28	(50 340)	(48 284)
Depreciation and amortizations	8	(197 368)	(181 765)
Provisions	22	(2 636)	(15 234)
Impairment of trade receivables	14	(2 646)	(2 650)
Other expenses	29	(12 512)	(15.558)
Operating costs		**(496 722)**	**(634 136)**
Operating results		**314 565**	**283.189**
Financial costs	30	(145 740)	(111.942)
Financial income	30	2 257	3.995
Investment income - dividends	13	7 461	4.596
Financial results		**(136 023)**	**(103 351)**
Profit before income taxes		**178 542**	**179 838**
Income tax expense	11	(54 650)	(59.250)
Profit for the year		**123 892**	**120 588**
ATTRIBUTABLE TO:			
Equity holders of the Company		123.892	120.576
Non-controlled interest		-	12
Consolidated profit for the year		**123 892**	**120 588**
Earnings per share (expressed in euro per share)	**31**	**0.23**	**0.23**

The accompanying notes form an integral part of the statement of profit and loss for the year ended 31st December 2012.

THE ACCOUNTANT THE BOARD OF DIRECTORS

Consolidated statements of comprehensive income for the years ended 31st December 2012 and 2011

(TRANSLATION OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ORIGINALLY ISSUED IN PORTUGUESE - NOTE 36)
(AMOUNTS EXPRESSED IN THOUSAND OF EUROS – tEuros)

	NOTE	YEAR ENDED '12	'11
Net Profit for the year		**123 892**	**120 588**
OTHER INCOME AND COST RECORDED IN EQUITY:			
Increase/(decrease) in hedging reserves - derivative financial instruments	16	(20 638)	(13 186)
Actuarial gains and losses - gross	21	(53 800)	5 730
Gain/(loss) on available-for-sale assets	13	10 151	(4 383)
Other variations		-	27
Tax effect on items recorded directly in equity	11	20 131	2 163
Comprehensive income for the year		**79 736**	**110 939**
ATTRIBUTABLE TO:			
Equity holders of the company		79 736	110 927
Non-controlled interest		-	12
		79 736	**110 939**

The accompanying notes form an integral part of the statement of comprehensive income for the year ended 31st December 2012.

THE ACCOUNTANT THE BOARD OF DIRECTORS

Consolidated statements of changes in equity for the years ended 31st December 2012 and 2011

(TRANSLATION OF CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ORIGINALLY ISSUED IN PORTUGUESE - NOTE36)
(AMOUNTS EXPRESSED IN THOUSAND OF EUROS – tEuros)

CHANGES IN THE YEAR	Notes	ATTRIBUTABLE TO SHAREHOLDERS								Non-controlled interest	Total
		Share capital	Own shares	Legal Reserve	Fair Value reserve (note 13)	Hedging reserves (note 16)	Other reserves	Retained earnings	Profit for the year		
At 1 January 2011		**534 000**	**(10 728)**	**74 445**	**(9 861)**	**(1 141)**	**148 138**	**170 453**	**110 265**	**6 329**	**1 021 901**
Net profit of the period and other comprehensive income		**-**		**-**	**(4 383)**	**(9 362)**	**-**	**4 095**	**120 576**	**12**	**110 939**
Effect of the liquidation of non-controlling interests relating to the increase in the Group`s investment in Portuguese gas pipeline companies		-	-	-	-	-	-	-	-	(6 341)	(6 341)
Dividends distribution	32	-	-	-	-	-	-	(89 060)	-	-	(89 060)
Transfer to other reserves		-	-	5 364	-	-	12 201	92 701	(110 265)	-	1
At 31 December 2011		**534 000**	**(10 728)**	**79 809**	**(14 244)**	**(10 503)**	**160 339**	**178 189**	**120 576**	**-**	**1 037 439**
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		**-**		**-**	**10 151**	**(16 109)**	**-**	**(38 198)**	**123 892**	**-**	**79 736**
Dividends distribution	32	-	-	-	-	-	-	(89 590)	-	-	(89 590)
Other variations		-	-	-	-	-	4	-	-	-	4
Transfer to other reserves		-	-	5 628	-	-	16 679	98 270	(120 576)	-	-
At 31 December 2012		**534 000**	**(10 728)**	**85 437**	**(4 093)**	**(26 612)**	**177 022**	**148 671**	**123 892**	**-**	**1 027 589**

The accompanying notes form an integral part of the statement of changes in equity for the year ended 31st December 2012

THE ACCOUNTANT THE BOARD OF DIRECTORS

Consolidated statements of cash flow for the years ended 31st December 2012 and 2011

(TRANSLATION OF CONSOLIDATED STATEMENTS OF CASH FLOWS ORIGINALLY ISSUED IN PORTUGUES - NOTE 36)
(AMOUNTS EXPRESSED IN THOUSAND OF EUROS – tEuros)

	NOTE	YEAR ENDED '12	'11
CASH FLOW FROM OPERATING ACTIVITIES:			
Cash receipts from customers		2 289 659 a)	2 243 369 a)
Cash paid to suppliers		(1 822 096) a)	(1 733 584) a)
Cash paid to employees		(61 510)	(61 267)
Income tax (paid)/received		(13 687)	(137 288)
Other (payments)/receipts relating to operating activities	3.18	(112 404)	(14 613)
Net flows from operating activities		**279 961**	**296 617**
CASH FLOW FROM INVESTING ACTIVITIES:			
Receipts related to:			
Investments		-	11 577
Grants related to assets		617	33 609
Interests and other similar income		1 896	3 754
Dividends	13	5 635	4 761
Payments related to:			
Financial investments	33.3	(117 163)	-
Supplementary contributions (OMIP)		-	(7 438)
Available-for-sale	13	(38 800)	(1 045)
Property, plant and equipment		(44)	(153)
Intangible assets		(215 133)	(347 456)
Net cash used in investing activities		**(362 991)**	**(302 390)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Receipts related to:			
Borrowings		9 949 500	9 764 000
Interests and other similar income		80	293
Payments related to:			
Borrowings		(9 632 363)	(9 588 200)
Interests and other similar expense		(151 709)	(110 991)
Dividends	32	(89.590)	(89 060)
Net cash (used in)/from financing activities		**75 917**	**(23 958)**
Net (decrease)/increase in cash and cash equivalents		**(7 112)**	**(29 731)**
Cash and cash equivalents at the beginning of the year	17	68 358	101 871
Exclusion of the OMIP group from consolidation perimeter		-	(3 782)
Cash and cash equivalents at the end of the period	17	61 246	68 358
DETAIL OF CASH AND CASH EQUIVALENTS			
Bank overdrafts	17	-	(1 049)
Bank deposits	17	61 246	69 407
		61 246	**68 358**

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 2012.

THE ACCOUNTANT THE BOARD OF DIRECTORS

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31ST DECEMBER 2012

(Translation of notes originally issued in Portuguese – Note 36)

(Amounts expressed in thousand 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 8th January and 131/94 of 19th May, approved by the Shareholders' General Meeting on 18th August 1994, with the objective of ensuring the overall management of the Public Electric Supply System (PES).

Up to 26th September 2006 the REN Group's operations were concentrated on the electricity business through REN – Rede Eléctrica Nacional, SA.. On 26th 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 26th 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 one secondary business, in the area of Telecommunications. Until September 2011, the Group also held the activity of management of electricity derivatives market. In October and December 2011 its position in the Management of Derivative Markets was reduced to 35%, thus losing control of this business.

The Electricity business includes the following companies:

a) REN – Rede Eléctrica Nacional, S.A., founded on 26th 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 13th 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 30th June 2007, date of the entry into force of the new Maintenance of Contractual Balance 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 14th October 2010, its capital being fully held by REN - Redes Energéticas Nacionais, SGPS, S.A., its main activity being the 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 29th 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 26th September 2006, the capital of which was paid up through integration into the company of the gas transport infrastructures (network; connections; compression);

c) REN Armazenagem, S.A., was founded on 26th 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 called "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.

During the period ended 31st December 2012 the subsidiaries Gasoduto Campo Maior-Leiria-Braga, S.A. and Gasoduto Braga-Tuy, S.A were incorporated by merger in REN Gasodutos S.A. with effects from 30th September 2012.

These two companies were initially created as Joint Ventures to which REN Gasodutos S.A. concede the correspondent transportation rights over the specific pipelines (Braga-Tuy e Campo Maior-Leiria-Braga), to Enagás, S.A., with the purpose of jointly managing the transport capacity, maximizing its usage. In 2010 an agreement was made between REN Gasodutos, S.A. and Enagás, S.A., for the left of Enagás, S.A., of the combined project for gas supply between Portugal and Spain, having REN Gasodutos, S.A. at this time obtained full control of the companies Gasoduto Campo Maior-Leiria-Braga, S.A. and Gasoduto Braga-Tuy, S.A..

The telecommunications business is managed by RENTELECOM Comunicações, S.A., the operations of which consist of establishing, managing and using telecommunication systems and infrastructures, supplying communication services and optimizing the excess capacity of the fibre optics belonging to the REN Group.

REN SGPS also has a participation in REN – Serviços, S.A., which has the objective of rendering services in the energy-related 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 that the company has in other companies.

REN SGPS has also:

a) 35% 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), with the function of managing the derivatives market in MIBEL and Omiclear – Sociedade de Compensação de Mercados de Energia, S.A.. a company fully 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 5.26% of the share capital in Medgrid, SAS, acquired in May and October 2012 and 7.5% of the share capital of Hidroeléctrica de Cahora Bassa, S.A. ("HCB"). HCB is a company incorporated in Mozambique, and participation was acquired by REN on 3rd July 2012, by the amount of EUR 38,400 thousand, transferred in the sequence of the fulfilment of the contractual conditions established in the contract dated 9th April 2012, between REN, Parpública – Participações Públicas, SGPS, S.A., CEZA – Companhia Eléctrica do Zambeze, S.A. and EDM – Electricidade de Moçambique, EP.

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 27th 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 30th 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 theses intermediary operations, REN had the right to retain 50% of the commercial profits.

As of 1st July 2007, upon termination of the majority of power purchase agreements, 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 is REN's main activity, the object being to 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.

The concession contract model ensures contractual equilibrium through the recovery of amortization and remuneration of the investment made in the concession's assets and recovery of the eligible operating costs.

iii) Global Management of the System

The objective of this activity is the global management of the electricity system. REN is 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.

The global management of the system also aims at the the contractual equilibrium through the recovery of amortization of the concession's assets and remuneration of the investments made and recovery of the eligible operating costs. Remuneration is calculated based on the average net amount of the assets allocated to the activity.

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 was granted for a period of 50 years as of 15th June 2007. The assets considered as concession assets are those acquired by REN to RNT, 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; 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 in good functioning order, 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 assets allocated to the concession.

The concession can be terminated by agreement between the parties, by 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: 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 tariffs higher 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, 15 years having elapsed since the date of the beginning of its term. By cancelling the concession, the concessionaire 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 lease contract, rendering of services or any other legal form of contract.

In accordance with ERSE Order 11/2010 of 7th 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 1st January 2009 onwards.

2.2
TRANSPORT OF GAS AND GLOBAL MANAGEMENT OF THE SYSTEM

The concession to use the National Natural Gas Transport Network was granted to REN - Gasodutos, S.A. 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 covers the following activities:

i) Transport of Gas

This is one of REN – Gasodutos, S.A.'s activities, and 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 through recovery of the eligible operating costs and remuneration of the assets, which includes: recovery of depreciation of the assets; and remuneration at an interest rate determined by the regulator (ERSE), calculated as a proportion between the current accumulated value of the units transported and the total estimated units to be transported through the infrastructure, during the concession period.

ii) 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 necessary expansion of the high pressure gas transport network, and control of the natural gas safety reserves.

This concession was granted for a period of 40 years as from the date on which the contract was signed. The assets considered as concession assets are those acquired by REN from Transgás and include:

- the high pressure gas pipelines used to transport gas, and related pipes and equipment;
- 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
- all 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 working order, 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. is the owner and has title to the concession's assets. 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 assets allocated to the concession.

The concession can be terminated by agreement between the parties, by 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.

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 concessionaire 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 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 lease, 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. under Decree-Law 140/2006 of 26th 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 unloaded from methane tankers in the Port of Sines;

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 through recovery of the eligible operating costs and remuneration of the assets, which includes: recovery of depreciation of the assets; and remuneration at an interest rate fixed by the regulator (ERSE), calculated as a proportion between the current accumulated value of the units unloaded and regasified, and the total estimated units to be regasified through the infrastructure, during the concession period.

The concession was granted for a period of 40 years as from the date of signature of the contract. 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 of 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, SA, 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, SA; and
- all 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, 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 is extinguished. 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 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.

The conceding entity can cancel the concession, whenever the public interest justifies this, 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 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, with a lease, 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. under Decree-law 140/06 of 26th July of 2006, to carry out the following activities, under a rendering of public service regime:

a) 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

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

The model of the concession contract ensures contractual equilibrium through recovery of depreciation of the assets of the concession and remuneration of the investments made in the concession of the assets and recovery of the operating costs relating to the operations of the concession.

This concession was granted for a period of 40 years as from the date of signature of the contract. The assets considered as concession assets are those acquired by the REN Group from Transgás and 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
- all 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 extinction. 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 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.

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 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, the concession contract can be extended for the maximum period of one year, with a lease, 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 Concessionaire"), a fully owned subsidiary of REN, under the terms of item 3, article 5 of Decree-Laws 5/2008 of 8th January and 238/2008 of 15th December, to operate a pilot area to produce energy from ocean waves.

In accordance with Decree-Law 238/2008 of 15th December the concession is for 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, the concessionaire will receive 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 binding opinion of ERSE.

AMENDMENTS TO CONCESSION CONTRACTS

On 21st February 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 changed 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. 77/2011 and n. No. 78/2011, both of 20th 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 BASES 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 1st January 2012.

Such standards include 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 thousand of Euros - tEuros.

These consolidated financial statements were approved by the Board of Directors at a meeting held on 6th March 2013. 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 31st December 2012:

- IFRS 7 "Financial Instruments: Disclosures" (amendment) (to be applied for years beginning on or after 1st July 2011) – This change introduced new disclosures for transactions involving transfers of financial assets, in particular in what concern to potential risks that remain with the entity that transferred financial assets. This change did not result in a significant impact on REN´s consolidated financial statements.

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

- IAS 1 “Presentation of Financial Statements” (amendment) (to be applied for years beginning on or after 1st July 2012) – This amendment introduced new requirements for comprehensive income presentation, requiring the split of profit and loss items and equity items. This change will not result in a significant impact on REN´s consolidated financial statements.
- IAS 19 “Post-Employment Benefits” (amendment) (to be applied for years beginning on or after 1st January 2013) – This amendment introduces the following related with defined benefits plans, namely: (i) actuarial gains and losses are recorded in reserves (eliminate the corridor method); (ii) only one interest rate is applied for the determination of the defined benefit obligation and the plan assets. The difference between the real 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 interest cost. From the future adoption of this amendment is not expected a significant impact on REN´s consolidated financial statements.
- IFRIC 20 “Stripping Cost in the Production Phase of a Surface Mine” (new) (to be applied to years beginning on or after 1st January 2013) – This interpretation provides guidance on how and when to recognize certain stripping costs in the production phase of a surface mine From the future adoption of this amendment is not expected a significant impact on REN´s consolidated financial statements.
- IAS 12 “Income Taxes” (change) (to be applied to years beginning on or after 1st January 2013) – This change introduces a rebuttable presumption that investment properties ate 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. From the future adoption of this change is not expected a significant impact on REN´s consolidated financial statements.
- IFRS 13 “Fair Value Measurements” (new) (to be applied to years beginning on or after 1st 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 future adoption of this standard it is not expected a significant impact on REN´s 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 future adoption of this change is not expected a significant impact on REN´s consolidated financial statements.
- IFRS 1 “First Time Adoption of IFRSs” (amendment) (to be applied to years beginning on or after 1st January 2013) - This change introduced the 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. From the future adoption of this change is not expected a significant impact on REN´s consolidated financial statements.
- IFRS 10 “Consolidated Financial Statements” (new) (to be applied to years beginning on or after 1st January 2014) - This standard establishes the grounds for presenting consolidated financial statements, replacing on this matter the standard 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 1st 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 1st 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" (amended) (to be applied to years beginning on or after 1st January 2014) - This amendment was introduced in the sequence of 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" (amended) (to be applied to years beginning on or after 1st January 2014) - This IAS 28 was reviewed in the sequence of 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 1st January 2014). This change clarified under what conditions rights issued can be classified as equity instruments. From the future adoption of this change it is not expected a significant impact on REN´s consolidated financial statements.

The Company did not use any early adoption option of any of the above standards in the consolidated financial statements for the year ended 31st December 2012.

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 (2010)	1-Jan-15	This standard sets out requirements for the classification of financial assets.
Improvements to IFRS (May 2012)	Several (usually 01-Jan-13)	These improvements involve the revision of several standards, including IAS 16 and IAS 32.
IFRS 1 - Amendment (Government loans)	1-Jan-13	Creates an exception to the retrospective application of the requirements in IAS 20 for application to government subsidies granted to subsidized interest rates.
IFRS 10, IFRS 11 and IFRS 12 - Amendments (transition guidance)	1-Jan-13	Amendments to IFRS 10, IFRS 11 and IFRS 12 to clarify the rules of the transition to IFRS.
IFRS 10, IFRS 12 and IAS 27 - Amendments (Investment Entities)	1-Jan-14	Creates an exception for the preparation of consolidated financial statements for investment entities.

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 3[1st] December 2012 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 given 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

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 suggest the participation to be impaired, being recorded an impairment losses in the income statement, if exists.

When the Group's share of the accumulated loss on an associated company exceeds the book value of the participation, the participation is recorded at zero, except where the Group has assumed commitments to cover loss 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.

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%) 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 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 1st January 2004 (date of transition to IFRS) is not amortised, but is subject to impairment tests at least annually to verify the existence of losses.

Impairment to Goodwill 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 statement, reducing the asset value and considering a cost in the consolidated income statement. The recoverable amount is determined based on the use value of the cash generating unit, being this value reached 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 thousand 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	'12	'11
US Dollar (USD)	1.32	1.29
Swiss franc (CHF)	1.21	1.22
Pound sterling (GBP)	0.82	0.84
Real Brazilian (BRL)	2.70	2.42
Japan Yen (JPY)	113.61	100.20

3.4
TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible assets 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 expenditure, 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 substituted.

Current maintenance and repair costs are expensed in the year they are incurred.

Tangible 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 indications of impairment 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 of the net sales price of an asset and its value in use, value in use being calculated at the 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 is 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 tangible and intangible fixed assets are determined by the difference between the proceeds of the sale and the book value 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 operation 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 1st January 2008. IFRIC 12 was endorsed by the European Union on 25th March 2009, being of mandatory application for years beginning on or after 1st January 2010.

IFRIC 12 applies to public service concession contracts in which the conceding entity controls/regulates:

- The services to be rendered by the concessionaire (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., 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 situation 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 up to 31st December 2012.

Attending to that underlined 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 purposes of amortization of the assets relating to the concession, the 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 conceded asset specifically which assumes 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. This notwithstanding, 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 of 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 recoverable value, any difference being 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.

Land relating to the electricity producing plants is covered by the Concession Contracts entered into between REN and the Portuguese State and is 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 arrive at the book value 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 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 toward 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 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 in 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 it 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 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.

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 include 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 there are contractual obligations 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;

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.

Financial liabilities are classified as current liabilities unless REN has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position, 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, 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 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 hedge, 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 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.

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 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.

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 their envisaged 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, is 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 recognised as deferred income in the caption “Trade and other payables”.

Grants received from the Portuguese State and the European Union are recognised when there is reasonable certainty that the subsidy will be received.

Grants are subsequently credited to the consolidated statement of profit and loss on a systematic basis in accordance with amortization of the related assets.

Operating assets delivered to REN by new producers connected to the National Transmission Network or others are also recorded as subsidies received.

Operating 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 is evidence 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 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 of an 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.

The REN Group 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 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 no 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 for 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 pensions (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, pre-retirement bonus 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.

These 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 companies being its approach consistent with income 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 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.

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 recognised directly in equity.

Actuarial gains and losses for the year are recognised 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 SGPS 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, only the expected outflows that directly result from the implementation of such plan are considered and the current activities of the Group are not considered.

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 probable 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 the influx of the corresponding economic benefit is estimated as probable. 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 of 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 comply with the conditions of the article 69 of the Income Tax Code.

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 reveled for tax purposes in accordance to 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 profit 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 that is going to be received. The revenue is deducted of 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 recognised, 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 recognised 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 recognised 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 – Tangible and intangible fixed assets, 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, SA's 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 capacity used and gas units transmitted through the high pressure transmission network. The income is calculated in accordance with the tariffs determined by the regulator as of 1st of July 2007. Up to 30th June 2007, income was recognized 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 rent 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 allowed for the regulated activities and consider in the calculation formula, 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 deviations are recovered thus being defined.

In this way the REN Group determines at each financial statement 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 incidence of interest) 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 not covering 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 asset and liability tariff deviations under conditions in which the electricity and gas regulations are established for REN.

The Decree-law No. 165/2008 dated 21st August for the electricity segment and the Decree-Law 87/2011 dated 18th 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;

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.

Determination of the segments was made based on the information analysed by the Executive Committee, which did not result in new segments in relation to those previously reported.

The REN Group is organized in two main business segments: Electricity and Gas and two secondary segments: telecommunications and management of the electricity derivatives market (up to 2011 only). 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 30th 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 other segments (telecommunications and management of the electricity derivatives market) are also presented separately although they do not qualify for disclosure.

The caption "Others" includes the operations of REN SGPS and REN Serviços.

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.

The change noted in the caption “Other receipts/(payments) from operational activities”, is essentially due to payment of Value Added Tax (“VAT”) which rate increased from 6% up to 23% and to the payment to Amorim Energia, B.V. (see Note 22) in the amount of EUR 27 837 thousand.

3.19
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 and foreign exchange rate.

The Group has developed and implemented a risk management programme that, together with permanent monitoring of the financial markets, aims 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 JPY 10,000 million Yens, is fully hedged by a cross currency swap of the same notional amount. An adverse variation of 5% in the forward foreign exchange rate of Euro/JPY, all other factors remaining constant at 31st December 2012 and 2011, would have the following impact on equity:

	'12		'11	
	5%	-5%	5%	-5%
	(1 126)	1 243	(1 960)	2 165

ii) Credit risk

REN's exposure to credit risk is not significant, since a substantial portion of services rendered is recognised through amounts invoiced to electricity and natural gas distributors in regulated markets. In addition, in general, contracts with clients establish guarantees, with the objective to cover the collection and default risk.

The Group'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 ratings and well known in the market.

iii) Liquidity risk

REN's liquidity risk management is carried out through the dynamic and flexible management of commercial paper programs, 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 to enable the shocks outside its operations to be dealt with. For that effect we highlight the EUR 827 000 thousand available in commercial paper programmes and the financing line available with the China Development Bank in the amount of EUR 800,000 thousand (amount corresponding to 80% of the global commitment in the amount of EUR 1 000 000 thousand agreed following the strategic partnership with State Grid International development Ltd in the light of the second phase of the re-privatization of REN) which main terms and conditions are announced to the market in October 2012. The final agreement documentation was in the conclusion phase at 31st December 2012 (see Note 20 borrowings).

The following table shows the Group's liabilities by intervals to residual contracted maturity and includes derivative financial instruments the financial liquidation of the related flows of which 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 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

	31 DECEMBER 2011			
	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
BORROWINGS:				
Finance lease	1 128	721	-	1 849
Bank borrowings	62 940	312 973	508 057	883 970
Commercial paper	26 886	566 268	-	593 154
Bonds	77	1 087 905	96 327	1 184 309
Bank overdrafts	1 049	-	-	1 049
	92 080	**1 967 867**	**604 384**	**2 664 331**
Derivative financial instruments	1 553	1 060	-	2 613
Trade and others payables	332 949	16 890	-	349 839

The following table shows the derivative financial instruments, financial settlement of which is made at gross amounts:

	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**

	31 DECEMBER 2011			
	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
CROSS CURRENCY INTEREST RATE SWAP				
Outflows	(4 180)	(16 686)	(96 327)	(117 193)
Inflows	2 705	10 818	120 085	133 608
	(1 475)	**(5 868)**	**23 758**	**16 415**

iv)Interest rate risk

The risk relating to interest rate fluctuation 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 maturity, 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 sensitivity analysis was made based on the REN Group's total debt less applications in funds and cash and cash equivalents as of 31st December 2012 and 2011, 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;
- 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 31st December 2012 would result in a decrease of profit before tax of approximately EUR 1,941 thousand (EUR 2,015 thousand in 2011) and an increase in equity of, approximately, EUR 1,778 thousand (decrease of, approximately, EUR 125 thousand in 2011).

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 negative variation of 10% in the price of shares of REE and Enagás at 31st December 2012 would have an impact on equity of EUR 8,904 thousand (EUR 7,922 thousand in 2011).

vi) Regulated activity risk

Gains recognised 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 management of capital, which is a broader concept than the capital disclosed on he face of the statement of financial position, is to maintain an optimal capital structure, through rational use of debt.

The necessity of debt increases are analysed periodically considering the Group's 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.

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 more sensitive assumptions refer to: the discount rates used to update the liability, the estimated return on assets and the mortality tables.

5.3 TANGIBLE AND INTANGIBLE ASSETS

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 recognised 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 31st December 2012 and 2011:

DESIGNATION / ADDRESS	ACTIVITY	'12 % OWNED GROUP	'12 % OWNED INDIVIDUAL	'11 % OWNED GROUP	'11 % OWNED 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:					
RENTELECOM – 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%
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 -12º – 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%	–
OWNED BY REN – GASODUTOS, S.A.:					
Gasoduto Braga-Tuy, S.A. Estrada Nacional 116, Km 32,25 - Vila de Rei – Bucelas	Natural gas transport	–	–	100%	–
Gasoduto Campo Maior-Leiria-Braga, S.A. Estrada Nacional 116, Km 32,25 - Vila de Rei – Bucelas	Natural gas transport	–	–	100%	–

During the period ended 31st December 2012 the subsidiaries Gasoduto Campo Maior-Leiria-Braga, S.A. and Gasoduto Braga-Tuy, S.A were merged in REN Gasodutos S.A. with effects from 30th September 2012.

No impacts to the Groups financial statements resulted from this operation as these subsidiaries were held 100% by REN Gasodutos and therefore totally consolidated in the Group.

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 30th 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 other segments (telecommunications and management of the electricity derivative market for 2010 and income for the nine month period ended 30th September 2011, as from when it left the consolidation perimeter) are also presented separately although they do not qualify for disclosure.

During 2012 REN reviewed the segment reporting, namely the segment presentation of the statement of financial position. 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 31st December 2012 were as follows:

	ELECTRICITY	GAS	TELECOMMU-NICATIONS	OTHERS	ELIMINATIONS	CONSOLI-DATED
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 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	(21 196)	(8 457)	(223)	(20 464)	-	(50 340)
Other expenses and operating income	14 201	4 679	(200)	(622)	(10.223)	7 835
Operating cash flow	**372 284**	**147 523**	**3 421**	**(3 535)**	**(2.476)**	**517 216**
Investment income - dividends	-	-	-	7 461	-	7 461
Non reimbursursable expenses						
Depreciation and amortizations	(137 523)	(62 128)	(20)	(173)	2.476 [1]	(197 368)
Provisions	(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	**150 242**	**64 877**	**3 514**	**(40 091)**	**-**	**178 542**
Income tax expense	(49.540)	(19 728)	(995)	15 613	-	(54.650)
Profit for the year	**100 702**	**45 149**	**2 519**	**(24 478)**	**-**	**123 892**

[1] Reclassification to Amortizations of the grant recognition related to the rights Gasoduto Campo-Maior-Leiria Braga, S.A. e Gasoduto Braga-Tuy, S.A.

The results by segment for the year ended 31st December 2011 were as follows:

	ELECTRICITY	GAS	TELECOM-MUNICA-TIONS	ELECTRICITY MARKET OPERATOR	OTHERS	ELIMINATIONS	CONSOLIDATED
Sales and services provided	**350 519**	**199 747**	**5 629**	**1 991**	**32 794**	**(59 859)**	**530 821**
Inter-segments	1 060	26 491	726	84	31 498	(59 859)	-
Revenues from exernal customers	349 459	173 256	4 903	1 907	1 296	-	530 821
Revenue from construction of concession assets	267 888	81 380	-	-	-	-	349 269
Cost with construction of concession assets	(242 440)	(73 865)	-	-	-	-	(316 305)
External supplies and services	(48 623)	(50 043)	(1 793)	(719)	(18 090)	66 346	(52 923)
Employee compensation and benefit expense	(21 787)	(8 880)	(80)	(935)	(16 602)	-	(48 284)
Other expenses and operating income	12 100	9 140	(523)	(270)	(723)	(9 789)	9 934
Operating cash flow	**317 656**	**157 479**	**3 233**	**68**	**(2 622)**	**(3 302)**	**472 512**
Gains from associates	-	-	-	-	10 326	-	10 326
Investment income – dividends	-	-	-	57	4 540	-	4 596
Non reimbursursable expenses							
Depreciation and amortizations	(128 558)	(56 144)	(17)	(168)	(180)	3 302 [1]	(181 765)
Provisions	91	(45)	-	-	(15 280)	-	(15 234)
Impairment of trade receivables	(2 650)	-	-	-	-	-	(2 650)
Financial results							
Financial income	767	4 077	113	203	103 820	(104 986)	3 995
Financial costs	(65 392)	(20 175)	(1)	(5)	(131 354)	104 986	(111 942)
Profit before income tax	**121 914**	**85 192**	**3 328**	**154**	**(30 749)**	**-**	**179 838**
Income tax expense	(35 931)	(25 257)	(921)	(35)	2 894	-	(59 250)
Profit for the year	**85 982**	**59 935**	**2 407**	**119**	**(27 856)**	**-**	**120 588**

[1] Reclassification to Amortizations of the grant recognition related to the rights Gasoduto Campo-Maior-Leiria Braga, S.A. e Gasoduto Braga-Tuy, S.A.

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 31st December 2012 as well as capital expenditure for the year then ended were as follows:

	ELECTRICITY	GAS	TELECOMMU-NICATIONS	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 (Note 8)	24	-	-	523	-	547
Capital expenditure - intangible assets (Note 8)	155 494	45 012	-	-	-	200 507
Investments in associates	-	-	-	9 382	-	9 382

Assets and liabilities by segment at 31st December 2011 (restated as described above) as well as capital expenditure for the year then ended were as follows:

	ELECTRICITY	GAS	TELECOM-MUNICA-TIONS	ELECTRICITY MARKET OPERATOR	OTHERS	ELIMINATIONS	CONSOLIDATED
SEGMENT ASSETS							
Group investments held	-	598 253	-	-	1 388 237	(1 986 491)	-
Property, plant and equipment and intangible assets	2 627 071	1 316 715	65	-	386	(55 588)	3 888 649
Other assets	373 152	386 527	4 986	-	2 933 897	(3 113 535)	585 026
Total assets (restated)	**3 000 223**	**2 301 496**	**5 051**	**-**	**4 322 520**	**(5 155 614)**	**4 473 675**
Total liabilities (restated)	**2 362 155**	**1 034 029**	**1 788**	**-**	**3 207 387**	**(3 169 123)**	**3 436 236**
Capital expenditure - total	**267 889**	**81 380**	**37**	**-**	**105**	**-**	**349 412**
Capital expenditure - property, plant and equipment (note 8)	1	-	37	-	105	-	143
Capital expenditure - intangible assets (note 8)	267 888	81 380	-	-	-	-	349 269
Investments in associates	-	-	-	-	8 717	-	8 717

The liabilities included in the segment "Others" are essentially related to external borrowings obtained directly by REN SGPS, S.A. 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 reversal of the inter-segment transactions.

8 TANGIBLE AND INTANGIBLE ASSETS

The changes in tangible and intangible assets in the year ended 31st 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 DEPRECIATION	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)
Total of property, plant and equipment and intangible assets	**6 507 554**	**(2 619 393)**	**3 888 161**	**200 507**	**(1 652)**	**-**
	6 508 521	**(2 619 873)**	**3 888 649**	**201 054**	**(1 652)**	**-**

		CHANGES		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		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 changes in tangible and intangible assets in the year ended 31st December 2011 were as follows:

Changes in tangible and intangible assets 2011.

	JANUARY 2011			CHANGES		
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	ADDITIONS	DISPOSALS AND WRITE-OFFS	TRANSFERS
PROPERTY, PLANT AND EQUIPMENT						
Transmission and electronic equipment	103	(58)	45	-	-	-
Transport equipment	677	(261)	416	132	(95)	72
Office equipment	3 534	(2 924)	610	12	-	(72)
Property, plant and equipment in progress	130	-	130	-	-	-
	4 443	**(3 243)**	**1 200**	**143**	**(95)**	**-**

	JANUARY 2011			CHANGES		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	ADDITIONS	DISPOSALS AND WRITE-OFFS	TRANSFERS
INTANGIBLE ASSETS						
Concession assets	5 821 735	(2 440 750)	3 380 985	975	(3 321)	425 491
Concession assets in progress	339 872	-	339 872	348 293	-	(425 491)
	6 161 607	**(2 440 750)**	**3 720 857**	**349 269**	**(3 321)**	**-**
Total of property, plant and equipment and intangible assets	**6 166 050**	**(2 443 993)**	**3 722 057**	**349 412**	**(3 416)**	**-**

CHANGES				DECEMBER 2011		
OMIP EXCLUSION-TOTAL ASSETS	DEPRECIATION CHARGE	DEPRECIATION - DISPOSALS, WRITE-OFFS AND OTHER RECLASSIFICATIONS	OMIP EXCLUSION-ACCUMULATED DEPRECIATION	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
-	(13)	-	-	103	(71)	32
(108)	(168)	71	17	678	(341)	336
(3 287)	(29)	-	2 886	187	(68)	119
(129)	-	-	-	0	-	0
(3 524)	**(210)**	**71**	**2 902**	**967**	**(480)**	**488**

CHANGES				DECEMBER 2011		
OMIP EXCLUSION-TOTAL ASSETS	AMORTIZATION CHARGE	AMORTIZATION - DISPOSALS, WRITE-OFFS AND OTHER RECLASSIFICATIONS	OMIP EXCLUSION-ACCUMULATED AMORTIZATION	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
-	(181 387)	2 744	-	6 244 879	(2 619 393)	3 625 486
-	-	-	-	262 675	-	262 675
-	**(181 387)**	**2 744**	**-**	**6 507 554**	**(2 619 393)**	**3 888 161**
(3 524)	**(181 765)**	**2 815**	**2 902**	**6 508 522**	**(2 619 873)**	**3 888 649**

The additions in the year ended 31st December 2012 and 2011 refers essentially to rights over the investments on construction/renovation and expansion of electrical and gas transportation grid.

The main additions noted in the periods ended 2012 and 2011 are made up as follows:

	'12	'11
ELECTRICITY SEGMENT		
Power line construction (220 KV)	33 137	37 848
Power line construction (400 KV)	29 622	55 683
Other power line constructions	7 522	34 869
Construction of new substations	11 735	55 600
Substation Expansion	55 767	79 900
Other renewals in substations	5 373	-
Improvements to telecommunications and information system	11 182	3 202
Pilot zone construction - wave energy	1 158	675
Other assets	24	-
GAS SEGMENT		
Expansion and improvements to gas transmission network	9 377	15 398
Construction project of cavity underground storage of natural gas in Pombal	6 968	11 295
Construction project of the third tank - Sines terminal	28 667	54 688
OTHERS SEGMENT		
Other assets	523	254
Total of additions	**201 054**	**349 412**

The main investments that were concluded and began activity during the periods ended 2012 and 2011 are made up as follows:

	'12	'11
ELECTRICITY SEGMENT		
Power line construction (220 KV)	51 044	43 541
Power line construction (400 KV)	46 135	60 106
Other power line constructions	16 123	28 685
Construction of new substations	8 275	58 495
Substation Expansion	60 941	151 506
Other renewals in substations	4 870	12 757
Other assets	8 634	5 464
GAS SEGMENT		
Expansion and improvements to natural gas transmission network	4 676	14 803
Construction project of cavity underground storage of natural gas in Pombal	2 690	705
Construction project of the third tank - Sines terminal	107 238	49 428
Total of transfer	**310 626**	**425 491**

The intangible assets in progress at 31st December 2012 and 2011 are as follows:

	'12	'11
ELECTRICITY SEGMENT		
Power line construction (150KV/220KV and 400KV)	24 983	68 004
Substation Expansion	42 631	47 300
New substations projects	23 566	20 100
Other projects	3 226	3 866
Other assets in progress	40	675
GAS SEGMENT		
Expansion and improvements to natural gas transmission network	29 530	24 973
Construction project of cavity underground storage of natural gas in Pombal	18 596	14 334
Construction project of the third tank - Sines terminal	-	83 423
Total of assets in progress	**142 572**	**262 675**

Financial costs capitalized in intangible assets in progress in the year ended 31st December 2012 amounted to EUR 13,132 thousand (EUR 18,820 thousand in 2011), while overhead and management costs capitalized amounted to EUR 14,483 thousand (EUR 14,143 thousand in 2011) (Note 25). The average rate of the financial costs capitalized was of 0.4796%.

The net book value of the assets acquired through finance lease contracts at 31st December 2012 and 2011 was as follows:

	'12	'11
Cost	3 719	6 590
Accumulated depreciation and amortization	(2 395)	(4 720)
Net book value	**1 324**	**1 870**

9 GOODWILL

Goodwill represents the difference between the amount paid for the acquisition and the net assets fair value of REN Atlântico, Terminal de GNL, S.A. as of the date of acquisition under the natural gas business unbundling process.
At 31st December 2012 Goodwill was as follows:

			Equity interest held		Goodwill			
Subsidiary	Year of acquisition	Acquisition cost	%	Amount	'11	Increases	Decreases	'12
REN Atlântico, Terminal de GNL, S.A.	2006	32 580	100%	28 806	3 774	-	-	3 774

IMPAIRMENT TEST OF GOODWILL

REN made an impairment test of goodwill at 31st December 2012 and 2011, 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 26th 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 the actual regulatory remuneration rate, applied over the net book value of the underlying investments, of 8% (post-tax discount rate of 5.68%, 4.99% in 2011).

		Assumptions		
Cash generation unit	Method	Cash flow	Growing factor	Discounted rate
REN Atlântico, Terminal de GNL, S.A.	DFC (Discounted Cash Flow)	Operating cashflow projected to the remaining concession period	Decreasing rate according to the average rate of assets depreciation	"8% (pre-tax) 5,68% (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 impairments were noted.

10 INVESTMENT IN ASSOCIATES

During the year ended 31st December 2011, REN sold, 55% of its interest in the share capital of OMIP, Operador do Mercado Ibérico (Portugal), SGPS, S.A. (“OMIP”), losing the control in OMIP. Actually, the Group owns 35% of the share capital of the company, which is classified as an Associate.

On the date of change in control, the remaining 35% of interests in OMIP were recorded at fair value determined on the date of the transaction, by EUR 8,717 thousand reflecting a revaluation on this Associate in the amount of EUR 4,015 thousand.

As of 31st December 2011, the caption on the consolidated profit and loss statement “Gains in Associates” in the amount of EUR 10,326 thousand includes the gain obtained on the sale of 55% of the equity interests in OMIP, SGPS, S.A. and the impact of the fair value revaluation of the interests hold on the 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 25% 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.

Aa at 31st December 2012 and 2011, the financial information regarding the financial interest held is as follows:

			ASSOCIATE FINANCIAL INFORMATION				CAPITAL OWNED		
			31 DECEMBER OF 2012						
ASSOCIATE	ACTIVITY	HEAD OFFICE	ASSETS	LIABILITIES	REVENUES	NET PROFIT/ (LOSS)	%	CARRYING AMOUNT	GROUP SHARE OF PROFIT (LOSS)
EQUITY METHOD:									
OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	26 904	99	2 274	1 899	35	9 382	665

ASSOCIATE	ACTIVITY	HEAD OFFICE	ASSOCIATE FINANCIAL INFORMATION — 31 DECEMBER OF 2011 ASSETS	LIABILITIES	REVENUES	NET PROFIT/ (LOSS)	CAPITAL OWNED %	CARRYING AMOUNT	EARNINGS ON REVALUATION
EQUITY METHOD:									
OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Holding company	Lisbon	25 751	16	271	179	35	8 717	4015 a)

a) The amount results from the revaluation of the investment under the IFRS 3, in the moment of the loss in control of OMIP.

The changes in the caption "Investments in associates" during the period ended 31st December 2012 was as follows:

INVESTMENTS	'12
At 1 January 2012	**8 717**
Effect of aplying the equity method (note 19)	665
Dividends distribution	-
At 31 December 2012	**9 382**

11 INCOME TAX

REN is taxed based on the special regime for the taxation of group of 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 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 2009 to 2012 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 31st December 2012 and 2011.

During 2012, following the change performed in the tax legislation made in December 2011, by Law 64-B/2011, the Company is taxed in Corporate Income Tax rate of 25%, increased by: (1) Municipal surcharge up the maximum of 1.5% over the taxable profit; and (2) a State surcharge of an additional 3% of taxable profit between EUR 1,500 thousand and EUR 10,000 thousand and an additional 5% over the taxable profit in excess of EUR 10,000 thousand, which results in a maximum aggregate CIT tax rate of 31.5%.

The deferred taxes, as of 31 December 2012, were updated considering the new rates established under the Law n. 66-B/2012 of 31st December, which imply the application of a State surcharge of an additional 3% of taxable profit between

EUR 1,500 thousand and EUR 7,500 thousand and an additional 5% over the taxable profit in excess of EUR 7,500 thousand. The referred taxes are applicable the period started on 1st January 2013.

Consequently, the tax rate used in the valuation of temporary taxable and deductible differences as of 31st December 2012, were calculated for each company included in the consolidation perimeter 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 31st December 2012 and 2011 was as follows:

	'12	'11
Current income tax	22 128	59 782
Adjustments to income tax from previous year	(5 374)	4 358
Deferred taxes	37 896	(4 890)
Income tax	**54 650**	**59 250**

Reconciliation between tax calculated at the nominal tax rate and tax recorded in the consolidated statement of profit and loss is as follow:

	'12	'11
Consolidated profit before income tax	**178 542**	**179 838**
PERMANENT DIFFERENCES		
Positive net worth variation	(139)	(139)
Non deductible costs	1 054	19 080
Non taxable income	(2 145)	(10 264)
TIMING DIFFERENCES		
Tariff deviations	(130 675)	12 726
Provisions	3 882	5 131
Revaluations	6 681	7 257
Pension, medical assistence and life insurance plans	(3 101)	(2 359)
Fair value of financial instruments	(166)	474
Others	(136)	(154)
Taxable income	**53 797**	**211 590**
Income tax - nominal tax rate - 25%	13 449	50 547
State surcharge tax- taxable income above 2 million (rate 27,5%)	-	5 360
State surcharge tax- taxable income between 1,5 million and 10 millions (rate 28%)	1 034	-
State surcharge tax- taxable income above 10 millions (rate 30%)	5 000	-
Municipal surcharge-1,5%	2 161	3 437
Autonomous taxation	484	439
Current income tax	**22 128**	**59 782**
Deferred taxes	37 896	(4 890)
Deferred taxes	**37 896**	**(4 890)**
Adjustments of estimated tax in previous years	(5 374)	4 358
Income tax	**54 650**	**59 250**
Effective tax rate	**30.61%**	**32.95%**

The caption current income tax includes the amount of EUR 3,133 thousand regarding Gasoduto Campo Maior-Leiria-Braga S.A. and Gasoduto Braga-Tuy, S.A., which were integrated by fusion in REN Gasodutos, S.A. in the terms described in Note 6. During the period ended 31st December 2012 this amount was paid upon the cease of activity of these incorporated companies.

INCOME TAX

The caption "Income tax" payable and receivable at 31st December 2012 and 2011 is made up as follows:

	'12	'11
INCOME TAX:		
Corporate income tax - estimated tax	(18 995)	(56 086)
Corporate income tax - payments on account	31 414	68 304
Income withholding tax by third parties	1 565	1 798
Income tax receivable from the previous year	334	-
Income tax receivable	**14 318**	**14 015**
Corporate income tax - estimated tax	-	(3 696)
Corporate income tax - payments on account	-	3 144
Income withholding tax by third parties	-	32
Income tax payable	**-**	**(520)**

DEFFERED TAXES

The effect of the changes in the deferred tax captions in the years presented was as follows:

	'12	'11
IMPACT ON THE STATEMENT OF PROFIT AND LOSS		
Deferred tax assets	(21 974)	835
Deferred tax liabilities	(15 922)	4 055
	(37 896)	**4 890**
IMPACT ON EQUITY		
Deferred tax assets	20 131	1 701
Deferred tax liabilities	-	462
	20 131	**2 163**
Net impact of deferred taxes	**(17 765)**	**7 053**

The changes in deferred tax by nature was as follows:

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 31 December 2012	**3 483**	**30 684**	**18 185**	**8 858**	**5**	**61 215**

CHANGE IN DEFERRED TAX ASSETS – DECEMBER 2011

	PROVISIONS/ IMPAIRMENTS	LOSS CARRIED FORWARD	PENSIONS	TARIFF DEVIATIONS	DERIVATIVE FINANCIAL INSTRUMENTS	OTHERS	TOTAL
At 1 January 2011	**1 337**	**1 244**	**19 149**	**36 602**	**1 525**	**945**	**60 802**
Increase/decrease through reserves	-	-	(1 665)	-	3 362	3	1 701
Increase through profit and loss	1 059	-	359	8 369	-	2	9 789
Reversal through profit and loss	(8)	(1 051)	(1 862)	(5 470)	(504)	(58)	(8 954)
Exclusion of OMIP from consolidation	-	(192)	-	(88)	-	-	(281)
Change in the period	**1 051**	**(1 244)**	**(3 167)**	**2 810**	**2 858**	**(53)**	**2 255**
At 31 December 2011	**2 388**	**0**	**15 982**	**39 412**	**4 383**	**892**	**63 057**

Deferred tax assets at 31 December 2012 correspond mostly to liabilities for benefit plans granted to employees and tariff deviations to be given to subsequent year tariffs.

EVOLUTION OF DEFERRED TAX LIABILITIES – DECEMBER 2012

	TARIFF DEVIATIONS	REVALUATION	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 31 December 2012	**52 373**	**30 424**	**82 797**

EVOLUTION OF DEFERRED TAX LIABILITIES – DECEMBER 2011

	TARIFF DEVIATIONS	REVALUATION	DERIVATIVE FINANCIAL INSTRUMENTS	TOTAL
At 1 January 2011	**36 089**	**34 359**	**1 103**	**71 551**
Increase/decrease through equity	-	-	(462)	(462)
Increase through profit and loss	20 844	276	-	21 120
Reversal trough profit and loss	(22 430)	(2 104)	(642)	(25 176)
Exclusion of OMIP from consolidation	(158)	-	-	(158)
Change in the period	**(1 745)**	**(1 828)**	**(1 103)**	**(4 676)**
At 31 December 2011	**34 345**	**32 530**	**-**	**66 875**

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 revaluations (included in the assets considered cost at the time of the transition to IFRS).

The legal diplomas that support 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	
Decree-Law nº 140/2006	

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	61 246	-	-
Trade and other receivables	14	381 189	-	-
Other investments	12 and 33	-	-	-
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	-	-	-
Income tax payable	11	-	-	-
Drivative financial instruments	16	-	27 958	811
Total financial liabilities		**-**	**27 958**	**811**

’11

	NOTES	CREDITS AND OTHER RECEIVABLES	FAIR VALUE - - HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	FAIR VALUE - - NEGOTIABLE DERIVATIVES
ASSETS				
Cash and cash equivalents	17	69 407	-	-
Trade and other receivables	14	306 870	-	-
Other investments		-	-	-
Available-for-sale financial assets	13	-	-	-
Income tax receivable	11	14 015	-	-
Derivative financial instruments	16	-	26 696	1 144
Total financial assets		**390 292**	**26 696**	**1 144**
LIABILITIES				
Borrowings	20	-	-	-
Trade and other payables	23	-	-	-
Income tax payable	11	-	-	-
Drivative financial instruments	16	-	14 879	1 095
Total financial liabilities		**-**	**14 879**	**1 095**

’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	2 705 895
-	-	383 952	383 952	383 952
-	-	-	-	-
-	-	-	28 769	28 769
-	**-**	**3 089 847**	**3 118 616**	**3 118 616**

’11

AVAILABLE-FOR-SALE	FAIR VALUE - - THROUGH PROFIT AND LOSS	OTHER FINANCIAL ASSETS/LIABILITIES	TOTAL CARRYING AMOUNT	FAIR VALUE
-	-	-	69 407	69 407
-	-	-	306 870	306 870
-	5 667	-	5 667	5 667
82 051	-	-	82 051	82 051
-	-	-	14 015	14 015
-	-	-	27 840	27 840
82 051	**5 667**	**-**	**505 850**	**505 850**
-	-	2 407 619	2 407 619	2 407 619
-	-	496 093	496 093	496 093
-	-	520	520	520
-	-	-	15 974	15 974
-	**-**	**2 904 232**	**2 920 206**	**2 920 206**

The caption “Other investments” corresponds to the Company’s investment in the closed fund “Luso Carbon Fund” with a maturity of 10 years.

ESTIMATED FAIR VALUE – ASSETS MEASURED AT FAIR VALUE

The following table presents the Group’s assets and liabilities measured at fair value at 31st December 2012 in accordance with the following hierarchy levels of fair value:

- 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 around 0.081% to 2.163% (maturities of 1 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.

		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
ASSETS:					
Available-for-sale financial assets	Shares	89 035	-	-	89 035
Financial assets at fair value	Hedging derivatives	-	6 853	-	6 853
Financial assets at fair value recorded in income	Negotiable derivatives	416	-	-	416
Other investments	Treasury funds	4 285	-	-	4 285
LIABILITIES:					
Financial liabilities at fair value recorded in reserves	Hedging derivatives	-	27 958	-	27 958
Financial liabilities at fair value recorded in income	Negotiable derivatives	811	-	-	811
		92 925	**(21 105)**	**-**	**71 820**

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:

	'12	'11
TRADE AND OTHER RECEIVABLES		
A-	-	-
BBB	-	91 455
BB+	108 754	-
Others without rating	272 435	215 414
Total trade and other receivables	**381 189**	**306 870**
CASH AND CASH EQUIVALENTS		
AAA to AA-	-	1 328
A+ to A-	37	60
BBB+ to BBB-	2	30 340
BB+ to B-	61 192	37 669
Without rating	15	9
Total cash and cash equivalents	**61 246**	**69 407**

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 as at 31st December 2012 are as follows:

i) Trade and other receivables include EUR 822 thousand (Note 3.9) 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.

iii) EUR 5,296 thousand (Note 14) to cover the amount of interest on the tariff deficit not received in April 2008 which are fully adjusted for impairment.

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 the 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 as at 31st December 2012 and 2011 correspond to equity interests held on strategic entities for the Group, which can be detailed as follows:

	HEAD OFFICE				BOOK VALUE	
	CITY	COUNTRY	% OWNED	ENTITY	'12	'11
OMEL - Operador del Mercado Ibérico de Energia (Polo Espanhol)	Madrid	Spain	10,00%	REN, SGPS	3 167	3 167
Red Electrica Corporacion, S.A. ("REE")	Madrid	Spain	1,00%	REN, SGPS	50 493	44 760
Enagás, S.A.	Madrid	Spain	1,00%	REN, SGPS	38 542	34 125
Med Grid SAS	Paris	France	5,26%	REN, SGPS	400	-
Hidroeléctrica de Cahora Bassa	Maputo	Mozambique	7,50%	REN, SGPS	38 400	-
					131 002	**82 051**

The changes in this caption in 2012 and 2011 were as follows:

	OMEL	MED GRID	HCB	REE	ENAGAS	TOTAL
At 1 January 2011		**-**	**-**	**47 651**	**35 617**	**84 301**
Exclusion of OMIP group from consolidation perimeter		-	-	-	-	(1 033)
Acquisitions		-	-	-	-	3 167
Fair value adjustments		-	-	(2 891)	(1 493)	(4 383)
At 31 December 2011		**-**	**-**	**44 760**	**34 125**	**82 051**
At 1 January 2012		**-**	**-**	**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		**400**	**38 400**	**50 493**	**38 542**	**131 002**

The interests held in REE and Enagás are recorded at fair value determined based on the shares closing quotations as of 31st December 2012.

Red Eléctrica Corporación ("REE") is the Spanish entity 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 31st December 2012, which resulted in the recognition of a fair value increase of EUR 5,733 thousand.

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 31st December 2012, which resulted in the recognition of a fair value increase of EUR 4,418 thousand.

During the period ended 31st December 2012, the Group acquired equity instruments of non-listed companies which were recorded at its acquisition cost in the total amount of 38,800 thousand Euros. This amount corresponds to the following acquisitions:

i) Hidroeléctrica de Cahora Bassa, S.A. (“HCB”): At 3rd July 2012 REN bought shares representing 7.5% of HCB share capital, as a result of the conditions established in the agreement signed on the 9th April 2012 between REN, Parapública – Participações Públicas, SGPS, S.A. (“Parapública”), CEZA – Companhia Eléctrica do Zambeze, S.A. and EDM – Electricidade de Moçambique , EP for the acquisition of 2,060,661,943 shares owned by Parapública representing 7.5% of HCB’s share capital and voting rights for the total price of EUR 38,400 thousand.

ii) Medgrid, S.A.S.: During 2012 REN became shareholder of Medgrid, having bought 4,000 shares (EUR 400 thousand representing 5.26% of the share capital). 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.

Within the scope of the creation of a sole operator in the Iberia 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 bought 10% of the share capital of OMEL, Operador del Mercado Ibérico de Energia, S.A., polo-espanhol do Operador Unico, in the amount of EUR 3,167 thousand.

As there are no available market price for the above referred investments (HCB, 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 of REN’s understanding that due to the proximity between the date of acquisition and 31st December 2012, there is no evidence of impairment loss of these investments.

The adjustments to fair value of available-for-sale financial assets are recognised in the equity caption “Fair value reserve”:

	FAIR VALUE RESERVE (NOTE 19)
1 January 2011	**(9 861)**
Changes in fair value	(4 383)
31 December 2011	**(14 244)**
1 January 2012	**(14 244)**
Changes in fair value	10 151
31 December 2012	**(4 093)**

In the year ended 31st December 2012 REE, Enagás and OMEL distributed dividends of EUR 3,911 thousand, EUR 3,393 thousand and EUR 157 thousand (EUR 2,538, 2,001 and 57 thousand in 2011), respectively, of which EUR 5,635 thousand were received during 2012. These amounts were recognized in the statement of profit and loss caption “Financial income”.

14 TRADE AND OTHER RECEIVABLES

Trade and other receivables as at 31st December 2012 and 2011 are made up as follows:

	'12 CURRENT	'12 NON--CURRENT	'12 TOTAL	'11 CURRENT	'11 NON--CURRENT	'11 TOTAL
Trade receivables	191 321	155	191 476	198 448	155	198 603
Impairment of trade receivables	(822)	-	(822)	(822)	-	(822)
Trade receivables net	**190 499**	**155**	**190 654**	**197 626**	**155**	**197 781**
Tariff deviations	100 554	75 592	176 146	31 694	79 924	111 618
Impairment of trade receivables	-	(5 296)	(5 296)	(2 650)	-	(2 650)
State and Other Public Entities	19 685	-	19 685	120	-	120
Trade and other receivables	**310 738**	**70 451**	**381 189**	**226 791**	**80 079**	**306 870**

The most significant amounts in trade receivables are the receivable from EDP – Distribuição de Energia, SA in the amount of EUR 82,624 thousand (EUR 85,717 thousand in 2011) and Galp in the amount of EUR 10,473 thousand (EUR 19,701 thousand as at 31st December 2011).

Under the applicable regulation, Group REN recorded during de period of 2008, interests relating to the tariff deficit receivable in the amount of EUR 5,296 thousand. Since then the Company has been developing efforts for the recoverability of this amount, not only with the Portuguese Estate (main shareholder until February 2012) as well as with the regulator of its activity ERSE. According to its best judgment and risk assessment of the recoverability of this amount as of the date of these financial statements, an impairment loss was recorded in the consolidated financial statement of profit and loss in the amount of EUR 2,646 thousand, raising the total amount of the impairment loss to the global amount of this account receivable of EUR 5,296 thousand.

Changes to the impairment losses for trade receivable and other accounts receivable are made up as follows:

	'12	'11
Begining balance	**(3 472)**	**(822)**
Increases	(2 646)	(2 650)
Utilization	-	-
Ending balance	**(6 118)**	**(3 472)**

The ageing of trade receivables, net of impairment, is as follows:

AGEING OF RECEIVABLES	’12	’11
30 days or less	188 321	195 475
31-60 days	907	316
61-90 days	61	118
91-120 days	156	78
More than 120 days	1 209	2 616
	190 654	**198 603**

15 INVENTORIES

Inventories as at 31st December 2012 and 2011 are made up as follows:

	’12	’11
Goods	-	3
Other materials	2 920	3 625
Inventories	**2 920**	**3 628**

16 IDERIVATIVE FINANCIAL INSTRUMENTS

As at 31st December 2012 and 2011 the REN Group had the following derivative financial instruments contracted:

		31 DECEMBER 2012			
		ASSETS (EUR)		LIABILITIES (EUR)	
	NOTIONAL	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Derivatives designated as cash flow hedges					
Interest rate swaps	350 000 TEUR	-	-	-	23 337
Interest rate swaps	75 000 TEUR	-	-	-	4 621
Interest rate and currency swaps	10 000 000 TJPY	-	6 853	-	-
		-	**6 853**	**-**	**27 958**
Negotiable derivatives		416	-	811	-
Derivative financial instruments		**416**	**6 853**	**811**	**27 958**

		31 DECEMBER 2011			
		ASSETS (EUR)		LIABILITIES (EUR)	
	NOTIONAL	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Derivatives designated as cash flow hedges					
Interest rate swaps	334 000 TEUR	-	-	640	3 585
Interest rate swaps	200 000 TEUR	-	-	-	10 654
Interest rate and currency swaps	10 000 000 TJPY	-	26 696	-	-
		-	**26 696**	**640**	**14 239**
Negotiable derivatives		1 144	-	1 095	-
Derivative financial instruments		**1 144**	**26 696**	**1 735**	**14 239**

The amount recorded in this caption relates to 6 interest rate swaps and 1 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 interest receivable and payable relating to derivative financial instruments in the net payable amount of EUR 951 thousand as of 31st December 2012.

The features of the swaps as at 31st December 2012 and 2011 are as follows:

REFERENCE VALUE	PAYMENT PERIODS	RECEIPT PAYMENT	MATURITY DATE	FAIR VALUE AT 31.12.2012	FAIR VALUE AT 31.12.2011
INTEREST RATE SWAPS:					
50 000 tEuros	Interest counting period: payable: 5 February, May August and November – interest settled quarterly; receivable: 5 February, May, August and November – interest settled quarterly.	REN receives Euribor 3M and pays 2.19%	May 2012	-	(197)
134 000 tEuros	Interest payment periods: payable: 15 March, June, September and December – interest settled quarterly; receivable: 15 March, June, September and December – interest settled quarterly.	REN receives Euribor 3M and pays 2.28%	June 2012	-	(443)
184 000 tEuros					
50 000 tEuros	Interest payment periods: payable: 27 April and October – interest settled semesterly; receivable: 27 April and October – interest settled semesterly.	REN receives Euribor 6M and pays 2.26%	October 2014	(1 677)	(1 224)
50 000 tEuros	Interest payment periods: payable: 27 April and October – interest settled semesterly; receivable: 27 April and October – interest settled semesterly.	REN receives Euribor 6M and pays 2.23%	October 2014	(1 646)	(1 209)
50 000 tEuros	Interest payment periods: payable: 12 January and July – interest settled semesterly; receivable: 12 January and July – interest settled semesterly.	REN receives Euribor 6M and pays 2.15%	July 2014	(1 720)	(1 152)
100 000 tEuros	Interest counting periods: payable: 15 March, June, September and December – Interest settled quartely; receivable: 15 June, September and December - interest settled quartely	REN receives Euribor 3M and pays 2.72%	December 2016	(9 162)	(5 211)
100 000 tEuros	Interest counting periods: payable: 15 March, June, September and December – Interest settled quartely; receivable: 15 June, September and December - interest settled quartely	REN receives Euribor 3M and pays 2.77%	December 2016	(9 132)	(5 443)
350 000 tEuros				**(23 337)**	**(14 880)**
75 000 tEuros	Interest payment periods: payable: 15 March, June, September and December – interest settled quarterly; receivable: 15 March, June, September and December – interest settled quarterly.	REN receives Euribor 3M and pays 1.89%	September 2017	(4 621)	-
75 000 tEuros				**(4 621)**	**-**
CROSS-CURRENCY SWAP:					
10 000 000 000 JPY 72 899 tEuros	Interest counting periods: payable: 26 June and December – interest settled half yearly; receivable: 26 June and December - interest settled half yearly.	REN receives 2.71% and pays 5.64% (annual) up to June 2019 and Euribor 6M + 190 b.p. from that date to maturity	June 2024	6 853	26 696
10 000 000 000 JPY				**6 853**	**26 696**
			Total	**(21.105)**	**11.817**

SWAPS:

Cash flow hedges

The Group hedges part of the future payments of interest on borrowings, bonds issued and commercial paper programmes through the designation of interest rate swaps in which it pays a fixed rate and receives a variable rate, with a notional amount of EUR 425 000 thousand (EUR 334 000 thousand in December 2011). This is an interest rate risk hedge on interest payable at variable rates on recognized financial liabilities. The risk hedged is the indexer of the variable rate to which the loan interest coupons relate. The objective of the hedge is to transform the borrowings at variable interest rates into fixed interest rates, the credit risk not being covered. The fair value of the interest rate swaps as at 31st December 2012 was -EUR 27,958 thousand (-EUR 14,880 thousand as at 31st December 2011).

In addition, REN hedges its exposure to cash flow risk on its bond issue of JPY 10,000 million 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 recognised 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 2012 was EUR 6,853 thousand (EUR 26,696 thousand at 31st December 2011).
The underlying exchange variation (borrowing) for 2012, in the amount of, approximately, EUR 11,780 thousand, 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 EUR 156 thousand.

The amount recorded in reserves relating to the above mentioned cash flow hedges was EUR 35,431 thousand (EUR 14,793 thousand at 31st December 2011).

The changes in this caption (Note 19) in 2012 and 2011 were as follows:

	FAIR VALUE	DEFERRED TAXES IMPACT	HEDGING RESERVES
1 January 2011	(1 607)	466	(1 142)
Changes in fair value	(13 186)	3 824	(9 362)
31 December 2011	**(14 793)**	**4 290**	**(10 503)**
1 January 2012	(14 793)	4 290	(10 503)
Changes in fair value	(20 638)	4 529	(16 109)
31 December 2012	**(35 431)**	**8 819**	**(26 612)**

Fair value hedge

In February 2009 the Group contracted an interest rate swap to hedge the fair value of an issue of EUR 300,000 thousand. The hedge was discontinued in November 2009, and as of 31st December 2012 the hedged instrument has a fair value adjustment resulting from the hedge of EUR 155 thousand. This amount is being amortized to profit and loss, in accordance with the effective interest rate method during the maturity period of the hedged instrument.

Futures:

REN – Redes Energéticas Nacionais, SGPS, S.A., through its subsidiary REN Trading, S.A. has carried out some financial operations in the futures energy market, coal and CO_2 emission licences, through contracts standardized by International Swaps and Derivatives Association Inc. ("ISDA") and through participation in futures trading exchanges.

REN SGPS and REN Trading signed an agreement under which REN Trading manages these derivative financial contracts for account of REN SGPS, thus ensuring clear and transparent separation between these businesses, always on a previously defined basis, continuously monitored with 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 as at 31st December 2012 and 2011 was as follows:

	'12	
	CURRENT ASSETS	CURRENT LIABILITIES
Financial contracts in the energy market for 2013	416	-
Carbon licences	-	811
Fair value at 31 December 2012	**416**	**811**

	'11	
	CURRENT ASSETS	CURRENT LIABILITIES
Financial contracts in the energy market for 2012	570	-
Financial contracts in the energy market for 2013	392	-
Carbon licences	-	1 095
Carbon financial contracts for 2012	182	-
Fair value at 31 December 2011	**1 144**	**1 095**

The change in fair value of trading derivatives that were recognized in profit and loss, together with the change in fair value of the assets or liabilities attributable to the risk hedged was -EUR 443 thousand as at 31st December 2012 (-EUR 592 thousand as at 31st December 2011).

17 CASHAND CASH EQUIVALENTS

The amounts considered as cash and cash equivalents in the consolidated statements of cash flows for the years ended 31st December 2012 and 2011 are made up as follows:

	'12	'11
Cash	-	-
Bank deposits	61 246	69 407
Cash and cash equivalents in balance	**61 246**	**69 407**
Bank overdrafts (Note 20)	-	(1 049)
Cash and cash equivalents in cash flow statement	**61 246**	**68 358**

18 EQUITY INSTRUMENTS

REN's subscribed and paid up share capital as at 31st December 2012 was made up of 534,000,000 shares of 1 euro each.

	NUMBER OF SHARES	SHARE CAPITAL
Share Capital	534 000 000	534 000

As at 31st December 2012 and 2011 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 31st December 2012 and 2011.

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 OTHER RESERVES AND RETAINED EARNINGS

The caption “Other 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 capital. The reserve can only be used to cover losses or to increase capital.

- Fair value reserves:

  i) Fair value reserve – includes changes in the fair value of held for sale assets (EUR 4,093 thousand), as detailed in Note 13;

  ii) Hedging reserve – includes changes in the fair value of hedging derivative financial instruments when cash flow hedge is effective (EUR 26,612 thousand) as detailed in Note 16.

  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.

- 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).

20 BORROWINGS

The segregation of borrowings between current and non-current and by nature, as at 31st December 2012 and 2011 was as follows:

	'12			'11		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Commercial Paper programmes	250 000	93 000	343 000	-	555 000	555 000
Bond issues	850 000	771 676	1 621 676	-	1 100 123	1 100 123
Bank Borrowings	66 123	670 085	736 208	41 173	698 208	739 381
Bank overdrafts (note 17)	-	-	-	1 049	-	1 049
Finance Lease	643	734	1 377	1 088	702	1 790
	1 166 766	**1 535 495**	**2 702 261**	**43 310**	**2 354 032**	**2 397 342**
Accrued interest	18 816	-	18 816	14 831	-	14 831
Prepaid interest	(15 183)	-	(15 183)	(4 554)	-	(4 554)
Borrowings	**1 170 400**	**1 535 495**	**2 705 895**	**53 587**	**2 354 032**	**2 407 619**

At 31 December 2012 borrowings settlement plan was as follows:

	'13	'14	'15	'16	'17	FOLLOWING YEARS	TOTAL
Debt - Non current	-	314 500	334 125	352 860	43 546	490 464	1 535 495
Debt - Current	1 166 766	-	-	-	-	-	1 166 766
	1 166 766	**314 500**	**334 125**	**352 860**	**43 546**	**490 464**	**2 702 261**

As at 31st December 2012 REN had nine active commercial paper programs, with subscription guarantee, amounting to EUR 1,170,000 thousand, of which EUR 827 000 thousand are available.

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 EUR 800 000 thousand were agreed to (amount corresponding to 80% of the global commitment amount of EUR 1,000,000 thousand). This financing will be paid in two batches, of EUR 400,000 thousand each, one with the sole purpose of refinancing the existing borrowings and the other for future investments in electrical end gas infrastructures.

The Group has also credit lines negotiated and not used in the amount of EUR 81 500 thousand, maturing up to one year, which are automatically renewable periodically (if they are not rescinded in the contractually specified period for that purpose).

Detailed information regarding bond issues as at of 31st December 2012 is as follows:

	31 DECEMBER 2012			
EMISSION DATE	MATURITY	AMOUNT tEUROS	INTEREST RATE	PERIODICITY OF INTEREST PAYMENT
REN SGPS PRIVATE EMISSION				
4/27/2011	10/27/2014	100 000	Floating rate (i)	Semesterly
7/12/2011	7/12/2014	50 000	Floating rate (i)	Semesterly
3/14/2012	3/14/2015	20 000	Floating rate (i)	Semesterly
'EURO MEDIUM TERM NOTES' PROGRAMME EMISSIONS				
12/10/2008	12/10/2013	800 000	Fixed rate EUR 7.875%	Annual
4/20/2009	12/5/2013	50 000	Floating rate (i)	Quarterly
6/26/2009	6/26/2024	JPY 10 000 000	Fixed rate (i)	Semesterly
3/8/2012	3/9/2015	63 500	Fixed rate (i)	Semesterly
9/21/2012	9/21/2016	300 000	Fixed rate EUR 6.25%	Semesterly
9/28/2012	9/28/2015	50 000	Fixed rate (i)	Annual
12/10/2012	12/10/2015	100 000	Fixed rate (i)	Semesterly

(i) These emissions correspond to private placements.

BORROWINGS

The bank loans are mainly (EUR 698,209 thousand Euros) represented by EIB loans.

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 theEIB – European Investment Bank include rating covenants. In the event of ratings below the levels specified, REN can be called to provide a guarantee acceptable to the EIB. During 2012 due to decrease of the rating to sub investment level, a guarantee was presented to EIB in the form of a pledge bank deposit in the amount of EUR 117,163 thousand (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.

The exposure of the Group's borrowings to changes in interest rates on the contractual re-pricing dates is as follows:

	'12	'11
6 month or less	1 482 241	805 997
6 - 12 month	281	250 000
1 - 5 years	1 031 500	1 134 000
Over 5 years	172 962	177 283
	2 686 984	**2 367 280**

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 5.70% in 2012 and 4.72% in 2011.

The book value and fair value of the borrowings were as follows:

	BOOK VALUE		FAIR VALUE	
	'12	'11	'12	'11
Commercial Paper Programs	343 000	555 000	343 042	544 282
Bank loans	736 208	739 381	764 386	772 085
Bond issues	1 621 676	1 100 123	1 805 072	1 227 784
Others	1 377	1 049	1 466	1 049
	2 702 261	**2 395 553**	**2 913 965**	**2 545 200**

Fair value is calculated in accordance with the discounted cash flow method, using the interest rates at the statement of financial position date, in accordance with each type of borrowing. Interest rates used for the calculation of the fair value are included in the interval between 0.081% and 2.163% (maturity of one week and twenty years respectively).

Leases

Minimal payments regarding lease contacts and its net book value as of 31st December 2012 is made up as follows:

	'12	'11
Finance lease liabilities - minimum lease payments		
No later than 1 year	695	1,128
Between 1-5 years	771	721
	1 466	**1 849**
Future finance charges on finance leases	(89)	(59)
Present value of finance lease liabilities	**1 377**	**1 790**

	'12	'11
The present value of finance lease liabilities is as follows		
No later than 1 year	643	1 088
Between 1-5 years	734	702
	1 377	**1 790**

21 POS-EMPLOYMENT BENEFITS AND OTHERS BENEFITS

As explained in Note 3.10 REN – Rede Eléctrica Nacional, S.A. grants supplementary retirement, pre-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 31st December 2011 in the benefits granted to the employees.

As at 31st December 2012 and 2011 the Group had the following amounts recorded relating to liabilities for retirement and other benefits:

	'12	'11	'10	'09	'08
LIABILITY ON THE STATEMENT OF FINANCIAL POSITION					
Pension plan	68 208	25 416	33 966	40 327	18 103
Healthcare and other benefits	37 477	29 586	31 959	29 438	27 025
Life inssurance	123	108	106	81	70
	105 808	**55 110**	**66 031**	**69 846**	**45 198**

During the period ended 31 December 2012 and the past four years, the following operating expenses were recorded regarding benefit plans with employees:

	'12	'11	'10	'09	'08
CHARGES TO THE STATEMENT OF PROFIT AND LOSS (NOTE 28)					
Pension plan	1 733	2 163	2 830	4 138	1554
Healthcare and other benefits	1 005	2 045	2 040	2 211	2160
Life inssurance	15	14	14	11	10
	2 753	**4 222**	**4 884**	**6 360**	**3 724**

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:

	'12	'11	'10	'09	'08
Annual discount rate	**3.25%**	**5.00%**	**4.54%**	**5.17%**	**6.00%**
Expected percentage of serving employees elegíble for early retirement (more than 60 years of age)	20.00%	10.00%	10.0%	10.00%	10.00%
Expected percentage of serving employees elegíble for early retirement (between 55 and 59 years of age)					
In 2008	-	-	-	-	10.00%
In 2009	-	-	-	45.00%	-
In 2010	-	-	45.00%	-	-
In 2011	-	45.00%	-	-	-
In 2012 and subsquent years	20.00%	5.00%	5.00%	5.00%	-
Rate of salary increase	3.30%	2.80%	1.30%	3.30%	3.30%
Pensions increase	2.00%	2.00%	1.00%	2.25%	2.25%
Future increases of Social Security Pension amounts	2.00%	2.00%	2.00%	2.00%	2.00%
Inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%
Medical trend	3.50%	4.00%	4.00%	4.00%	4.00%
Management costs (per employee/year)	215 €	200 €	175 €	150 €	150 €
Expenses medical trend	2.20%	2.20%	2.20%	2.70%	2.70%
Rate of return on assets	5.70%	5.80%	5.32%	5.45%	5.99%
Mortality table	TV 88/90	TV 88/90	TV 88/90	TV 88/90	TV 88/90

In 2012 the annual discount rate used decreased from 5% to 3.25% considering the decrease in the profitability of the high quality bonds in 2012 and considering the maturity of the defined benefit obligations of the various plans (see discount rate determination in note 3.10).

The change in the early-retirement assumption through ACT from 10% to 20% and the assumption for "Atos de gestão" from 5% to 20% reflect the future expectation of the number of early-retirements given the historical rate of effective exits and the number of employees eligible for early-retirement.

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 SENSIVITY ANALYSIS		
	2.25%	**3.25%**	**4.25%**
PENSION PLAN			
Liabilities	122 222	112 002	103 331
Impact on liabilities	10 220	-	(8 671)
HEALTHCARE PLAN AND OTHER BENEFITS			
Liabilities	44 251	37 477	32 197
Impact on liabilities	6 775	-	(5 280)

The evolution of the eligible population for the pension plan and the healthcare & other benefits plan is as follows:

	'12	'11	'10	'09	'08
Active	434	448	448	493	566
early-retiree	159	171	187	165	108
Retiree	581	569	555	542	539

21.1 PENSION PLAN

To cover its liability for supplementary retirement pensions, REN contributes to an autonomous pension fund.

In 2012 no contributions were made to the REN Pension Fund (as at 31st December 2011 the contributions amounted to EUR 2,300 thousand). No contributions are expected for the following period.

The assets portfolio of the REN Pension Fund as at 31st December 2012 and 2011 were as follows, in accordance with information provided by the financial institution in charge for the management of REN`s Pension Fund:

PLAN ASSETS	'12	%	'11	%	'10	%	'09	%	'08	%
Bonds	37 866	86%	26 104	62%	29 163	66%	26 560	59%	23 846	63%
Shares	5 649	13%	8 070	19%	10 040	23%	11 815	26%	8 706	23%
Investment funds	-	-	5 270	12%	6 100	14%	2 110	5%	2 271	6%
Term deposits	-	-	-	-	-	-	4 489	10%	3 028	8%
Readily available deposits	279	1%	2 936	7%	245	1%	-	-	-	-
Operations to be settled	-	-	(42)	(0)	(1 384)	-3%	-	-	-	-
Total	**43 794**	**100%**	**42 338**	**100%**	**44 163**	**100%**	**44 974**	**100%**	**37 851**	**100%**

The expected rate of return of the plan's assets for 2012 was determined based on an estimate of the expected long term return of the fund's assets and the planned investment strategy.

The assets effective rate of return in 2012 was 8.11% (-0.11% in 2011).

Evolution of the assets of the Pension Fund in 2012 and 2011 was as follows:

	'12	'11	'10	'09	'08
At 1 January	**42 338**	**44 163**	**44 974**	**37 851**	**42 570**
Contributions to the Fund	-	2 300	-	4 538	2 038
Actuarial gain / (loss)	959	(4 649)	(1 468)	2 003	(7 586)
Benefits paid	(1 902)	(1 778)	(1 750)	(1 636)	(1 595)
Expected return on plan assets	2 399	2 302	2 407	2 218	2 424
At 31 December	**43 794**	**42 338**	**44 163**	**44 974**	**37 851**

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:

	'12	'11	'10	'09	'08
Present value of the liability	(112 002)	(67 754)	(78 129)	(85 300)	(55 954)
Fair value of plan assets	43 794	42 338	44 163	44 974	37 851
	(68 208)	**(25 416)**	**(33 966)**	**(40 327)**	**(18 103)**

The changes in the present value of the underlying liability of the pension plan were as follows:

RECONCILIATION OF THE DEFINED BENEFIT OBLIGATION

	'12	'11	'10	'09	'08
At 1 January	**67 754**	**78 130**	**85 301**	**55 954**	**42 563**
Current Service costs	945	1 104	1 062	1 412	587
Interest costs	3 187	3 361	4 175	4 944	3 391
Benefits paid	(7 610)	(7 723)	(7 522)	(4 938)	(4 794)
Actuarial(gains)/losses	47 727	(7 118)	(4 886)	27 928	14 207
At 31 December	**112 003**	**67 754**	**78 130**	**85 301**	**55 954**

The impact on the consolidated statement of profit and loss for the year was as follows:

	'12	'11	'10	'09	'08
Current service costs	945	1 104	1 062	1 412	587
Net interest on net defined benefit liability	788	1 059	1 768	2 726	967
Total included in personnel costs	**1 733**	**2 163**	**2 830**	**4 138**	**1 554**

HISTORICAL ANALYSIS OF THE ACTUARIAL GAINS AND LOSSES

The actuarial gains and losses that result from the adjustments made to the actuarial assumptions, experience assumptions (difference between the actuarial assumptions and what effectively occurred) or in the defined benefits for the current and four past periods are as follows:

	'12	'11	'10	'09	'08
Discount rate	**3.25%**	**5.00%**	**4.54%**	**5.17%**	**6.00%**
DBO / Liabilities amount (a)	(112 002)	(67 754)	(78 129)	(85 300)	(55 954)
Penion Fund assets (b)	43 794	42 338	44 163	44 974	37 851
Actuarial gains/(losses) on liabilities	(47 727)	7 118	4 886	(27 928)	(14 207)
- for change in assumptions (c)	(44 212)	88	3 248	(35 277)	(12 510)
- from experience (d)	(3 515)	7 030	1 638	7 349	(1 697)
Actuarial gains/(losses) on fund assets (e)	959	(4 649)	(1 468)	2 003	(7 586)
Gains/(losses) in % on liabilities due assumptions changes(c)/(a)	39.47%	-0.13%	4.16%	-32.74%	-
Gains/(losses) in % on liabilities due experience adjustments(d)/(a)	3.14%	-10.38%	2.10%	0.00%	-25.39%
Gains/(losses) in % on the fund assets (e)/(b)	2.19%	-10.98%	3.32%	-4.45%	20.04%
Value of the fund over the liabilities (b) / (a)	39.10%	62.49%	56.53%	52.72%	67.65%

21.2
HEALTHCARE AND OTHER BENEFITS

The healthcare and other benefits plan does not have a fund, the liability being covered by a specific reserve.

The amounts of the liability recognized in the statements of financial position were as follows:

	'12	'11	'10	'09	'08
Present value of the obligation	37 476	29 586	31 959	29 438	27 025
Liability in the statement of financial position	**37 476**	**29 586**	**31 959**	**29 438**	**27 025**

The changes in the amount of the obligation for healthcare and other benefits were as follows:

RECONCILIATION OF THE LIABILITY FOR MEDICAL AND OTHER BENEFITS

	'12	'11	'10	'09	'08
At 1 January	**29 586**	**31 960**	**29 438**	**27 025**	**27 963**
Current service costs	441	491	422	433	528
Interest costs	1 447	1 423	1 489	1 662	1 523
Benefits paid	(1 164)	(1 159)	(1 091)	(950)	(1 270)
Acturial (gain)/loss	7 032	(3 261)	1 572	1 152	(1 829)
Other benefits	134	131	129	116	109
At 31 December	**37 476**	**29 586**	**31 960**	**29 438**	**27 025**

The effects of the plan on the consolidated statements of profit and loss were as follows:

	'12	'11	'10	'09	'08
Current service costs	441	491	422	433	528
Interest costs	1 447	1 423	1 489	1 662	1 523
Medical plan utilizations	(883)	-	-	-	-
Other benefits	-	131	129	116	109
Total included in personnel costs	**1 005**	**2 045**	**2 040**	**2 211**	**2 160**

MEDICAL EXPENSES TREND RATE IN THE HEALTHCARE PLAN

The medical cost increase tax rate adopted by the Group was assessed by reference to historical series statistics expenses increases, which was 3.5%.

The effect of a 1% increase of the healthcare expenses growth rates, represents a 14% increase in liabilities, where a decrease of 1% results in a decrease of 11% in liabilities as shown below:

	GROWTH RATE FOR SENSIVITY ANALYSIS		
	2.50%	**3.50%**	**4.50%**
Current service and interest costs	946	1 103	1 305
Impact on current service and interest costs	(157)	-	202
Past service liabilities	20 042	22 593	25 759
Impact on past service liabilities	(2 551)	-	3 166

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 the actuarial assumptions, experience assumptions (difference between the actuarial assumptions and what effectively occurred) or in the defined benefits for the current and four past periods are as follows:

	'12	'11	'10	'09	'08
Discount rate	**3.25%**	**5.00%**	**4.54%**	**5.17%**	**6.00%**
Liabilities amount (a)	(37 476)	(29 586)	(31 959)	(29 438)	(27 025)
Actuarial (gains)/losses on liabilities	(7 032)	3 261	(1 572)	(1 152)	1 829
- for change in assumptions (b)	(8 600)	2 275	(2 621)	1 835	(3 085)
- from experience (c)	1 568	985	1 047	(2 987)	4 914
Gains/(losses) in % on liabilities due assumptions changes(b)/(a)	22.95%	-7.69%	8.20%	-6.23%	11.42%
Gains/(losses) in % on liabilities due experience adjustments(c)/(a)	-4.18%	-3.33%	-3.28%	10.1%	-18.2%

21.3 LIFE INSURANCE

The amount of the liability recognized on the consolidated statement of financial position was determined as follows:

	'12	'11	'10	'09	'08
Provision	123	108	94	81	70
Total liabilities	**123**	**108**	**94**	**81**	**70**

The impact of the life insurance plan on the consolidated statement of profit and loss was as follows:

	'12	'11	'10	'09	'08
Increase in the provision for the liability	15	14	13	11	10
Total included in personnel costs	**15**	**14**	**13**	**11**	**10**

22 PROVISIONS

The changes in provisions in the years ended 31st December 2012 and 2011 were as follows:

	'12	'11
Begining balance	**32 314**	**17 081**
Increases	2 833	15 324
Reversals	(197)	-
Utilization (i)	(27 730)	(91)
Ending balance	**7 220**	**32 314**
Current provision	2 419	27 794
Non-current provision	4 801	4 520
	7 220	**32 314**

The caption "Provisions" as at 31st December 2012 corresponds essentially to estimates of the payments to be made by REN resulting from legal processes in progress for damage caused to third parties.

The increase in provisions in the amount of EUR 2,833 thousand include the restructuring provision in the amount of EUR 2,000 thousand related to the Groups restructuring plan in course.

The utilization in 2012 refers essentially to the payment of EUR 27,837 thousand 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 EUR 27,730 thousand for this process and an additional EUR 153 thousand for another litigation in progress.

(i) The expense with the payment of the indemnity paid to Amorim Energia B.V. as well as the revenue regarding the reversal of the provision, are not visible in the income statement as they were recorded in the same caption, as recommended by the accounting principles, avoiding the overstatement of expenses and losses.

23 TRADE AND OTHER PAYABLES

The caption "Trade and other payables" as at 31st December 2012 and 2011 was made up as follows:

	'12			'11		
	CURRENT	NON--CURRENT	TOTAL	CURRENT	NON--CURRENT	TOTAL
TRADE PAYABLES						
Current suppliers (Note 12)	146 588	-	146 588	174 525	-	174 525
OTHER CREDITORS						
Other creditors (Note 12)	78 596	6 822	85 418	44 513	13 689	58 203
Tariff deviations (Note 12)	32 106	30 900	63 006	102 312	26 842	129 154
Fixed assets suppliers (Note 12)	83 890	-	83 890	117 111	-	117 111
Tax payables (Note 12) (i)	-	-	-	12 355	-	12 355
DEFERRED INCOME						
Grants related to assets	20 851	323 173	344 024	20 766	340 964	361 730
ACCRUED COSTS						
Holidays and holidays subsidies (Note 12)	5 050	-	5 050	4 747	-	4 747
Trade and other payables	**367 081**	**360 895**	**727 977**	**476 328**	**381 495**	**857 823**

(i) The balance of State and other public entities corresponds to VAT, personal income taxes and other taxes.

The ageing of trade suppliers, sundry creditors and suppliers of fixed assets is as follows:

AGEING OF DEBTS	'12	'11
30 DAYS OR LESS	267 983	240 015
31-60 DAYS	33 871	85 872
61-90 DAYS	640	5 314
90-120 DAYS	705	1 748
MORE THAN 120 DAYS	12 697	16 890
	315 896	**349 839**

24 SALES AND SERVICES RENDERED

Sales and services rendered recognized in the consolidated statement of profit and loss is made up as follows:

	'12	'11
GOODS:		
Domestic market	405	798
	405	**798**
SERVICES:		
Electricity transmission and overall systems management	408 296	344 663
Natural gas transmission	122 647	124 002
Regasification	35 865	35 395
Underground gas storage	13 502	13 721
Telecommunications network	5 231	4 244
Trading	1 633	4 795
Electricity services	-	1 907
Others	1 393	1 296
	588 568	**530 023**
Total sales of goods and services	**588 973**	**530 821**

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 at 31st December 2012 and 2011 were made up as follows:

	'12	'11
REVENUE FROM CONSTRUCTION OF CONCESSION ASSETS		
- Acquisitions	172 892	316 305
- Own work capitalised :		
Financial expenses (Note 8)	13 132	18 820
Overhead and management costs (Note 8)	14 483	14 143
	200 507	**349 269**
COST OF CONSTRUCTION OF CONCESSION ASSETS		
- Acquisitions	172 892	316 305
	172 892	**316 305**

26 OTHER OPERATING INCOME

The caption "Other operating income" is made up as follows:

	'12	'11
Recognition of investment subsidies	18 364	17 464
Interconnection income - coverage of costs i)	-	2 086
Supplementary income	1 686	3 027
Hedging ii)	369	391
Others	724	3 941
	21 143	**26 909**

i) The amount recorded as interconnection income in 2011 results from the decision taken by ERSE to allocate part of the income received to cover the cost of cross border connections and systems services incurred in the year, recognized in "Supplies and services".
ii) 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 31st December 2012 and 2011 is made up as follows:

	'12	'11
Gas transport subcontracts	2 419	2 145
Maintenance costs	14 781	14 531
Fees relating to external entities i)	15 143	12 768
Cross border interconnection costs ii)	4 732	2 633
Electric energy costs	4 904	4 942
Insurance costs	2 795	2 971
Reserve capacity costs iii)	1 471	1 297
Publicity costs	2 486	1 847
Security and surveillance	1 947	2 023
Other (less than 1,000 thousand Euros)	6 854	7 766
External supplies and services	**57 532**	**52 923**

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 increase at the period ended December 2012, when compared with the same period of last year reflects the growth 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 operational at all times. 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 2012, as follows:

	’12	’11
AUDIT AND REVISION OF ACCOUNTS:		
Deloitte	485	577
CONSULTANCY:		
Deloitte	76	205
OTHER SERVICES:		
Deloitte - Other services	28	29
	589	**811**

28 PERSONNEL COSTS

Personnel costs are made up as follows:

	’12	’11
REMUNERATION		
Corporate bodies	2 509	1 675
Personnel	34 328	33 027
	36 837	**34 702**
SOCIAL CHARGES AND OTHER EXPENSES		
Post-employement and other benefits cost (Note 21)	2 753	4 222
Performance bonuses	-	2
Charges on remuneration	7 670	7 227
Social support costs	2 656	1 817
Other	424	314
	13 503	**13 582**
Total personnel costs	**50 340**	**48 284**

The payroll costs (Corporate bodies and Personnel) include the exceptional bonus paid by REN to the employees regarding the Company privatization as well as the management bonuses.

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 2012 was 739 (2011: 737).

29 OTHER OPERATING COSTS

Other operating costs are made up as follows:

	'12	'11
ERSE operating costs i)	8 761	10 314
Donations	370	593
Taxes	1 513	1 546
Market operations costs OMIP/Omiclear	232	263
Dismantling of power lines	-	1 043
Sale of investments	-	-
Others	1 636	1 799
	12 512	**15 558**

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:

	'12	'11
FINANCIAL COSTS		
Interest on bonds issues	82 432	57 007
Interest on commercial paper programmes	27 711	21 176
Other borrowing interests	25 277	25 632
Losses on other investments	1 382	1 452
Swaps	8 938	6 674
	145 740	**111 942**
FINANCIAL INCOME		
Interest income	2 166	3 995
Liquidation of swaps	90	-
	2 257	**3 995**

31 EARNINGS PER SHARE

Earnings per share for the years ended 31st December 2012 and 2011 were calculated as follows:

		'12	'11
Consolidated net profit used to calculate earnings per share	(1)	123 892	120 576
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 are the same as the diluted earnings as there is no situation that could origin dilution effects.

32 DIVIDENDS PER SHARE

During the Shareholders General Meeting held on 27th March 2012, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2011, in the amount of EUR 90,246 thousand (Eur 0.169 /share). The dividends attributable to own shares amounted to EUR 656 thousand, being paid to the shareholders a total amount of EUR 89,590 thousand.

The dividends paid during the year ended 31st December 2011, determined on the 2010 net profit amounted to EUR 89,060 thousand (EUR 0,168 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 at 31st December 2012 and 2011, were as follows:

	'12	'11
Power lines	19 643	80 146
Substations	67 471	55 941
Gas pipelines	17 609	1 687
Sines terminal	220	68 482
Underground gas storage	10 812	12 614
	115 755	**218 870**

33.2
GUARANTEES GIVEN

As at 31st December 2012 and 2011 the REN Group had given the following bank guarantees:

BENEFICIARY	SUBJECT	'12	'11
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	3
EP - Estradas de Portugal	To guarantee compliance with the obligations assumed	84	67
Tax Authority and Customs	Ensure the suspension of tax enforcement proceedings	193	-
NORSCUT - Concessionária de Auto-estradas, SA	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	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 Seixal	To guarantee processes in progress	4 469	4 469
Judge of District Court	Guarantee for expropriation processes	5 681	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	359 022	399 497
		393 403	**433 667**

The given guarantees have the following maturities:

	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**

	DECEMBER 2011			
	LESS 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
Loans	-	244 675	154 822	399 497
Others	-	-	34 170	34 170
	-	**244 675**	**188 992**	**433 667**

33.3
ASSETS GIVEN AS COLLATERAL

During November 2012 a guarantee was given to the EIB in the form of a secured deposit in the amount of EUR 117,163 thousand. This guarantee is required until the REN`s rating of investment grade is re-established or this guarantee replaced by another accepted by the EIB (including bank guarantees presented by financial institutions accepted by the EIB).

33.4
GUARANTEES RECEIVED

REN possesses collateral guarantees regarding accounts receivable, namely bank guarantees, which amount to, approximately, EUR 19,171 thousand as at 31st December 2012.

34 RELATED PARTIES

MAIN SHAREHOLDERS AND SHARES HELD BY CORPORATE BODIES

As at 31st December 2012 and 2011, the shareholder structure of Group REN was as follows:

	'12		'11	
	NUMBER OF SHARES	%	NUMBER OF SHARES	%
State Grid International Development Limited	133 500 000	25.00%	-	0.00%
Oman Oil Company S.A.O.C.	80 100 000	15.00%	-	0.00%
EGF - CGF, S.A.	45 019 666	8.43%	44 935 176	8.41%
Parpublica - Participações Públicas (SGPS), S.A.	52 871 340	9.90%	266 471 340	49.90%
Gestmin, SGPS, S.A.	31 046 951	5.81%	30 135 818	5.64%
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%	26 700 000	5.00%
Red eletrica Corporación, S.A.	26 700 000	5.00%	26 700 000	5.00%
Columbia Wanger	10 703 317	2.00%	-	0.00%
Caixa Geral de Depósitos, S.A.	6 118 772	1.15%	6 285 281	1.18%
Own shares	3 881 374	0.73%	3 881 374	0.73%
Free Float	90 651 245	16.98%	102 191 011	19.14%
	534 000 000	**100.00%**	**534 000 000**	**100.00%**

The number of shares held by corporate bodies as at 31st December 2012 and 2011 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 31st December 2012 amounted to EUR 2,503 thousand (EUR 1,670 thousand in 2011), as shown in the following table:

	'12	'11
Remuneration and other short term benefits	1 345	1 670
Compensation for early termination of the mandate	362	-
Management bonuses estimate	796	-
	2 503	**1 670**

The amounts indicated refer only to fixed remuneration and meal allowances, as the Board of Directors does not receive any other compensation disclosed in the paragraph 17 of IAS 24. The amount of EUR 796 thousand respects to the management bonus estimate that has not yet been paid.

ACQUISITION OF BONDS BY THE MEMBERS OF THE BOARD OF DIRECTORS

On 8th May 2012 the Chairman of the Board of Directors, Rui Cartaxo, bought a batch of REN bonds in the amount of EUR 53,399.

On 19th September 2012, Mr. José Frederico Jordão, a non- executive member of the Board of Directors and member of the Audit Committee, acquired bonds in the amount of EUR 5 thousand, which were totally sold on 21st September 2012.

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 ASSOCIATES AND OTHER RELATED PARTIES

During the periods ended 31st December 2012 and 2011, Group REN carried out the following transactions with reference shareholders, qualified shareholders and related parties:

REVENUE

	'12	'11
SALES AND SERVICES PROVIDED		
Invoicing issued- EDP	1 361 316	1 420 999
Invoicing issued- OMIP	15	6
Invoicing issued- State Grid	137	-
FINANCIAL INCOME		
Interest on financial aplications-CGD	286	1 548
DIVIDENDS RECEIVED		
REE	3 911	2 538
Enagás	3 393	2 001
OMEL	157	-
	1 369 214	**1 427 093**

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

	'12	'11
EXTERNAL SUPPLIES AND SERVICES		
Invoicing received-EDP	523 733	667 097
Invoicing received-OMIP	348	13
FINANCIAL COSTS		
Interests on Commercial paper - CGD	3 550	1 963
Borrowings fees - CGD	3 474	539
Derivative financial instruments	1 293	-
	532 399	**669 612**

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 as at 31st December 2012 and 2011 resulting from transactions with related parties were as follows:

	'12	'11
TRADE AND OTHER RECEIVABLES		
EDP - Trade receivables	107 487	89 984
EDP - Other receivables	1 267	1 471
OMIP - Trade receivables	2	3
OMIP - Other receivables	920	105
Oman Oil - Other receivables	1	-
CASH AND CASH EQUIVALENTS		
CGD - Treasury investments	-	26 000
CGD - Bank deposits	551	701
	110 227	**118 264**
TRADE AND OTHER PAYABLES		
EDP - Trade payables	3 937	9 979
EDP - Other payables	-	268
OMICLEAR, S.A. - Other payables	889	48
BORROWINGS		
CGD - Borrowings (Commercial paper)	93 000	5 000
CGD - Bank overdrafts	-	-
CGD - Finance lease	1 001	406
	98 827	**15 701**

35 SUBSEQUENT EVENTS

On 24th January 2013, the terms and conditions for a Euro Bond emission of EUR 300,000 thousand were agreed, under the EMTN programme, with a 5-year maturity, which interest rate corresponds to the mid swap rate at 5 years, plus 3.20%.

This bond issue enables the diversification of the REN debt sources and increases REN`s liquidity.

On 16th January 2013, the Company issued a bond issue represented by notes, under the Euro Medium Term Notes ("EMTN") programme, by private placement, in the amount of EUR 150,000 thousand, unguaranteed and with a 7-year maturity.

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 on 1st January 2012. In the event of discrepancies, the Portuguese language version prevails.

THE ACCOUNTANT

MARIA TERESA MARTINS

THE BOARD OF DIRECTORS:

RUI MANUEL JANES CARTAXO
(Chairman and Executive Director)

JOÃO CAETANO CARREIRA FARIA CONCEIÇÃO
(Executive Director)

GONÇALO MORAIS SOARES
(Executive Director)

GUANGCHAO ZHU
(Vice-Chairman 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 LUÍS 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)

Note: The remaining pages of this Report and Accounts were initialed by the Company Secretary, Pedro Cabral Nunes, and the Accountant, Maria Teresa Martins.

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 statements of REN – Redes Energéticas Nacionais,SGPS, S.A. and its subsidiaries attached thereto in relation to the financial year ended on December 31, 2012, which consist of the Consolidated Financial Statement, evidencing a total of 4 686 054 000 Euros and 1 027 589 000 Euros of equity capital, including a consolidated net profit of 120 576 000 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 adoptedvaluation criteria, as well as the regularity 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 the proposal expressed therein, abide by the applicable accounting, legal and statutory provisions, wherefore it recommends its approval by the General Meeting of Shareholders.

Lisbon, 06 March 2013

José Luís 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 2012 that presents total assets of 4,686,054 thousand Euros and equity of 1,027,589 thousand Euros, including a consolidated net profit of 123,892 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 2012, 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, __ March 2013

Deloitte & Associados, SROC S.A.
Represented by Jorge Carlos Batalha Duarte Catulo

INDIVIDUAL FINANCIAL STATEMENTS

Statements of financial position as of 31 December 2012 and 2011

(TRANSLATION OF STATEMENTS OF FINANCIAL POSITION ORIGINALLY ISSUED IN PORTUGUESE - NOTE 31)
(AMOUNTS EXPRESSED IN THOUSAND OF EUROS)

ASSETS	NOTES	'12	'11
NON-CURRENT ASSETS:			
Tangible assets	5 e 6	564	290
Investments - equity method	7	815 832	805 605
Available-for-sale financial assets	11	131 002	82 051
Other receivables	9	1 514 427	1 727 525
Other financial assets	9	112 583	5 667
Derivative financial instruments	10	6 853	26 696
Deferred tax assets	8	8 973	4 389
Total non-current assets		**2 590 235**	**2 652 224**
CURRENT ASSETS:			
Trade receivables	9	368	197
State and other public entities	16	14 318	14 016
Other receivables	9	1 122 491	817 428
Deferrals	12	101	85
Derivative financial assets	10	416	1 144
Other financial assets	9	8 864	-
Cash and bank deposits	4	54 929	60 166
Total current assets		**1 201 486**	**893 036**
Total assets		**3 791 721**	**3 545 260**
EQUITY AND LIABILITIES			
EQUITY:			
Share Capital	13	534 000	534 000
Own shares	13	(10 728)	(10 728)
Legal reserve	13	85 437	79 809
Other reserves	13	149 484	138 763
Retained earnings		222 252	221 596
Adjustments to financial assets		(3 167)	(3 171)
		977 277	**960 270**
Net profit for the period		121 095	112 553
Total equity		**1 098 372**	**1 072 823**
LIABILITIES :			
NON-CURRENT LIABILITIES:			
Borrowings	15	1 418 254	2 229 987
Post employment benefit liabilities		3	1
Derivative financial instruments	10	27 958	14 239
Total non-current liabilities		**1 446 215**	**2 244 228**
CURRENT LIABILITIES:			
Provisions	14	1 372	27 749
Trade payables	15	6 189	2 676
State and other public entities	16	816	369
Derivative financial instruments	10	811	1 735
Borrowings	15	1 163 243	45 219
Other payables	15	73 556	148 404
Deferrals	17	1 147	2 057
Total current liabilities		**1 247 134**	**228 209**
Total liabilities		**2 693 348**	**2 472 437**
Total equity and liabilities		**3 791 721**	**3 545 260**

The accompanying notes form an integral part of the statement of financial position as of 31 December 2012.

THE ACCOUNTANT THE BOARD OF DIRECTORS

Statements of profit and loss by nature for the years ended 31 December 2012 and 2011

(TRANSLATION OF STATEMENTS OF PROFIT AND LOSS ORIGINALLY ISSUED IN PORTUGUESE - NOTE 31)
(AMOUNTS EXPRESSED IN THOUSAND OF EUROS)

REVENUES AND EXPENSES	NOTES	'12	'11
Services rendered	18	14 203	11 013
Gains / losses from subsidiaries and associates	7 and 19	125 831	135 886
Supplies and services	20	(12 592)	(10 087)
Personnel costs	21	(7 072)	(4 809)
Provisions (increases /decreases)	14	(440)	(15 280)
Other income	22	476	527
Other expenses	23	(1 189)	(1 352)
Profit before amortization, depreciation, finance costs and taxes		**119 218**	**115 899**
Depreciation charge / reversal	5	(124)	(149)
Operating profit (before finance costs and taxes)		**119 094**	**115 750**
Interest and similar income	24	132 233	101 034
Interest and similar expenses	24	(146 628)	(106 741)
Dividends	25	7 461	4 540
Profit before taxes		**112 159**	**114 583**
Income tax for the period	8	8 936	(2 030)
Net profit for the period		**121 095**	**112 553**
Basic earnings per share		**0.23**	**0.21**

The accompanying notes form an integral part of the statement of profit and loss for the year ended 31 December 2012.

THE ACCOUNTANT THE BOARD OF DIRECTORS

Statements of cash flow for the years ended 31 December 2012 and 2011

(TRANSLATION OF STATEMENTS OF CASH FLOW ORIGINALLY ISSUED IN PORTUGUESE - NOTE 31)
(AMOUNTS STATED IN THOUSAND OF EUROS)

	NOTES	'12		'11	
CASH FLOW FROM OPERATING ACTIVITIES:					
Cash receipts from customers		20 452		47 720	
Cash paid to suppliers		(14 370)		(10 240)	
Cash paid to personnel		(5 883)		(4 552)	
Cash generated by operations		**199**		**32 928**	
Income tax paid		43 945		(42 264)	
Other receipts / (payments) relating to operating activities	4	(30 175)		(2 000)	
Flows generated by /(used in) operations [1]			**13 969**		**(11 336)**
FLOWS FROM INVESTING ACTIVITIES:					
Payments relating to:					
Supplementary capital contributions	7	-		(9 488)	
Borrowings		(668 500)		-	
Other financial assets	9	(117 162)		-	
Available-for-sale financial assets	11	(38 800)		(1 045)	
Tangible assets		(41)	(824 503)	(66)	(10 598)
Receipts relating to:					
Investments - partial sale of subsidiaries		-		11 577	
Supplementary capital	7	2 000		-	
Borrowings		99 155		-	
Interest and similar income		128 853		76 827	
Dividends	7 e 25	120 156	350 163	72 261	160 664
Flows generated by investing activities [2]			**(474 340)**		**150 066**
FLOWS FROM FINANCING ACTIVITIES:					
Receipts relating to:					
Borrowings		10 320 502		9 764 000	
Interest and similar income		63	10 320 565	205	9 764 205
Payments relating to:					
Borrowings		(9 625 009)		(9 750 325)	
Interest and similar costs		(150 833)		(105 867)	
Dividends	13	(89 590)	(9 865 431)	(89 060)	(9 945 252)
Flows used in financing activities [3]			**455 134**		**(181 047)**
Changes in cash and cash equivalents [4]=[1]+[2]+[3]			**(5 237)**		**(42 317)**
Cash and cash equivalents at the beginning of the year	4		**60 166**		**102 483**
Cash and cash equivalents at the end of the year	4		**54 929**		**60 166**

The accompanying notes form an integral part of the statement of cash flow for the year ended 31 December 2012.

THE ACCOUNTANT THE BOARD OF DIRECTORS

Statement of changes in equity for the years ended 31 December 2012 and 2011

(TRANSLATION OF STATEMENTS OF CHANGES IN EQUITY ORIGINALLY ISSUED IN PORTUGUESE - NOTE 31)
(AMOUNTS STATED IN THOUSAND OF EUROS)

'11

	Notes	Share Capital	Own shares	Legal reserve	Hedging reserve	Fair value reserve	Other reserves	Retained earnings	Adjustment of financial assets (Note 7)	Net profit for the period	Total equity
Balances at the beginning of 2011		**534 000**	**(10 728)**	**74 445**	**(1 141)**	**(9 861)**	**151 309**	**220 944**	**(3 171)**	**107 277**	**1 063 075**
CHANGES IN THE YEAR:											
Changes in fair value	10 e 11	-	-	-	(9 362)	(4 383)	-	-	-	-	(13 745)
Appropriation of the profit for the preceding year	13	-	-	5 364	-	-	12 201	652	-	(18 218)	-
		-	**-**	**5 364**	**(9 362)**	**(4 383)**	**12 201**	**652**	**-**	**(18 218)**	**(13 745)**
OPERATIONS DURING THE YEAR WITH SHAREHOLDERS											
Dividends distribution	13	-	-	-	-	-	-	-	-	(89 060)	(89 060)
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(89 060)**	**(89 060)**
Net profit for the year										112 553	112 553
Comprehensive income		-	-	-	(9 362)	(4 383)	-	-	-	112 553	98 808
Balances at the end of 2011		**534 000**	**(10 728)**	**79 809**	**(10 503)**	**(14 244)**	**163 510**	**221 596**	**(3 171)**	**112 553**	**1 072 823**

'12

	Notes	Share Capital	Own shares	Legal reserve	Hedging reserve	Fair value reserve	Other reserves	Retained earnings	Adjustment of financial assets (Note 7)	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 e 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											
Dividends distribution	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)**	**180 190**	**222 252**	**(3 167)**	**121 095**	**1 098 373**

The accompannying notes form na integral part of the statement of changes in Equity for the year ended 31 December 2012.

THE ACCOUNTANT THE BOARD OF DIRECTORS

NOTES
TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2012

(Translation of notes originally issued in Portuguese – Note 31)
(Amounts expressed in thousand of Euros)

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, which is organized into two main segments Electricity and Gas, and two secondary businesses, in the areas of Telecommunications and Management of the Electricity Derivatives Market.

The **Electricity business** includes the following companies:

a) REN – Rede Eléctrica Nacional, S.A., founded on 26th 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 13th 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 Balance (Contratos para a Manutenção do Equilíbrio Contratual - CMEC contracts). 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 14th October 2010, its capital being fully held by REN - Redes Energéticas Nacionais, S.A., its 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 8th January and Decree-Law 238/2008 of 15th December. In accordance with Decree-Law 238/2008 of 15th 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 29th 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 it has direct participations.

b) REN Gasodutos, S.A., founded on 26th September 2006, indirectly owned by REN SGPS, 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 26th September 2006, the capital of which was paid up through integration into the company of the gas underground storage assets. The company's object consists of 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 called "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 out under three concession contracts granted separately for periods of 40 years as of 26th September 2006.

The **telecommunications business** is managed by RENTELECOM – Comunicações, S.A. which activity is to establish, manage and operate telecommunications infrastructures and systems, to render telecommunications services and to optimize the over capacity of the fiber optic and the installations owned by REN Group.

REN SGPS also has a participation of 100% in 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 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).

REN SGPS, has also:

a) 35% 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 fully 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 5.3% of the share capital in Medgrid, SAS, acquired in May and October 2012 and of 7.5% of the share capital of Hidroeléctrica de Cahora Bassa, S.A. (“HCB”). HCB is a company incorporated in Mozambique, and participation was acquired by REN on 3rd July 2012, by the amount of EUR 38,400 thousand, transferred in the sequence of the fulfilment of the contractual conditions established in the contract dated 9th April 2012, between REN, Parpública – Participações Públicas, SGPS, S.A., CEZA – Companhia Eléctrica do Zambeze, S.A. and EDM – Electricidade de Moçambique, EP.

The accompanying financial statements were approved by the Board of Directors meeting of 6th March 2013. 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 reflect in a fair manner 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 13th July, and the conceptual framework, accounting and financial reporting standards and interpretations applicable for the year ended 31st December 2012 (generally accepted accounting principles in Portugal or NCRF).

The accompanying financial statements are presented in thousand of Euro.

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 separate accounts, 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 13th July, the Company also prepared consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS"), for approval in separate, which reflect, as at 31st December 2012, in relation to the accompanying separate financial statements, the following differences:

Total net assets	(894 333)
Total liabilities	(965 117)
Net profit for the period	(2 797)
Total revenue	(562 094)
Total equity	70 783

As at 31st December 2012, the differences between net profit and equity (separate and consolidated financial statements) results essentially from: (ii) the fact that the subsidiaries record actuarial gains and losses relating to employee benefits in accordance with the "corridor" method, this effect being appropriated by the Company in applying the equity method to value investments in subsidiaries, whether in the consolidated financial statements prepared in accordance with IFRS, actuarial gains and losses on these employee benefits are recorded directly in equity; and (ii), the fact that 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 as of 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 stated by zero, 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 recognising its share of those profits after its share of the profits equals the losses not recognised.

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 are reviewed annually. Changes in useful lifes 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 recognised 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 recognised net of interest costs in the caption Borrowings. Interest costs included in the lease payments and depreciation of the leased assets are recognised 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.

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.

3.5
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 – include 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 – include non-derivative financial assets with fixed or determinable payments that are not listed in active market;

iii) Investments to be held to maturity – include 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 – include 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 recognised 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 recognised 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” in the statement of financial position, and are carried at amortized 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.

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. 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 where the investments are equity instruments not valued under active market quotations, and for which it 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 derecognised 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 recognised 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 recognised 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 recognised 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 recognised up to the amount that would have been recognised (amortized cost) if the loss had not been initially recognised. 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.

FINANCIAL LIABILITIES

A financial instrument is classified as a financial liability when the issuer has a contractual obligation 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 recognised 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 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 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, strategy for managing the risk and its assessment of the effectiveness of the hedging instrument to offset variations in the fair value and cash flows of the item hedged.

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 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 is 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 recognised 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, only the expected outflows that directly result from the implementation of such plan are considered and the current activities of the Company are not considered.

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.

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 recognised 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 Euro, 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 recognised 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 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 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 AND CASH EQUIVALENTS

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.

The cash flow statement is prepared under the direct method, being presented the collections and payments in operational activities, investment activities and financing activities.

3.15
FINANCIAL COSTS ON BORROWINGS

Financial costs on borrowings 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 and foreign exchange 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) Exchange rate risk

REN has limited exposure to foreign exchange rate risk. The risk of fluctuation of foreign exchange rates on the bonds totalling JPY 10,000 million, is fully hedged by a cross currency swap of the same notional amount. An adverse variation of 5% in the forward foreign exchange rate of Euro/JPY, all other factors remaining constant at 31st December 2012 and 2011, would have the following impact on equity:

	'12		'11	
	5%	-5%	5%	-5%
EUR /JPY	(1 126)	1 243	(1 960)	2 165

ii) Credit risk

REN's exposure to credit risk is not significant, since the services rendered 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 at 31st December 2012, has credit lines contracted and not used in the amount of EUR 71,500 thousand and 9 commercial paper programmes, with subscription guarantee, in the amount of EUR 1,170,000 thousand, being available EUR 827,000 thousand and used as at 31st December 2012, EUR 343,000 thousand.

The following table shows the Company liabilities by intervals to residual contracted maturity and includes derivative financial instruments the financial liquidation of the related flows of which 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 2012
	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
BORROWINGS:				
Bank borrowings	68 469	226 769	325 644	620 882
Bond issues	951 898	815 521	87 291	1 854 710
Commercial paper programmes	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	-	-	-

				31 DECEMBER 2011
	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
BORROWINGS:				
Bank borrowings	51 445	266 464	394 286	712 195
Bond issues	62 940	312 973	508 057	883 970
Commercial paper programmes	26 886	566 268	-	593 154
Others	80	110	-	190
	141 351	**1 145 815**	**902 343**	**2 189 509**
Derivative financial instruments	1 553	1 060	-	2 613
Trade and others payables	151 080	-	-	-

The following table shows the derivative financial instruments, financial settlement of which is made at gross amounts:

31 DECEMBER 2012	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
HEDGING DERIVATIVE FINANCIAL INSTRUMENTS				
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**

31 DECEMBER 2011	LESS THAN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
HEDGING DERIVATIVE FINANCIAL INSTRUMENTS				
CROSS CURRENCY INTEREST RATE SWAP				
Outflows	(4 180)	(16 686)	(96 327)	(117 193)
Inflows	2 705	10 818	120 085	133 608
	(1 475)	**(5 868)**	**23 758**	**16 415**

iv) Interest rate risk

The Company presents exposure to interest rates risk mainly on the loans and borrowings obtained.

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 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 sensitivity analysis was made based on REN`s total debt less applications in funds and cash and cash equivalents as at 31st December 2012 and 2011, 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;
- 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 the market interest rates for all the currencies in which the Group has borrowings or derivative financial instruments at 31st December 2012, would result in a decrease of profit before tax of, approximately,

EUR 1,880 thousand (EUR 1,952 thousand in 2011) and an increase in equity of, approximately, around EUR 1,778 thousand (decrease of EUR 125 thousand in 2011).

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 negative variation of 10% in the shares price of REE and Enagás as at 31st December 2012 would have an impact on equity of EUR 8,904 thousand in equity (EUR 7,922 thousand in 2011).

3.17
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 separate 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 as at 31st December 2012 and 2011 is made as follows:

	'12	'11
Bank deposits repayable on demand	1 629	1 366
Tresury applications	53 300	58 800
	54 929	**60 166**

The cash flow statement as at 31st December 2012 includes in the caption "Other receipts / (payments) relating to operating activities" the payment of EUR 27,837 thousand 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 31st December 2012 and 2011 were as follows:

'12

	TRANSPORT EQUIPMENT	ADMINISTRATIVE 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**

'11

	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	TOTAL
ASSETS			
Beginning balance	488	146	634
Acquisitions	124	11	135
Sales/write offs	(153)	-	(153)
Ending balance	**459**	**157**	**616**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
Beginning balance	219	28	247
Depreciation for the year	122	27	149
Sales	(70)	-	(70)
Ending balance	**271**	**55**	**326**
Net assets	**188**	**102**	**290**

6 FINANCE LEASES

The Company had the following assets under finance lease agreements as at 31st December 2012 and 2011:

			'12	'11
	COST	DEPRECIATION	CARRYING AMOUNT	CARRYING AMOUNT
Transport equipment	572	(111)	461	177
	572	**(111)**	**461**	**177**

The minimum payments under finance lease contracts as at 31st December 2012 and 2011 are as follows:

	PRESENT VALUE OF MINIMUM PAYMENTS		MINIMUM PAYMENTS	
	’12	’11	’12	’11
Up to 1 year (Note 15)	131	74	145	80
From 1 to 5 years (Note 15)	322	105	338	110
	452	**179**	**483**	**190**

7 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The Company’s investments in subsidiaries and associates as at 31st December 2012 and 2011 were as follows:

	31 DECEMBER 2012						INVESTMENT HELD		
ENTITY	HEAD OFFICE	CAPITAL	ASSETS	EQUITY	NET RESULT	%	INVESTMENT	PROVISION (NOTE 14)	PROPORTIONAL AMOUNT OF RESULT (NOTE 19)
EQUITY METHOD:									
Subsidiaries:									
REN - Rede Eléctrica Nacional, S.A.	Lisbon	586 759	2 917 304	698 011	99 022	100	698 011	-	99 022
REN Trading, S.A.	Lisbon	50	94 891	(913)	(1 180)	100	-	(913)	(1 180)
REN Atlântico, Terminal de GNL, S.A.	Sines	13 000	367 573	79 995	1 913	100	83 770	-	1 913
REN TELECOM - Comunicações, S.A.	Lisbon	100	6 005	3 495	2 519	100	3 495	-	2 519
REN Serviços, S.A.	Lisbon	50	900 204	24 888	22 829	100	24 888	-	22 829
Enondas, Energia das Ondas, S.A.	Pombal	250	2 140	280	63	100	280	-	63
							810 442	**(913)**	**125 166**
Associates:									
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Lisbon	2 610	26 904	26 805	1 899	35	5 390	-	665
							815 832	**(913)**	**125 831**

	31 DECEMBER 2011						INVESTMENT HELD	
ENTITY	HEAD OFFICE	CAPITAL	ASSETS	EQUITY	NET RESULT	%	INVESTMENT	PROPORTIONAL AMOUNT OF RESULT (NOTE 19)
EQUITY METHOD:								
Subsidiaries:								
REN - Rede Eléctrica Nacional, S.A.	Lisbon	586 759	2 895 578	674 544	79 535	100	674 544	79 535
REN Trading, S.A.	Lisbon	50	129 986	3 831	3 563	100	3 831	3 563
REN Atlântico, Terminal de GNL, S.A.	Sines	13 000	365 441	78 082	8 127	100	81 856	8 127
REN TELECOM - Comunicações, S.A.	Lisbon	100	5 051	3 262	2 407	100	3 262	2 407
REN Serviços, S.A.	Lisbon	50	773 268	37 171	36 960	100	37 171	36 960
Enondas, Energia das Ondas, S.A.	Pombal	250	806	217	-	100	217	-
							800 880	**130 592**
Associates:								
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	Lisbon	2 610	25 751	25 735	187	35	4 725	23
							805 605	**130 616**

The changes in these captions in 2012 and 2011 were as follows:

				'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**

'11

	INVESTMENT - EQUITY METHOD			
	PROPORTION OF CAPITAL HELD (ASSETS)	GOODWILL	PROPORTION OF EQUITY HELD - PROVISIONS (NOTE 14)	TOTAL
Beginning balance	**1 277 622**	**3 774**	**(1 733)**	**1 279 661**
Result appropriated by the equity method (Note 19)	128 990	-	1 733	130 723
Effect of the exit of the investment in REN Gasodutos	(455 942)	-	-	(455 942)
Effect of the exit of the investment in REN Armazenagem	(83 331)	-	-	(83 331)
Sale of OMIP SGPS	(7 388)	-	-	(7 388)
Supplementary capital - REN Trading	2 000	-	-	2 000
Supplementary capital - OMIP	7 438	-	-	7 438
Distribution of dividends by subsidiaries and associates	(67 557)	-	-	(67 557)
Ending balance	**801 832**	**3 774**	**-**	**805 605**

Under the process to create the Sole Operator of the Iberian Electricity Market (OMI) and 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, in October and December 2011 REN sold, for EUR 9,153 thousand, 55% of the capital of OMIP, Operador do Mercado Ibérico (Portugal), SGPS, S.A. through the transmission of lots of shares representing 5% of the capital of the company, becoming the holder of 35% of the capital of this company. Supplementary capital contributions of EUR 4,545 thousand were also sold in the transaction. This sale generated a profit in 2011 in the amount of EUR 5,163 thousand (Note 19).

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. under the natural gas business unbundling process. Ats at 31st December 2012 and 2011 goodwill included in the caption “Investments - Equity method” was made up as follows:

			INTEREST HELD			
ENTITY	DATE OF ACQUISITION	ACQUISITION COST	%	AMOUNT	**'12**	**'11**
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 on 31st December 2012 and 2011 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 26th 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 the actual regulatory remuneration rate, applied over the net book value of the underlying investments, of 8% (post-tax discount rate of 5.68%, 4.99% in 2011).

		ASSUMPTIONS		
CASH GENERATING UNIT	METHOD	CASH FLOWS	GROWING FACTOR	DISCOUNT RATE
REN Atlântico, Terminal de GNL, S.A.	DFC (Discounted Cash Flow)	Operating cash flows projected over the remaining concession period	The rate decrease according of average rate of assets depreciation	8% (pre-tax) 5.68% (after tax)

In accordance with the assumptions used no impairment losses were noted in the caption “Goodwill”

The Group made sensivity 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 of 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 2009 to 2012 are still subject to review.

During 2012, following the change performed in the tax legislation made in December 2011, by Law 64-B/2011, the Company is taxed in Corporate Income Tax rate of 25%, increased by: (1) Municipal surcharge up the maximum of 1.5% over the taxable profit; and (2) a State surcharge of an additional 3% of taxable profit between EUR 1,500 thousand and EUR 10,000 thousand and an additional 5% over the taxable profit in excess of EUR 10,000 thousand, which results in a maximum aggregate CIT tax rate of 31.5%.

The deferred taxes, as at 31st December 2012, were updated considering the new rates established under the Law n. 66-B/2012 of 31st December, which imply the application of a State surcharge of an additional 3% of taxable profit between EUR 1,500 thousand and EUR 7,500 thousand and an additional 5% over the taxable profit in excess of EUR 7,500 thousand. The referred taxes are applicable in the period started on 1st January 2013.

Consequently, the tax rate used in the valuation of temporary taxable and deductible differences as at 31st December 2012, were calculated using the average tax rate expected in accordance with future perspective of taxable profits of the Company recoverable in the next periods.

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 at 31st December 2012 and 2011.

Income tax credit / expense of the years ended 31st December 2012 and 2011 was as follows:

	'12	'11
Current tax	3 504	1 725
Adjustments relating to prior year income tax	5 378	(2 845)
Deferred tax	55	(910)
Income tax credit / (expense)	**8 936**	**(2 030)**

The reconciliation of current income tax for 2012 and 2011 is made up as follows:

	'12	'11
Profit before income tax	**112 159**	**114 583**
Negative net worth variation	(131)	(131)
PERMANENT DIFFERENCES:		
Non tax deductible costs	359	18 565
Non taxable income	(126 963)	(140 544)
TIMING DIFFERENCES:		
Provision for life insurance and legal processes	2	14
Restructuring provision	440	-
Swaps	(166)	474
Taxable profit / (loss)	**(14 302)**	**(7 039)**
Income tax Expense / (Credit) at the rate of 25%	(3 576)	(1 760)
Autonomous taxation	72	35
Current tax	**(3 504)**	**(1 725)**
Deferred taxes	(55)	910
Adjustments relating to prior year income tax	(5 378)	2 845
Income tax	**8 936**	**(2 030)**

The non-taxable income amounts respects essentially to revenue from the equity method in the measurement of investments in subsidiaries and associates.

DEFERRED TAX

The amounts of deferred tax assets and liabilities as at 31st December 2012 and 2011 are made up as follows:

	31 DECEMBER				INCREASE/ (DECREASE) IN THE PERIOD	
	'12		'11			
NATURE	UNDERLYING	DEFERRED TAX	UNDERLYING	DEFERRED TAX	RESULTS	EQUITY (NOTE 10)
DEFERRED TAX ASSETS						
Provision for legal claims	19	5	19	5	(1)	-
Restructuring provision	440	110	-	-	110	-
Provision for life insurance benefits	3	1	1	-	1	-
Swaps	35 431	8 858	15 115	4 383	(54)	4 529
	35 892	**8 973**	**15 135**	**4 389**	**55**	**4 529**

9 FINANCIAL ASSETS

TRADE AND OTHER RECEIVABLES

Trade and other receivables as at 31st December 2012 and 2011 are made up as follows:

	'12	'11
NON CURRENT:		
Other receivables:		
Group companies - loans (Note 26)	1 514 427	1 727 525
CORRENT::		
Trade receivables	368	197
Other receivables:		
Group companies - loans (Note 26)	884 147	99 155
Group companies - treasury management (Note 26)	163 339	622 995
Group companies - CIT - RETGS (Note 26)	41 349	62 486
Group companies - other debtors (Note 26)	5 286	5 819
Group companies - Interest receivable from shareholders loans (Note 26)	27 296	26 736
Other	1 075	238
	1 122 491	**817 428**
	2 637 285	**2 545 150**

As at 31st December 2012 the Company conceded shareholders loans to subsidiaries in the total amount EUR 2,399 thousand, which terms and conditions reflect actual market conditions.

The Company agreed a Central Cash pooling agreement. This agreement is valid for annual periods, renewable for equal periods, with market conditions.

The caption "Other receivables – group" 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 at 31st December 2012 and 2011 is made up as follows:

	'12	'11
CURRENT:		
Pledged deposit	8 864	-
NON CURRENT:		
Pledged bank deposit	108 298	-
Luso Carbon Fund	4 285	5 667
	112 583	**5 667**
Financial assets	**121 447**	**5 667**

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.

This caption includes essentially guarantee given to EIB in November 2012, as a pledge bank deposit, in the amount of EUR 117,162 thousand. This guarantee is demanded until the reestablishment of the rating of the Company, or by the replacement of other similar guarantee accepted by the EIB (including bank guarantees given by financial institutions accepted by the EIB).

10 DERIVATIVE FINANCIAL INSTRUMENTS

As at 31st December 2012 and 2011 the Company had the following derivative financial instruments contracted:

		31 DECEMBER 2012			
		ASSETS		LIABILITIES	
	NOTIONAL	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Derivatives designated as cash flow hedge					
Interest rate swaps	350 000 000 EUR	-	-	-	23 337
Interest rate swaps	75 000 000 EUR	-	-	-	4 621
Cross currency swap	10 000 000 000 JPY	-	6 853	-	-
		-	**6 853**	**-**	**27 958**
Trading derivatives		416	-	811	-
Total derivatives financial instruments		**416**	**6 853**	**811**	**27 958**

		31 DECEMBER 2011			
		ASSETS		LIABILITIES	
	NOTIONAL	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Derivatives designated as cash flow hedge					
Interest rate swaps	334 000 000 EUR	-	-	640	3 585
Interest rate swaps	200 000 000 EUR	-	-	-	10 654
Cross currency swap	10 000 000 000 JPY	-	26 696	-	-
		-	**26 696**	**640**	**14 239**
Trading derivatives		1 144	-	1 095	-
Total derivatives financial instruments		**1 144**	**26 696**	**1 735**	**14 239**

The amount recorded in this caption relates to six interest rate swaps and one cross currency swap contracted by REN SGPS to hedge the risk of fluctuation of future interest rates and foreign exchange rates, respectively.

The amounts presented above include the amount of interest receivable or payable at 31st December 2012 relating to these derivatives financial instruments, in the total net amount of EUR 951 thousand.

The main features of the swaps contracted as at 31st December 2012 and 2011 is detailed as follows:

REFERENCE NOTIONAL	INTEREST PAYMENT PERIODS	RECEIPT/ PAYMENT	MATURITY DATE	FAIR VALUE AT 31.12.2012	FAIR VALUE AT 31.12.2011
INTEREST RATE SWAPS:					
50 000 tEuros	Interest counting period: payable: 5 February, May August and November – interest settled quarterly; receivable: 5 February, May, August and November – interest settled quarterly.	REN receives Euribor 3M and pays 2.19%	May 2012	-	(197)
134 000 tEuro	Interest payment periods: payable: 15 March, June, September and December – interest settled quarterly; receivable: 15 March, June, September and December – interest settled quarterly.	REN receives Euribor 3M and pays 2.19%	June 2012	-	(443)
184 000 tEuros					
50 000 tEuro	Interest payment periods: payable: 27 April and October – interest settled semesterly; receivable: 27 April and October – interest settled semesterly.	REN receives Euribor 6M and pays 2.26%	October 2014	(1 677)	(1 224)
50 000 tEuro	Interest payment periods: payable: 27 April and October – interest settled semesterly; receivable: 27 April and October – interest settled semesterly.	REN receives Euribor 6M and pays 2.23%	October 2014	(1 646)	(1 209)
50 000 tEuro	Interest payment periods: payable: 12 January and July – interest settled semesterly; receivable: 12 January and July – interest settled semesterly.	REN receives Euribor 6M and pays 2.15%	July 2014	(1 720)	(1 152)
100 000 tEuro	Interest counting periods: payable: 15 March, June, September and December – Interest settled quartely; receivable: 15 June, September and December – interest settled quartely	REN receives Euribor 3M and pays 2.72%	December 2016	(9 162)	(5 211)
100 000 tEuro	Interest counting periods: payable: 15 March, June, September and December – Interest settled quartely; receivable: 15 June, September and December – interest settled quartely	REN receives Euribor 3M and pays 2.72%	December 2016	(9 132)	(5 443)
350 000 tEuros				**(23 337)**	**(14 880)**
75 000 tEuro	Interest payment periods: payable: 15 March, June, September and December – interest settled quarterly; receivable: 15 March, June, September and December – interest settled quarterly.	REN receives Euribor 3M and pays 1.89%	September 2017	(4 621)	-
75 000 tEuros				**(4 621)**	**-**
CROSS-CURRENCY SWAP:					
10 000 000 000 JPY 72 899 tEuro	Interest counting periods: payable: 26 June and December – interest settled half yearly receivable: 26 June and December – interest settled half yearly.	REN receives 2.71% and pays 5.64% (annual) up to June 2019 and Euribor 6M + 190 b.p. from that date to maturity	June 2024	6 853	26 696
10 000 000 000 JPY				**6 853**	**26 696**
			Total	**(21 105)**	**11 817**

Extract from REN´s 2012 Annual Report. Read the full report for more information.

SWAPS:

Cash flow hedges

The Company hedges part of its future payments of interests on borrowings, bond issues and commercial paper programmes 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 EUR 425,000 thousand (EUR 334,000 thousand as at 31st December 2011). 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 31st December 2012 was - EUR 27,958 thousand (-EUR 14,880 thousand at 31st December 2011).

In addition, the Company hedges its exposure to cash flow risk on its bond issue of JPY 10,000 million 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 of 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 31st December 2012 was EUR 6,853 thousand (EUR 26,696 thousand at 31st December 2011). The underlying exchange variation (borrowing) for 2012, in the amount of, approximately, EUR 11,780 thousand, 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 EUR 156 thousand.

The amount recorded in reserves relating to the above mentioned cash flow hedges was EUR 35,431 thousand (EUR 14,793 thousand in December 2011).

The movements recorded in the hedging reserve were as follows:

	FAIR VALUE	DEFERRED TAXES IMPACT	HEDGING RESERVES
1 January 2011	**(1 607)**	**466**	**(1 142)**
Changes in fair value	(13 186)	3 824	(9 362)
31 December 2011	**(14 793)**	**4 290**	**(10 503)**
1 January 2012	**(14 793)**	**4 290**	**(10 503)**
Changes in fair value	(20 638)	4 529	(16 109)
31 December 2012	**(35 431)**	**8 819**	**(26 612)**

Fair value hedge

In February 2009 the Group contracted an interest rate swap to hedge the fair value of an issue of 300,000 thousand Euros. The hedge was discontinued in November 2009, and as at 31st December 2012 the hedged instrument has a fair value adjustment resulting from the hedge of EUR 155 thousand. This amount is being amortized to profit and loss, in accordance with the effective interest rate method during the maturity period of the hedged instrument.

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 31st December 2012 and 2011 was as follows:

	’12	
	CURRENT ASSET	CURRENT LIABILITY
Financial contracts in the energy market for 2013	416	-
Carbon licences	-	811
Fair value at 31 December 2012	**416**	**811**

	’11	
	CURRENT ASSET	CURRENT LIABILITY
Financial contracts in the energy market for 2012	570	-
Financial contracts in the energy market for 2013	392	
Carbon licences	-	1 095
Carbon financial contracts for 2012	182	-
Fair value at 31 December 2011	**1 144**	**1 095**

The change in fair value of trading derivatives were recognized in profit and loss, and amounted to –EUR 443 thousand (-EUR 592 thousand at 31st December 2011). The losses recognized in 2012 were recorded in "Other income" in order to obtain the result of the financial energy contracts in a single caption in the statement of profit and loss (Note 22).

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

The assets recognised in this caption as at 31st December 2012 and 2011 corresponds to equity interests held on strategic entities in the electricity and gas market, which can be detailed as follows:

	HEAD OFFICE				CARRYING AMOUNT	
	CITY	COUNTRY	% INTERESTS	ENTITY	'12	'11
OMEL - Operador del Mercado Ibérico de Energia (Polo Espanhol)	Madrid	Spain	10.0%	REN. SGPS	3 167	3 167
Red Electrica Corporacion, S.A. ("REE")	Madrid	Spain	1.0%	REN. SGPS	50 493	44 760
Enagás, S.A.	Madrid	Spain	1.0%	REN. SGPS	38 542	34 125
Med Grid SAS	Paris	France	5.26%	REN. SGPS	400	-
Hidroeléctrica de Cahora Bassa (HCB)	Maputo	Mozambique	7.5%	REN. SGPS	38 400	-
					131 002	**82 051**

The changes in the year ended 31st December 2012 in this caption were as follows:

	OMEL	MED GRID	HCB	REE	ENAGAS	TOTAL
At 1 January 2011	**-**	**-**	**-**	**47 651**	**35 617**	**83 268**
Acquisitions	3 167	-	-	-	-	3 167
Fair value adjustments	-	-	-	(2 891)	(1 493)	(4 383)
At 31 December 2011	**3 167**	**-**	**-**	**44 760**	**34 125**	**82 051**
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**

The interests held in REE and Enagás are recorded at fair value determined based on the shares closing quotations as at 31st December 2012.

Red Eléctrica Corporacion (“REE”) is the transmission system operator of electricity in Spain. REN, SGPS acquired 1% of 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 31st December 2012, which resulted in the recognition of a fair value increase of EUR 5,733 thousand.

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 31st December 2012, which resulted in the recognition of a fair value increase of EUR 4,418 thousand.

During the period ended 31st December 2012, REN acquired equity instruments of non-listed companies which were recorded at its acquisition cost in the total amount of EUR 38,800 thousand. This amount corresponds to the following acquisitions:

i) Hidroeléctrica de Cahora Bassa, S.A. (“HCB”): At 3rd July 2012 REN bought shares representing 7.5% of HCB share capital, as a result of the conditions established in the agreement signed on 9th April 2012 between REN, Parpública – Participações Públicas, SGPS, S.A. (“Parpública”), CEZA – Companhia Eléctrica do Zambeze, S.A. and EDM – Electricidade de Moçambique , EP for the acquisition of 2,060,661,943 shares owned by Parapública representing 7.5% of HCB’s share capital and voting rights for the total price of EUR 38,400 thousand.

ii) Medgrid, S.A.S.: During 2012 REN became shareholder of Medgrid, having bought 4,000 shares (in the amount of EUR 400 thousand) representing 5.3% of the share capital. 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.

In the process to create the Sole Operator of the Iberian Electricity Market (Operador Único do Mercado Ibérico de Electricidade - OMI) and in conformity with an Agreement between the Portuguese Republic and the Kingdom of Spain regarding the forming of an Iberian electric energy market, REN SGPS and REN acquired 10% of the shares of OMEL, Operador del Mercado Ibérico de Energia, S.A., Spanish pole of the Sole Operator, for EUR 3,167 thousand.

As there are no available market price for the above referred investments (HCB, MedGrid and OMEL), and as it is not possible to determine the fair value of the period using comparable transactions, these investments are recorded at acquisition cost as described in Note 3.5, being REN`s understanding that due to the proximity between the date of acquisition and 31st December 2012, there is no evidence of impairment loss of these investments.

Adjustments to the fair value of assets held for sale are recorded in equity under the caption “fair value reserve”, which as at 31st December 2012 and 2011 presents the following amounts:

	FAIR VALUE RESERVE
1 January 2011	**(9 861)**
Changes in fair value	(4 383)
31 December 2011	**(14 244)**
1 January 2012	**(14 244)**
Changes in fair value	10 151
31 December 2012	**(4 093)**

Extract from REN´s 2012 Annual Report. Read the full report for more information.

During the year ended 31 December 2012, REE, Enagás and OMEL distributed dividends in the total amount of EUR 7,461 thousand (EUR 4,540 thousand in 2011) which are detailed in Note 25.

12 DEFERRALS

At 31 December 2012 and 2011 the caption "Deferrals" was made up as follows:

	'12	'11
DEFERRED COSTS		
Prepaid insurance	56	38
Other costs	44	47
	101	**85**

13 EQUITY INSTRUMENTS

SHARE CAPITAL

The Company's subscribed and paid up capital at 31st December 2012 was made up of 534,000,000 shares of 1 euro each.

Share capital as at 31st December 2012 and 2011 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 as at 31st December 2012 were as follows:

	NUMBER OF SHARES	% CAPITAL
State Grid International Development Limited	133 500 000	25.0%
Oman Oil Company S.A.O.C.	80 100 000	15.0%
Parpública, SGPS, S.A.	52 871 340	9.9%
Caixa Geral de Depósitos, S.A.	6 118 772	1.1%
EGF - GCF, S.A.	45 019 666	8.4%
Gestmin, SGPS, S.A.	31 046 951	5.8%
EDP - Energias de Portugal, S.A.	26 707 335	5.0%
Oliren, SGPS, S.A.	26 700 000	5.0%
Red Eléctrica Corporación, S.A.	26 700 000	5.0%
Columbia Wanger	10 703 317	2.0%
Free float	90 651 245	17.0%
Own shares	3 881 374	0.7%
	534 000 000	**100.0%**

As at 31st December 2012 and 2011 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 2012.

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.

As at 31st December 2012 the caption "Legal reserve" amounted to EUR 85,437 thousand (EUR 79,809 thousand in 2011).

DIVIDENDS DISTRIBUTIONS

During the Shareholders General Meeting held on 27th March 2012, the Shareholders approved the distribution of dividends, with respect to the Net profit of 2011, in the amount of EUR 90,246 thousand (EUR 0.169 /share). The dividends attributable to own shares amounted to EUR 656 thousand, being paid to the shareholders a total amount of EUR 89,590 thousand.

The dividends paid during the year ended 31st December 2011, determined on the 2010 net profit amounted to EUR 89,060 thousand (EUR 0,168 per share).

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. As at 31st December 2012, the Company had in equity the non-distributable negative amount of EUR 30,705 thousand (-EUR 24,747 thousand in 2011) relating to decreases resulting from the application of fair value.

The caption “Other Reserves” includes free reserves in the amount of EUR 180,190 thousand. 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.

14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

GUARANTEES GIVEN

As at 31st December 2012 and 2011 the Company had given the following bank guarantees:

BENEFICIARY	OBJECT	'12	'11
Direcção Geral de Geologia e Energia	Guarantee complete fulfillment of the obligations of the Concession Contracts	10 000	10 000
Fortia	Financial contracts under the ISDA contract (International Swaps and Derivatives Association, Inc.)	1 000	1 000
EIB	For the fullfillment of loans granted	249 760	284 675
		260 760	**295 675**

The guarantees given have the following maturities:

	DECEMBER 2012			
	LESS 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
Loans	-	209 760	40 000	249 760
Other guarantees	-	-	11 000	11 000
	-	**209 760**	**51 000**	**260 760**

PROVISIONS

As at 31st December 2012 and 2011 the caption "Provisions" was made up as follows:

	'12			'11		
	OTHER PROVISIONS	PROVISION FOR INVESTMENTS (NOTE 7)	TOTAL	PROVISION FOR INVESTMENTS (NOTE 7)	OTHER PROVISIONS	TOTAL
Beginning balance	**27 749**	**-**	**27 749**	**1 733**	**12 470**	**14 203**
Increases	440	913	1 353	-	15 280	15 280
Utilizations (i)	(27 730)	-	(27 730)	(1 733)	-	(1 733)
Ending balance	**458**	**913**	**1 372**	**-**	**27 749**	**27 749**

The increase in provisions in the amount of EUR 440 thousand relates to the restructuring provision for the Company restructuring plan in course.

The utilizations in 2012 refers essentially to the payment of EUR 27,837 thousand in January 2012 of the indemnity regarding the 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 EUR 27,730 thousand for this process.

(i) The expense with the payment of the indemnity to Amorim Energia B.V. as well as the revenue regarding the reversal of the correspondent 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 2012 and 2011 the captions "Suppliers" and "Other payables" were made up as follows:

	'12	'11
CURRENT		
Current suppliers:		
Group	137	150
National	2 038	2 045
Foreign	4 014	481
	6 189	**2 676**
Other payables:		
Investment suppliers	1	4
Group companies - CIT / RETGS (Note 26)	18 930	4 928
Group companies - treasury management (Note 26)	50 501	139 155
Accrued costs:		
Remunerations	420	360
Other	2 811	3 018
Other creditors (Note 26)	892	939
	73 556	**148 404**
	79 745	**151 080**

The Company agreed a central cash pooling agreement with its subsidiaries. This agreement is valid for one year and is renewable for equal 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 follows:

	'12	'11
NON-CURRENT		
Commercial paper programs	93 000	555 000
Bond issues	771 676	1 100 123
Bank loans	553 256	574 760
Finance leases (Note 6)	322	105
	1 418 254	**2 229 987**
CURRENT		
Commercial paper programs	250 000	-
Bond issues	850 000	-
Bank loans	59 504	34 916
Finance leases (Note 6)	131	74
Interest payable	19 161	14 971
Interest receivable	(15 552)	(4 742)
	1 163 243	**45 219**
	2 581 497	**2 275 206**

Borrowings obtained presented the following capital repayments schedule:

	'13	'14	'15	'16	'17	FOLLOWING YEARS	TOTAL
Debt - Non current	-	307 332	326 590	345 108	35 045	404 179	1 418 254
Debt - Current	1 159 635	-	-	-	-	-	1 159 635
	1 159 635	**307 332**	**326 590**	**345 108**	**35 045**	**404 179**	**2 577 888**

As at 31st December 2012, the Company had 9 active commercial paper programs, with subscription guarantee, in the amount of EUR 1,170,000 thousand, being available EUR 827,000 thousand. The bank loans are mainly (EUR 574,760 thousand) represented by EIB loans.

The Company has also credit lines negotiated and not used in the amount of EUR 71,500 thousand, maturing up to one year, which are automatically renewable periodically (if they are not resigned in the contractually specified period for that purpose) or through an agreement between the parties before its term, and since EUR 10,000 thousand from the total amount, 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.; RENTELECOM, 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 guaranteed for 2013.

Detailed information regarding bond issues as at 31st December 2012 is as follows:

	31 DECEMBER 2012			
BOND ISSUE DATE	MATURITY	AMOUNT (tEUROS)	INTEREST RATE	PERIODICITY OF INTEREST PAYMENT
REN SGPS PRIVATE PLACEMENTS				
4/27/11	10/27/14	100 000	Floating rate (i)	Semesterly
7/12/11	7/12/14	50 000	Floating rate (i)	Semesterly
3/14/12	3/14/15	20 000	Floating rate (i)	Semesterly
EURO MEDIUM TERM NOTES PROGRAMME BOND ISSUES				
12/10/08	12/10/13	800 000	Fixed rate EUR 7.875%	Annual
4/20/09	12/5/13	50 000	Floating rate (i)	Quarterly
6/26/09	6/26/24	tJPY 10 000 000	Fixed rate (i)	Semesterly
3/8/12	3/9/15	63 500	Fixed rate (i)	Semesterly
9/21/12	9/21/16	300 000	Fixed rate EUR 6.25%	Semesterly
9/28/12	9/28/15	50 000	Fixed rate (i)	Annual
12/10/12	12/10/15	100 000	Fixed rate (i)	Semesterly

(i) These emissions correspond to private placements.

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. During 2012 due to decrease of the rating to sub investment level, a guarantee was presented to EIB in the form of a pledge bank deposit in the amount of EUR 117,163 thousand (Note 9).

16 STATE AND OTHER PUBLIC ENTITIES

As at 31st December 2012 and 2011 the caption "State and other public entities" was made up as follows:

	'12	'11
CURRENT ASSETS		
Income tax	14 318	14 015
VAT receivable	-	1
State and other public entities - Asset	**14 318**	**14 016**

	'12	'11
CURRENT LIABILITIES		
VAT payable	571	208
Retained income tax	114	93
Social support contribution	131	68
State and other public entities - Liability	**816**	**369**

The REN group entities are included in the CIT – RETGS.

17 DEFERRALS (LIABILITIES)

As at 31st December 2012 and 2011 the liability caption "Deferrals" was made up as follows:

	'12	'11
DEFERRALS (LIABILITIES)		
Dividends	-	910
Other income to be recognised - resale option of REN SGPS of 10% of OMIP	1 147	1 147
	1 147	**2 057**

18 REVENUE

The revenue recognized by the Company in the year ended 31st December 2012 and 2011 was as follows:

	'12	'11
SERVICES RENDERED		
Technical and admninistrative management of REN Group (Note 26)	14 203	11 013
	14 203	**11 013**

19 GAINS AND LOSSES FROM SUBSIDIARIES AND ASSOCIATES

The gains and losses from subsidiaries and associates in the years ended 31st December 2012 and 2011 was made up as follows:

	'12	'11
SUBSIDIARIES:		
REN REDE ELECTRICA NACIONAL, S.A.	99 022	79 535
REN ATLÂNTICO, S.A.	1 913	8 127
RENTELECOM - COMUNICAÇÕES S.A.	2 519	2 407
REN SERVIÇOS, S.A.	22 829	36 960
OMIP, SGPS, S.A.	-	107
ENONDAS – ENERGIA DAS ONDAS, S.A.	63	-
REN TRADING, S.A.	(1 180)	3 563
ASSOCIATES:		
OMIP, SGPS, S.A.	665	23
Gain on OMIP SGPS sale (Note 7)	-	5 163
	125 831	**135 886**

20 SUPPLIES AND SERVICES

The caption "Supplies and services" for the years ended 31st December 2012 and 2011 is made up as follows:

	'12	'11
Specialized services	7 691	5 729
Services rendered to Group companies (Note 26)	2 101	1 804
Advertising and promotional expenses	1 553	809
Travel and lodging	598	480
Other services	648	1 265
	12 592	**10 087**

21 PERSONNEL COSTS

The caption "Personnel costs" for the years ended 31st December 2012 and 2011 is made up as follows:

	'12	'11
Board of directors	2 509	1 540
Personnel	3 495	2 483
Social security on remunerations	817	688
Other	184	5
Insurance	67	93
	7 072	**4 809**

The board of Directors caption, includes the remunerations of the members of the Board of Directors and of the General Meeting.

PERSONNEL EMPLOYED

During the years ended 31st December 2012 and 2011 the average number of personnel employed by the Company was 43 and 39, respectively.

22 OTHER INCOME

The caption "Other income" for the years ended 31st December 2012 and 2011 is made up as follows:

	'12	'11
Financial contracts in the energy market	370	391
Supplementary income	62	14
Other income	44	122
	476	**527**

The caption "Other income" respects essentially to gains realized with OTC financial energy contracts in the amount of EUR 813 thousand in December 2012, less recognized unrealized losses of EUR 443 thousand (Note 10).

23 OTHER EXPENSES

The caption "Other expenses" for the years ended 31st December 2012 and 2011 is made up as follows:

	'12	'11
Donations	350	573
Subscriptions	215	159
Taxes	501	203
Prior years adjustments	-	360
Other expenses	123	57
	1 189	**1 352**

24 INTEREST AND SIMILAR INCOME AND EXPENSES

The caption "Interest and similar income and expenses" for the years ended 31st December 2012 and 2011 is made up as follows:

	'12	'11
INTEREST AND SIMILAR COSTS:		
Bonds issues	82 432	57 007
Bank loans	20 704	18 649
Commercial Paper programmes	27 711	21 176
Swaps	8 938	6 674
Centralized treasury management (Note 26)	5 013	1 193
Other financial assets - Luso Carbon (Note 9)	1 382	1 452
Other financial costs	448	590
	146 628	**106 741**
INTEREST AND SIMILAR INCOME:		
Interest on shareholders loans (Note 26)	118 509	81 868
Interest on centralized treasury management (Note 26)	11 741	15 883
Interest on bank deposits	1 892	3 283
Other income	90	-
	132 233	**101 034**

25 DIVIDENDS

During the years ended 31st December 2012 and 2011 the Company received the following dividends from financial assets held for sale:

	'12	'11
Dividends received:		
- REE	3 911	2 538
- Enagás	3 393	2 001
- OMEL	157	-
	7 461	**4 540**

The total amount of dividends received from subsidiaries, associates and financial assets held for sale, amounted to EUR 120,156 thousand.

26 RELATED PARTIES

During the years ended 31st December 2012 and 2011 the following transactions were carried out with related parties:

'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
RENTELECOM - 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**

'11

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.	6 150	54 663	10 190	787	
REN Trading, S.A.	139	-	354	330	682
REN Serviços, S.A.	1 205	24 609	-	574	155
RENTELECOM - Comunicações, S.A.	102	-	-	113	113
Gasoduto Campo Maior-Leiria-Braga	-	-	28	-	14
Gasoduto Braga-Tuy	-	-	-	-	20
REN Gás, S.A.	-	95	2	-	208
Enondas, S.A.	4	-	11	-	-
REN Gasodutos, S.A.	2 349	787	4 656	-	-
REN Armazenagem, S.A.	243	-	642	-	-
REN Atlântico, Terminal de GNL, S.A.	821	1 714	-	-	-
	11 013	**81 868**	**15 883**	**1 804**	**1 193**

Ats at 31st December 2012 and 2011 the Company had the following balances with related parties:

	’12					
					CURRENT ASSETS	NON CURRENT ASSETS
RELATED PARTY	OTHER RECEIVABLES-SHAREHOLD-ERS LOANS (NOTE 9)	OTHER RECEIVABLES-TREASURY MANAGEMENT (NOTE 9)	OTHER RECEIVABLES-NTEREST RECEIVABLES FROM SHREHOLDERS LOANS (NOTE 9)	OTHER RECEIVABLES - RETGS (NOTE 9)	OTHER DEBTORS (NOTE 9)	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			
				CURRENT LIABILITIES
RELATED PARTY	OTHER PAYABLES - TREASURY MANAGEMENT (NOTE 15)	OTHER PAYABLES - RETGS (NOTE 15)	OTHER PAYABLES - INTEREST PAYABLES FROM SHAREHOLDERS LOANS	OTHERS CREDITORS (NOTE 15)
REN - Rede Eléctrica Nacional, S.A.	-	-	-	365
REN Trading, S.A.	-	12 392	-	293
REN Serviços, S.A.	-	6 534	220	2
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**

	’11					
					CURRENT ASSETS	NON CURRENT ASSETS
RELATED PARTY	OTHER RECEIVABLES-SHAREHOLD-ERS 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.	-	422 818	4 436	16 112	6 017	1 050 000
REN Trading. S.A.	-	-	-	28 773	82	-
REN Serviços. S.A.	99 155	-	22 149	-	51	609 760
REN Gasodutos. S.A.	-	177 177	-	11 622	(979)	-
REN Armazenagem. S.A.	-	22 530	-	2 642	239	-
REN Atlântico. Terminal de GNL. S.A.	-	-	151	2 104	275	67 765
Gasoduto Campo Maior - Leiria-Braga	-	-	-	-	28	-
REN Gás. S.A.	-	-	-	51	(6)	-
ENONDAS. S.A.	-	470	-	-	73	-
RENTELECOM - Comunicações. S.A.	-	-	-	864	38	-
	99 155	**622 995**	**26 736**	**62 167**	**5 819**	**1 727 525**

	’11			
				CURRENT LIABILITIES
RELATED PARTY	OTHER PAYABLES - TREASURY MANAGEMENT (NOTE 15)	OTHER PAYABLES - RETGS (NOTE 15)	OTHER PAYABLES - INTEREST PAYABLES FROM SHAREHOLDERS LOANS	OTHERS CREDITORS (NOTE 15)
REN - Rede Eléctrica Nacional, S.A.	-	-	-	342
REN Trading, S.A.	59 320	-	-	349
REN Serviços, S.A.	2 000	4 928	220	-
REN Gasodutos, S.A.	-	-	-	1
REN Gás, S.A.	44 840	-	-	174
Gasoduto Campo Maior - Leiria-Braga	27 305	-	-	14
Gasoduto Braga-Tuy	3 550	-	-	20
RENTELECOM - Comunicações, S.A.	2 140	-	-	39
	139 155	**4 928**	**220**	**939**

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 31st December 2012 and 2011 was as follows:

	'12	'11
Remuneration and other short term benefits	1 345	1 540
Compensation for early termination of the mandate	362	-
Management bonuses	796	-
	2 503	**1 540**

There are no loans granted to the members of the Board of Directors.

ACQUISITION OF BONDS BY BOARD OF DIRECTORS MEMBERS

On 8th May 2012, the Chairman of the Board of Directors, Rui Cartaxo, acquired bonds in the total amount of EUR 53,999.

On 19th September 2012,. José Frederico Jordão, non-executive member of the Board of Directors and member of the Audit Committee, acquired bonds in the amount of EUR 5,000, which were totally sold on 21st September 2012.

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:

’12

	NOTES	CREDITS AND OTHER RECEIVABLES	FAIR VALUE - HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	FAIR VALUE - NEGOTIABLE DERIVATIVES
ASSETS				
Cash and cash equivalents	4	54 929	-	-
Trade and other receivables	9	2 637 285	-	-
Other investments	9	-	-	-
Available-for-sale financial assets	11	-	-	-
Income tax receivable	16	14 318	-	-
Derivative financial instruments	10	-	6 853	416
Total financial assets		**2 706 532**	**6 853**	**416**
LIABILITIES				
Borrowings	15	-	-	-
Trade and other payables	15	-	-	-
Income tax payable	16	-	-	-
Drivative financial instruments	10	-	27 958	811
Total financial liabilities		**-**	**27 958**	**811**

’11

	NOTES	CREDITS AND OTHER RECEIVABLES	FAIR VALUE - HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	FAIR VALUE - NEGOTIABLE DERIVATIVES
ASSETS				
Cash and cash equivalents	4	60 166	-	-
Trade and other receivables	9	2 545 150	-	-
Other investments	9	-	-	-
Available-for-sale financial assets	11	-	-	-
Income tax receivable	16	14 016	-	-
Derivative financial instruments	10	-	26 696	1 144
Total financial assets		**2 619 333**	**26 696**	**1 144**
LIABILITIES				
Borrowings	15	-	-	-
Trade and other payables	15	-	-	-
Income tax payable	16	-	-	-
Drivative financial instruments	10	-	14 879	1 095
Total financial liabilities		**-**	**14 879**	**1 095**

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AVAILABLE FOR-SALE	FAIR VALUE - THROUGH PROFIT AND LOSS	OTHER FINANCIAL ASSETS/LIABILITIES	TOTAL CARRYING AMOUNT	FAIR VALUE
-	-	-	54 929	54 929
-	-	-	2 637 285	2 637 285
-	4 285	117 163	121 447	121 447
131 002	-	-	131 002	131 002
-	-	-	14 318	14 318
-	-	-	7 270	7 270
131 002	**4 285**	**117 163**	**2 966 251**	**2 966 251**
		2 581 497	2 581 497	2 581 497
-	-	79 745	79 745	79 745
-	-	816	816	816
-	-	-	28 769	28 769
-	**-**	**2 662 058**	**2 690 827**	**2 690 827**

’11

AVAILABLE FOR-SALE	FAIR VALUE - THROUGH PROFIT AND LOSS	OTHER FINANCIAL ASSETS/LIABILITIES	TOTAL CARRYING AMOUNT	FAIR VALUE
-	-	-	60 166	60 166
-	-	-	2 545 150	2 545 150
-	5 667	-	5 667	5 667
82 051	-	-	82 051	82 051
-	-	-	14 016	14 016
-	-	-	27 840	27 840
82 051	**5 667**	**-**	**2 734 890**	**2 734 890**
-	-	2 275 206	2 275 206	2 275 206
-	-	151 080	151 080	151 080
-	-	369	369	369
-	-	-	15 974	15 974
-	**-**	**2 426 655**	**2 442 629**	**2 442 629**

ESTIMATED FAIR VALUE – ASSETS MEASURED AT FAIR VALUE

The following table presents the Company assets and liabilities measured at fair value at 31st December 2012 in accordance with the following levels of fair value seniority:

- 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 around 0.081% to 2.163% (maturities of 1 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.

		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
ASSETS:					
Available-for-sale financial assets	Shares	89 035	-	-	89 035
Financial assets at fair value	Hedging derivatives	-	6 853	-	6 853
Financial assets at fair value recorded in income	Negotiable derivatives	416	-	-	416
Other investments	Treasury funds	4 285	-	-	4 285
LIABILITIES:					
Financial liabilities at fair value recorded in reserves	Hedging derivatives	-	27 958	-	27 958
Financial liabilities at fair value recorded in income	Negotiable derivatives	811	-	-	811
		92 925	**(21 105)**	**-**	**71 820**

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:

	'12	'11
CASH AND CASH EQUIVALENTS		
AAA to AA-	-	33
A+ to A-	37	28
BBB+ a BBB-	2	30 317
BB+ to B-	54 875	29 779
Without rating	15	9
Total cash and cash equivalents	**54 929**	**60 166**

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 SUBSEQUENT EVENTS

BOND ISSUES

On 16th January 2013, the Company issued a bond issue represented by notes, under the Euro Medium Term Notes ("EMTN") programme, by private placement, in the amount of EUR 150,000 thousand, unguaranteed and with 7 years maturity.

On 24th January 2013, were agreed the terms and conditions for a Euro Bond emission of EUR 300,000 thousand, under the EMTN programme, with a 5 year maturity, which interest rate corresponds to the mid swap rate at 5 years, plus 3.20%. This bond issue enables the diversification of the REN debt sources and increases REN`s liquidity.

30 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.

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
(Chairman and Executive Director)

JOÃO CAETANO CARREIRA FARIA CONCEIÇÃO
(Executive Director)

GONÇALO MORAIS SOARES
(Executive Director)

GUANGCHAO ZHU
(Vice-Chairman 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 LUÍS 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)

Note: The remaining pages of this Report and Accounts were initialed by the Company Secretary, Pedro Cabral Nunes, and the Accountant, Maria Teresa Martins.

REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A.

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 statements of REN – Redes Energéticas Nacionais, SGPS, S.A. attached thereto in relation to the financial year ended on December 31, 2012, which consist of the Balance Sheet as of December 31, 2012, evidencing a total of 3 791 721 000 Euros and 1 098 372 000 Euros of equity capital, including net profits of 121 095 000 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 adoptedvaluation criteria, as well as the regularity 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 Management Report, as well as the proposal expressed therein, abide by the applicable accounting, legal and statutory provisions, wherefore it recommends its approval by the General Meeting of Shareholders.

Lisbon, 06 March 2013

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 2012 that presents total assets of 3,791,721 thousand Euros and equity of 1,098,372 thousand Euros, including a net profit of 121,095 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 and comprehensive income 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 2012, 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, __ March 2013

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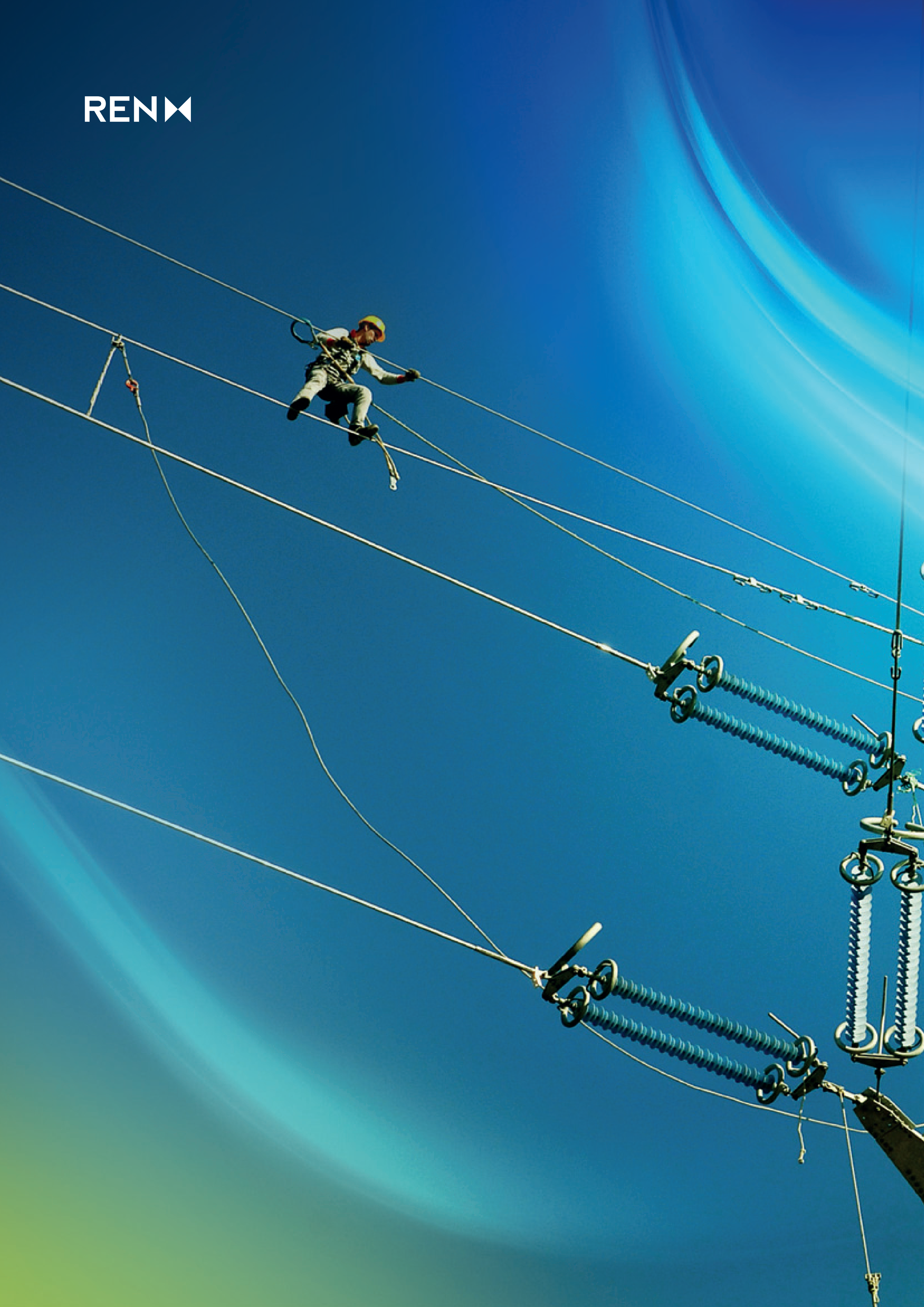
Deloitte & Associados, SROC S.A.
Represented by Jorge Carlos Batalha Duarte Catulo


REN



06 CORPORATE GOVERNANCE

WE'RE GROWING **WITH RESPONSIBILITY**

At REN we are improving the future every day. We pursue a strategy with room to protect the environment, to embrace renewable energies and reforestation, room to develop communities and to appreciate the value of our employees' talent. Because we believe that success must be shared with all those who have helped us grow.

REN. A NETWORK IN EVOLUTION.

06 CORPORATE GOVERNANCE

0. STATEMENT OF COMPLIANCE

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

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.4.1 and II.5.1, which are not met for the reasons described below.

The chart below identifies CMVM recommendations on corporate governance and individually mentions those that have been fully adopted by REN and those that have not. Also indicated is where a more detailed description of measures taken for their adoption may be found in this report.

RECOMMENDATION / CHAPTER [1]	INDICATION ON THE ADOPTION	CHAPTER OF THE REPORT
I. GENERAL MEETING		
I.1. BOARD OF THE GENERAL MEETING		
I.1.1. The Chairman of the Board of the General Meeting has the human and logistic resources appropriate to his needs, in light of the Company's economic situation.	**ADOPTED**	**I.1 and I.2**
I.1.2. The remuneration of the Chairman of the Board of the General Meeting shall be disclosed in the annual Corporate Governance Report.	**ADOPTED**	**I.3**
I.2. PARTICIPATION IN THE GENERAL MEETING		
I.2.1. The minimum notice of prior reception of deposit or share blocking declarations by the board for participation in the General Meeting shall not exceed five business days.	**Not adopted** *(Since the coming in to force of Decree-Law No. 49/2010 of 19 May, the exercising of the right to participate and vote at the General does not depend on its blocking.)*	**I.4**
I.2.2. In the event of suspension of the General Meeting, the Company shall not impose that such blocking be maintained for the entire suspension period. The usual share blocking period for the first session shall be sufficient.	**Not adopted** *(Since the coming in to force of Decree-Law No. 49/2010 of 19 May, the exercising of the right to participate and vote at the General does not depend on its blocking.)*	**I.5**
I.3. VOTING AND EXERCISE OF THE VOTING RIGHT		
I.3.1. Companies' Articles of Association shall not provide any restriction on voting by correspondence and, when adopted and admitted, on the electronic vote by correspondence.	**ADOPTED**	**I.9 and I.10**

[1] Chapter refers to CMVM's Corporate Governance Code.

RECOMMENDATION / CHAPTER [1]	INDICATION ON THE ADOPTION	CHAPTER OF THE REPORT
I.3.2. The deadline established by the Articles of Association for the receipt of voting declarations issued by correspondence shall not exceed three business days.	**ADOPTED**	**I.11**
I.3.3. Companies shall ensure proportionality between voting rights and shareholders' participation, ideally through a provision in the Articles of Association establishing the one share one vote principle. Proportionality is not fulfilled by Companies which, namely i) hold shares which do not confer voting rights; ii) establish voting caps when votes are issued by one single shareholder or by related parties to the shareholder.	**NOT ADOPTED**	**I.6 and I.7**
I.4. RESOLUTIONS QUORUM		
I.4.1. Companies shall not establish a resolution quorum exceeding what is set forth by law.	**Not adopted** *(The resolution quorum for the amendment of the Articles of Association, spin off, merger, transformation or dissolution of the Company is two thirds of the issued votes, either in the first or second call notice for the General Meeting, in order to ensure an adequate representation of shareholders considering the nature of the activities of the Company and its shareholders structure; amendment resolutions which are pursuant to Article 7-A, Article 12(3) and pursuant to Article 11 itself of the Company's Articles of Association must be approved by three quarters of the votes issued).*	**I.8 and III.6**
I.5. MINUTES AND DISCLOSURE OF RESOLUTIONS		
I.5. Extracts from General Meeting minutes (or other equivalent documents) shall be made available to shareholders on the Company's website within five days as of the General Meeting, even if not deemed as privileged information. Disclosed information shall contain the resolutions passed, the capital represented and the voting results. Such information shall be maintained on the Company's website for a period of at least three years.	**ADOPTED**	**I.13 and I.14**
I.6. MEASURES FOR CORPORATE CONTROL		
I.6.1. Measures adopted to prevent the success of takeover bids shall respect the interests of the Company and of its shareholders. Companies' Articles of Association which, respecting such principle, set out a limitation on the number of votes that may be held or exercised by a single shareholder, individually or in concert with other shareholders, shall also establish that at least every five years the amendment or maintenance of this provision – without aggravated quorum vis-à-vis that legally established – shall be subject to a resolution at the General Meeting, and that upon such resolution all votes cast shall be counted without applying such limitation.	**ADOPTED**	**I.7 and I.19**
I.6.2. Defensive measures that have the automatic effect of causing serious erosion of the Company's assets in the event of change of control or change in the composition of the management body, thus hindering the free transferability of shares and free assessment of the performance of the members of the management body by shareholders, shall not be adopted.	**ADOPTED**	**I.7, I.20 and I.21**

RECOMMENDATION / CHAPTER [1]	INDICATION ON THE ADOPTION	CHAPTER OF THE REPORT
II. MANAGEMENT AND SUPERVISORY BODIES		
II.1. GENERAL		
II.1.1. STRUCTURE AND DUTIES		
II.1.1.1. The management body shall assess the corporate governance model adopted in the Company's annual Corporate Governance Report, identifying any constraints on its operation and proposing the steps to be taken to overcome such constraints.	**ADOPTED**	**II.1**
II.1.1.2. Companies shall create internal risk management and control systems able to identify and manage risk, in order to safeguard its value and for the sake of transparency of its corporate governance. Such systems shall include, at least, the following components: *i)* setting out of the Company's strategic purposes relating to risk assumption; *ii)* identification of the main risks related to the performed activities and of the events able to generate risks; *iii)* analysis and measurement of the impact and probability of occurrence of each of the potential risks; *iv)* management of risk in order to adapt the risks effectively incurred to the Company's strategic option regarding risk assumption; *v)* control mechanisms for the execution of risk management measures adopted and their effectiveness; *vi)* adoption of internal mechanisms for information and communication on several components of the system and of risk warning; *vii)* periodic assessment of the implemented system and adoption of amendments that are deemed necessary.	**ADOPTED**	**II.5 and II.6**
II.1.1.3. The management body shall ensure the creation and functioning of the internal control and risk management systems. The supervisory body shall be liable for assessing the operation of these systems and shall propose their adjustment to the Company's needs.	**ADOPTED**	**II.5 and II.6**
II.1.1.4. In the annual Corporate Governance Report, companies shall: i) identify the main economic, financial and legal risks that the Company is exposed to when performing its activities; ii) describe the performance and effectiveness of the risk management system.	**ADOPTED**	**II.9**
II.1.1.5. Management and supervisory bodies shall establish internal regulations which shall be disclosed on the Company's website.	**ADOPTED**	**II.7**
II.1.2. CONFLICTS OF INTEREST AND INDEPENDENCE		
II.1.2.1. The Board of Directors shall include a number of non-executive members ensuring effective ability to supervise, monitor and assess the activity of the executive members.	**ADOPTED**	**II.1.1 and II.14**
II.1.2.2. The non-executive members of the management body shall include an appropriate number of independent members, considering the Company's dimension and its shareholder structure, which shall never be less than a quarter of the total number of directors.	**ADOPTED**	**II.14**
II.1.2.3. The independence assessment of its non-executive members by the Board of Directors shall take into account the legal and regulatory rules in force concerning independence requirements, as well as the conflict of interests framework applicable to members of other corporate bodies, thus ensuring the timely and systematic coherence in applying independence criteria to the whole Company. A director shall not be deemed as independent if not qualified as so in another corporate body by virtue of the applicable provisions.	**ADOPTED**	**II.14 and II.15**
II.1.3. ELIGIBILITY AND APPOINTMENT		
II.1.3.1. Depending on the applicable corporate model, the Chairman of the Audit Board, or of the Audit Committee or of the Financial Matters Committee, shall be independent and be appropriately qualified to carry out his duties.	**ADOPTED**	**II.14**

RECOMMENDATION / CHAPTER (1)	INDICATION ON THE ADOPTION	CHAPTER OF THE REPORT
II.1.3.2. The selection procedure for Non-Executive Directors shall be construed in such a way as to prevent the interference of Executive Directors.	**ADOPTED**	**II.16**
II.1.4. WHISTLEBLOWING POLICY		
II.1.4.1. The Company shall adopt a whistleblowing policy for irregularities allegedly occurred, with the following characteristics: i) indication of the means that can be used for internal whistleblowing, including the persons entitled to receive such communications; ii) indication of the processing of such communications, including confidential treatment, if so required by the whistleblower.	**ADOPTED**	**II.35**
II.1.4.2. The general guidelines of such policies shall be disclosed in the annual Corporate Governance Report.	**ADOPTED**	**II.35**
II.1.5. REMUNERATION		
II.1.5.1. The remuneration of members of the management body shall (i) be structured to allow the alignment of their interests with the Company's long-term interests, (ii) be based on performance assessment and (iii) discourage excessive risk assumption. Thus, remuneration shall be structured more specifically as follows: i) The remuneration of directors performing executive functions shall incorporate a variable component, the determination of which is subject to performance assessment by the Company's competent bodies, according to pre-defined measurable criteria. Said criteria shall take into account the Company's real growth and the amount of wealth actually created for shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the Company's activity. ii) The variable component of the remuneration shall be globally reasonable vis-à-vis the fixed component, and maximum limits shall be set out for all components. iii) A significant part of the variable remuneration shall be deferred for no less than a three-year period and its payment shall depend of the Company's steady positive performance during said period. (iv) Members of the Board of Directors shall not enter into contracts, either with the Company or with third parties, which have the effect of mitigating the risk inherent to the variability of the remuneration established by the Company. (v) Until the end of their term of office, the Executive Directors shall hold the Company shares that were allocated to them by virtue of the variable remuneration schemes, up to twice the value of the total annual remuneration, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares. (vi) When the variable remuneration includes stock options, such exercise period shall be deferred for at least a three-year period. (vii) Appropriate legal instruments shall be established in order to not pay the compensation set out for dismissal of a director without fair grounds, if such dismissal or agreed termination is due to the director's inadequate performance. (viii) The remuneration of non-executive board members shall not include any component the value of which is subject to the performance or the value of the Company.	**ADOPTED**	**II.29 and II.34**
II.1.5.2. The statement on the remuneration policy of the management and supervisory bodies referred to under article 2 of Law No. 28/2009 of 19th June, shall, in addition to the content referred to therein, contain enough information on: i) the corporate groups whose policies and remuneration practices have been taken as a comparative element for establishing the remuneration; ii) the payments relating to the dismissal or agreed termination of directors.	**ADOPTED**	**II.29 and II.30**

RECOMMENDATION / CHAPTER [1]	INDICATION ON THE ADOPTION	CHAPTER OF THE REPORT
II.1.5.3. The remuneration policy statement referred to under article 2 of Law No 28/2009 shall also mention the remuneration of all other persons discharging managerial functions, as per Article 248-B(3) of the Portuguese Securities Code and whose remuneration contains a relevant variable component. The statement shall be detailed and the submitted policy shall consider, more specifically, the Company's long-term performance, compliance with the provisions applicable to the Company's activity and moderation on the assumption of risks.	**ADOPTED**	**II.29 e II.30**
II.1.5.4. A proposal shall be submitted to the General Meeting on the approval of plans for the allocation of shares, and/or share options or based on variations in share price, to members of the management and supervisory bodies and other persons discharging managerial functions as defined in Article 248-B(3) of the Portuguese Securities Code. The proposal shall contain all the necessary elements for the proper evaluation of the plan. The proposal shall be submitted together with the regulation governing the plan or, if not yet done, with the general conditions that it shall comply with. The General Meeting shall also approve the main characteristics of any retirement plan that benefits members of the management and supervisory bodies and other persons discharging managerial functions, according Article 248-B(3) of the Portuguese Securities Code.	**NOT APPLICABLE**	**II.33.G)**
II.1.5.6. At least one representative from the Remunerations Committee shall attend the General Meeting.	**ADOPTED**	**I.15**
II.1.5.7. The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the annual Corporate Governance Report.	**Revoked** *(Revoked due to the entry into force of the disclosure duties provided for in articles 3 c) and d) of CMVM Regulation No. 1/2010)*	**II.31**
II.2. BOARD OF DIRECTORS		
II.2.1. Within the legal limits established for each management and supervisory structure, and unless the Company has a reduced size, the Board of Directors shall delegate the day-to-day management of the Company. The delegated competences shall be identified in the companies' annual Corporate Governance Report.	**ADOPTED**	**II.3.1**
II.2.2. The Board of Directors shall ensure that the Company acts in accordance with its objectives, and shall not delegate its responsibilities, more specifically, in relation to: i) the definition of the Company's strategy and general policies; ii) the definition of the Group's corporate structure; iii) decisions that should be considered as strategic due to their value, risk or special characteristics.	**ADOPTED**	**II.3.1**
II.2.3. In the event that the Chairman of the Board of Directors carries out executive duties, the Board of Directors shall find efficient coordination mechanisms for the work performed by non-executive members, as to ensure that these members are able to make decisions in an independent and informed manner. Such mechanisms shall be properly explained to shareholders within the Company's Corporate Governance Report.	**ADOPTED**	**II.8**
II.2.4. The annual management report shall include a description of the activities carried out by Non-Executive Directors, more specifically mentioning any constraints encountered.	**ADOPTED**	**II.17**
II.2.5. The Company shall clearly define its policy for the rotation of responsibilities of the Board of Directors, more specifically with regard to the member responsible for the financial area, and provide information on such policy in the Company's annual Corporate Governance Report.	**ADOPTED**	**II.11**

RECOMMENDATION / CHAPTER [1]	INDICATION ON THE ADOPTION	CHAPTER OF THE REPORT
II.3. DELEGATED DIRECTOR, EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS		
II.3.1. Directors performing executive duties, when so requested by other corporate body members, shall provide any information requested by them in a timely and appropriate manner.	**ADOPTED**	**II.13**
II.3.2. The Chairman of the Executive Committee shall send all notices to convene and minutes of such Committee's meetings to the Chairman of the Board of Directors and, if applicable, to the Chairman of the Audit Board or of the Audit Committee.	**ADOPTED**	**II.13**
II.3.3. The Chairman of the Executive Board of Directors shall send to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee all notices to convene and minutes of the respective meetings.	**Not adopted** *(This recommendation is not applicable given the corporate governance model adopted by REN)*	**II.1**
II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND AUDIT BOARD		
II.4.1. In addition to performing its supervisory roles, the General and Supervisory Board shall continually perform an advisory, assessment and monitoring role on the management of the Company by the Executive Board of Directors. The General and Supervisory Board shall make decisions on the following matters: i) definition of the Company's strategy and general policy; ii) the corporate structure of the group; and iii) decisions considered to be strategic due to the values, risks or special characteristics involved.	**Not adopted** *(This recommendation is not applicable given the corporate governance model adopted by REN*	**II.1**
II.4.2. The annual reports on the activities of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Audit Board shall be disclosed on the Company's website along with the financial statements.	**ADOPTED**	**II.4 and III.13**
II.4.3. The annual reports on the activities of (i) the General and Supervisory Board, (ii) the Financial Matters Committee, (iii) the Audit Committee and (iv) the Audit Board shall include a description of the supervisory activity carried out and should also refer to any potential constraints.	**ADOPTED**	**II.4 and III.13**
II.4.4. The General and Supervisory Board, the Audit Committee and the Audit Board, depending on the corporate governance model adopted, shall represent the Company for all purposes before the external auditor and shall propose the supplier of such services and the respective remuneration, while ensuring that the Company makes available all the appropriate conditions for those services to be rendered, as well as acting as the point of contact, being also the first to receive the respective reports.	**ADOPTED**	**II.3.6**
II.4.5. The General and Supervisory Board, the Audit Committee and the Audit Board, depending on the corporate governance model adopted, shall annually assess the external auditor and propose to the General Meeting that the external auditor be discharged if justifiable grounds so warrant.	**ADOPTED**	**II.3.6**
II.4.6. The internal audit services and those that ensure compliance with the rules applicable to the Company (compliance service) shall functionally report to the Audit Committee, to the General and Supervisory Board or, in the case of companies adopting the Latin model, to an Independent Director or to the Audit Board, regardless of the hierarchical relationship that these services have with the executive management of the Company.	**ADOPTED**	**II.5 and II.6**

RECOMMENDATION / CHAPTER (1)	INDICATION ON THE ADOPTION	CHAPTER OF THE REPORT
II.5. SPECIALIZED COMMITTEES		
II.5.1. Except by virtue of the reduced dimension of the Company, the Board of Directors and the General and Supervisory Board, depending on the corporate governance model adopted, shall create the necessary committees in order to: i) ensure that a competent and independent assessment of the performance of Executive Directors is carried out, as well as of its own overall performance and the performance of existing committees; ii) consider the corporate governance system adopted and assess its effectiveness and propose to the respective bodies any measures required to improve it; iii) timely identify potential candidates with the high level required for the performance of director functions.	**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 commissions 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 performance assessment. Similarly, as part of the selection process, the company shareholders – with ample knowledge of the sector - have played a vital role in identifying candidates. 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.)*	**II.2**
II.5.2. Members of the Remuneration Committee, or equivalent, shall be independent in regard to the management bodies and such committee shall include, at least, one member with know-how and experience in remuneration policy matters.	**ADOPTED**	**II.37 and II.38**
II.5.3. Any natural or legal person which provides or has provided, over the past three years, services to any structure depending on the Board of Directors, to the Board of Directors of the Company or has a current relationship with the consultant of the Company, shall not be engaged to assist the Remuneration Committee on the performance of its functions. This recommendation also applies to any natural or legal person which has an employment or services agreement with the abovementioned persons.	**ADOPTED**	**II.37 and II.39**
II.5.4. All committees shall draw up minutes of their meetings	**ADOPTED**	**II.12, II.13 and II.37**
III. INFORMATION AND AUDITING		
III.1. GENERAL DISCLOSURE DUTIES		
III.1.1. Companies shall ensure permanent contact with the market, respecting the principle of shareholder equality and preventing any inequalities in investors' access to information. For such purposes the Company shall maintain an investor support office.	**ADOPTED**	**III.16**

RECOMMENDATION / CHAPTER [1]	INDICATION ON THE ADOPTION	CHAPTER OF THE REPORT
III.1.2. The following information, to be available on the Company's website, shall be provided in English: a) The company name and the fact that it is a public company, its registered office and all other information mentioned under article 171 of the Portuguese Companies Code; b) The Articles of Association; c) The identity of all members of the corporate bodies and the representative for market relations; d) The investor support office, its duties and means of access; e) The financial statements; f) The bi-annual agenda of corporate events; g) The proposals submitted to discussion and voting at the General Meeting; h) Notices to convene for the General Meeting.	**ADOPTED**	**III.16**
III.1.3. Companies shall promote the rotation of the auditor at the end of two or three terms of office, as they respectively are of four or three years. Their maintenance beyond this period shall be grounded on a specific opinion of the supervisory body, which shall expressly consider the auditor's independence conditions and the advantages and costs arising out of its substitution.	**ADOPTED**	**III.18**
III.1.4. Within the scope of its competences, the external auditor shall verify the implementation of the remuneration policies and systems, the effectiveness and functioning of the internal control mechanisms and report any deficiencies to the Company's supervisory body.	**ADOPTED**	**II.3.6**
III.1.5. The Company shall not engage the external auditor, or any entities in a participation relationship with him or which are part of the same network, for services other than audit services. Should there be reasons for the engagement for such services – which shall be approved by the supervisory body and explained in the annual Corporate Governance Report - then such services shall not exceed 30% of the total value of the services rendered to the Company.	**ADOPTED**	**III.17 and ANEXO IV**
IV. CONFLICTS OF INTERESTS		
IV.1. RELATIONSHIPS WITH THE SHAREHOLDERS		
IV.1. Deals entered into between the Company and qualified shareholders or with entities in a relationship with such shareholders as set out in article 20 of the Portuguese Securities Code shall be carried out in normal market conditions.	**ADOPTED**	**III.12 and ANEXO III**
IV.1.2. Deals entered into between the Company and qualified shareholders or with entities in a relationship with such shareholders as set out in article 20 of the Portuguese Securities Code shall be submitted to a prior opinion of the supervisory body. This body shall establish the procedures and criteria required for the definition of the level of materiality of such deals, as well as the other terms of its intervention.	**ADOPTED**	**II.13 and III.14**

6.1 GENERAL MEETING

I.1. and I.2. Identification of the Members of the Board of the General Meeting, Start and Finish Date of the Respective Terms of Office and Suitability of Resources

The following members of the Board of the General Meeting were elected for the term of office 2012-2014:

NAME	AGE[2]	POSITION	DATE OF 1ST APPOINTMENT	TERM OF OFFICE IN COURSE
PEDRO CANASTRA DE AZEVEDO MAIA	46	CHAIRMAN	27.03.2012	2012-2014
DUARTE VIEIRA PESTANA DE VASCONCELOS	55	VICE-CHAIRMAN	24.10.2008	2012-2014

The annual General Meeting of 27th March 2012 resolved on ending the three-year 2010-2012 term of office[3]. 2012 was determined as the reference point for the start of following terms of office (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.

The Board of the General Meeting has at its disposal the human and logistic resources which are appropriate to its needs, taking into account the Company's economic situation, and may benefit for such purpose from the support of the Company Secretary, the in-house legal office and from an external law firm, as well as the technical and voting counting services made available by a financial institution.

I.3. Remuneration of the Chairman of the Board of the General Meeting

In 2012, the Chairman and the Vice-Chairman of the Board of the General Meeting were paid €2 000 and €1 500 respectively, for undertaking the respective functions, as attendance fees.

I.4. Indication of the Notice Period required to Block Shares to Attend the General Meeting

Blocking of shares is not required.

Therefore, shareholders may attend REN's General Meetings if on the Record Date, corresponding to 00.00 hours (GMT) of the fifth day of negotiation prior to the holding of the meeting ("Record Date"), they are holders of shares entitling them to at least one vote[4]. Such right of attendance and voting in the General Meeting is not prejudiced by the transfer of the shares after the Record Date nor depends on its blocking between such date and the date of the General Meeting.

[2] At 31st December 2012.
[3] Up to 27th March 2012, the position of Chairman of the Board of the General Meeting was undertaken by Mr. Agostinho Pereira de Miranda, who was appointed on 15th March 2010, for the 2010-2012 term of office.
[4] Cf. Article 12(7) of the Articles of Association.

I.5. Indication of the Rules applicable to the Blocking of Shares in the event that the General Meeting is suspended

As described in I.4. above, the right of attendance and vote in the General Meeting is not dependent on the blocking of shares between the Record Date and the date of the General Meeting.

I.6. Number of Shares corresponding to one Vote

Following recommendations and 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 lay down the principle of "one share one vote"[5].

I.7. Restrictions on the Exercising of the Right to Vote or Counting of Votes

According to 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[6].

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.

Given the applicable legal regime, article 12 of the Articles of Association was amended at the annual General Meeting of 27th March 2012, so as to stipulate 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'S share capital. Considered for the purpose are the rights to vote inherent to Class A shares which, pursuant to Article 20(1) of the Securities Code, are attributable to it.

This is the only provision in the REN Articles of Association that establishes that voting rights will not be counted above a certain number.

I.8. Rules of the Articles of Association on the Exercising of Voting Rights, Quorum in General Meetings and emphasis of rights

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-mail[7].

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[8].

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[5] Cf. article 12(2).
[6] Cf. Article 25(2)(i) of Decree-Law No. 29/2006 of 15 February (as amended by Decree-Law No. 215A/2012 of 8th October), and Article 20-A(3)(b) and Article 21(3)(h) of Decree-Law No. 30/2006, of 15 February (as amended by Decree-Law No. 230/2012 of 26th October).
[7] Cf. Article 12(8) of the Articles of Association.
[8] Cf. Article 12 (9) of the Articles of Association.

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, under the terms of law and of the notice to convene. This communication may be sent by e-mail[9].

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.

Without prejudice to III.6. below with regard to certain resolutions for which an aggravated quorum applies, the attendance and resolution quorum of the General Meeting is as follows: on the first convening date is 51% of the share capital; on the second convening date, the General Meeting may meet and resolve regardless of the number of shareholders present or represented[10].

REN's Articles of Association do not provide for any system of detachment of rights with economic content.

I.9. Existence of Rules in Articles of Association on the Exercising of Voting Rights by Correspondence

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[11].

This letter must be addressed to the Chairman of the Board of General Meeting by registered mail with acknowledgement of receipt, under the terms of I.11. above. The Chairman of the Board of the General Meeting shall verify the authenticity and regularity of the votes exercised by correspondence as well as ensure that they remain confidential until the voting takes place[12].

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.

I.10. Availability of Model for the Exercising of Voting Rights by Correspondence

In order to facilitate votes by correspondence, REN provides a voting ballot on its website[13] 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.

[9] Cf. Article 12(10) of the Articles of Association.
[10] Cf. Article 11(1) of the Articles of Association.
[11] Cf. Article 12(5) and (6) of the Articles of Association.
[12] Cf. Article 12(5) and (6) of the Articles of Association.
[13] www.ren.pt.

I.11. Time Requirement between Receipt of the Vote Declaration by Correspondence and the Date on which the General Meeting is Held

As mentioned in I.9. above, vote declarations must be received at 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 term[14].

I.12. Exercising of Right to Vote by Electronic Means

Currently, the exercise of voting rights by correspondence through electronic means is not yet established.

I.13. Extracts of General Meetings Minutes

Extracts General Meetings Minutes are published on the REN website www.ren.pt a maximum of five days after they have been held.

I.14. Historical Acquis of General Meetings

REN maintains a historic record on its website of points of order and resolutions adopted at General Meetings, as well as information on the represented share capital and voting results, for a minimum period of 3 years.

I.15. Indication of the Representative(s) of the Remunerations Committee present at General Meetings

At the Annual General Meeting of 2012 held on 27th March 2012, the Chairman of the Remunerations Committee, José Castel-Branco was present as representative of that committee.

I.16. Intervention of the General Meeting with regard to the Remunerations and Assessment Policy in effect at the Company

The REN General Meeting is responsible for the appointment of the members of the Remuneration Committee[15], which is responsible for setting the remuneration and for submitting the annual declaration on the remuneration policy for members of the managing and supervisory bodies[16]. Moreover, this declaration will be subject to independent 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.

It should also be noted that, under the terms of the Portuguese Companies Code ("CSC")[17], the General Meeting has also the duty to make, on an annual basis, a general evaluation of the performance of the managing and supervisory bodies.

[14] Cf. Article 12(5) of Articles of Association.
[15] Cf. Article 8(2)(d) of the Articles of Association.
[16] Cf. Article 26 of the Articles of Association.
[17] Cf. Article 455.

I.17. and I.18. Intervention of the General Meeting in the Approval of Plans to Allocate Shares and/or Options to Purchase Shares, and in the Retirement Benefit System for members of the Management and Supervisory Bodies / Directors

There are no programs or variable remuneration plans that consist of the allocation of shares, options to purchase 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).

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).

I.19. Existence of Rule in Articles of Association which subjects the General Meeting every five years, to possible Limitation of Number of Votes Eligible to be Held or Exercised by a Single Shareholder

Further to that mentioned in I.7. above, the obligation to submit the maintenance or elimination of such provisions of the Articles of Association to the General Meeting, at least once every 5 years, is not provided, as such provision, on one hand, of the Articles of Association arises out of a legal obligation and, on the other, does not intend to prevent the exercise of voting rights, but rather ensure the existence of a penalty system for breaching the legal limit on ownership of shares.

I.20. Defensive Measures which cause Erosion to Company Assets

REN has not adopted any measures aimed at preventing the success of takeover bids and/ or any defensive measures which result in a serious, automatic erosion of the Company's assets in the event of change of control or a change in the composition of the management body.

As mentioned in I.7. above, limitations on Class A share ownership which represent REN equity capital and the exercising of the respective voting rights, pursuant to Article 12 of the Articles of Association, were introduced only with a view to accommodating the legal limitations imposed by regulatory laws for the sectors of activity in which REN subsidiaries operate.

I.21.Significant Agreements with Clauses for Change in Control

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.

I.22. Agreements with the Management or Other Officers which stipulate Compensation in the event of Resignation, Unfair Dismissal or Termination of the Employment Relationship, Following a Change in Control

There are no significant agreements between REN and the members of the management body or other officers (pursuant to Article 248-B(3) of the Portuguese Securities Code) that would award compensation in the event of resignation or dismissal of any member of the management and supervisory bodies, or in the event of resignation of any employee, unfair dismissal or termination of the employment relationship, following a change in control over the Company.

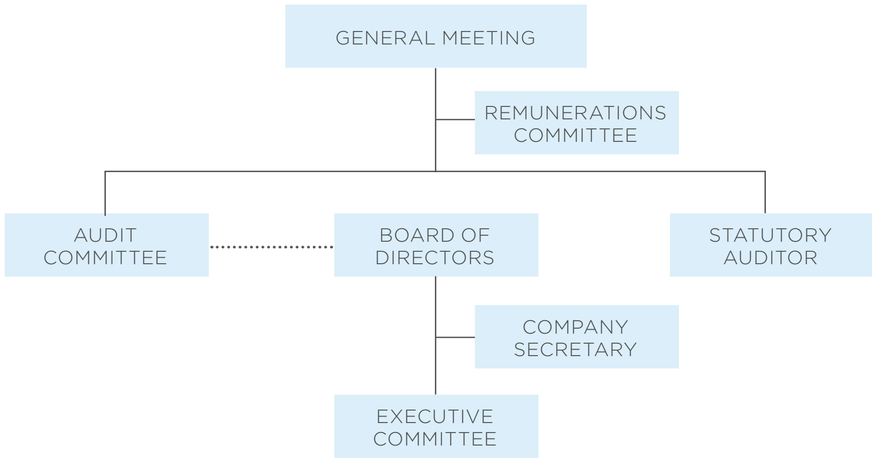
In accordance with the remuneration policy approved by the Remuneration Committee with regard to the financial year of 2012, in the event of termination of functions of management through agreement or unfair dismissal, no compensation will be paid if the termination or dismissal is due to the unsuitable performance of the director.

6.2 MANAGEMENT AND SUPERVISORY BODIES

SECTION I – GENERAL

II.1. Corporate bodies

REN has adopted a an Anglo-Saxon corporate governance model consisting of the following corporate bodies elected by the General Meeting[18]: (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[19], and (ii) an Audit Committee and the Statutory Auditor, as supervision bodies. The Audit Committee consists exclusively of non-executive directors[20].



The Board of Directors evaluates the model of governance adopted by the Company positively, and does not identify any constraint to its functioning, particularly with regard to the following aspects:

a) At the management level, there is a clear delimitation between the powers of the Board of Directors and those of the Executive Committee, due to the meticulous and objective delegation of powers by the Board of Directors on 27th March, 2012, as mentioned in II.3.1. above.

b) Furthermore, the fact that the Chairman of the Board of Directors is also the Chief Executive Officer ensures the coherence and transparency that is essential to the Company's management and its adequate monitoring by the remaining members of the management body.

c) In terms of supervision, the Audit Committee supervises and oversees the Company's management 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.

d) This model has contributed to more efficient management and supervision of company business in accordance with principles of transparency and accountability to shareholders, investors and the market.

[18] Cf. Article 8(2)(d) of the Articles of Association.
[19] Cf. Article 8(1) of the Executive Committee Regulations.
[20] Cf. Article 3(3) of the Executive Committee Regulations.

II.1.1. The Board of Directors

The Board of Directors consists of a minimum of 7 and maximum of 15 members, as determined by the General Meeting that elects said members[21].

The Board of Directors currently has 15 members including a total of 12 non-executive members, which ensures its effective capacity to monitor and evaluate the activity of the executive members.

At 31st December 2012 and on this date, the REN Board of Directors consisted of the following members, who have been appointed for the 2012-2014 term of office:

NAME	AGE	POSITION
RUI MANUEL JANES CARTAXO	60	CHAIRMAN OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE
GONÇALO MORAIS SOARES	41	DIRECTOR AND MEMBER OF THE EXECUTIVE COMMITTEE
JOÃO CAETANO CARREIRA FARIA CONCEIÇÃO	38	DIRECTOR AND MEMBER OF THE EXECUTIVE COMMITTEE
GUANGCHAO ZHU (REPRESENTING STATE GRID INTERNATIONAL DEVELOPMENT LIMITED) [22]	45	VICE-CHAIRMAN
HILAL ALI SAIF AL-KHARUSI [23]	46	DIRECTOR
ANÍBAL DURÃES DOS SANTOS (APPOINTED BY PARPÚBLICA - PARTICIPAÇÕES PÚBLICAS (SGPS), S.A.)	64	DIRECTOR
FILIPE MAURÍCIO DE BOTTON (APPOINTED BY EGF - GESTÃO E CONSULTORIA FINANCEIRA, S.A.) [24]	54	DIRECTOR
MANUEL CHAMPALIMAUD (APPOINTED BY GESTMIN, SGPS, S.A.) [25]	67	DIRECTOR
MENGRONG CHENG[21]	43	DIRECTOR
HAIBIN WAN[21]	48	DIRECTOR
JOSÉ FOLGADO BLANCO (APPOINTED BY RED ELÉCTRICA CORPORACIÓN, S.A.)	68	DIRECTOR
JOSÉ LUIS ARNAUT [26]	49	DIRECTOR
JOSÉ LUÍS ALVIM MARINHO	60	DIRECTOR AND CHAIRMAN OF THE AUDIT COMMITTEE
JOSÉ FREDERICO VIEIRA JORDÃO	67	DIRECTOR AND MEMBER OF THE AUDIT COMMITTEE
EMÍLIO RUI VILAR [27]	73	DIRECTOR AND MEMBER OF THE AUDIT COMMITTEE

A more detailed description of the board members can be found in Annex I.

[21] Cf.Article 8(2)(b) and Article 14(1), both of the Articles of Association.
[22] Took up this position on 25th May 2012, subsequent to the entry into force of the Strategic Partnership Agreement, signed by REN and Oman Oil Company, S.A.O.C.
[23] Took up this position on 25th May 2012, subsequent to the entry into force of the Strategic Partnership Agreement, signed by REN and Oman Oil Company, S.A.O.C.
[24] Luís Guedes da Cruz Almeida, appointed by EGF – Gestão e Consultoria Financeira, S.A. ("EGF") to hold position in his own name, resigned on 14 June 2012. Subsequently, EGF informed REN on 15th June 2012 of its decision to appoint Filipe Maurício de Botton as a member of the REN Board of Directors to hold position in his own name.
[25] José Félix Morgado, appointed by Gestmin, SGPS, S.A. ("GESTMIN") to hold position in his own name, resigned on 03rd July 2012. Subsequently, GESTMIN informed REN on 17th July 2012 of its decision to appoint Manuel Champalimaud as a member of the REN Board of Directors to hold position in his own name.
[26] The Board of Directors deliberated to co-opt José Luis Arnaut for the position of non-executive director, on 22nd June 2012, as a result of the resignation of Luís Palha da Silva, on 22nd May 2012, who did not accept the position, and as such did not take up responsibilities.
[27] Took up this position on 25th May 2012.

II.1.2. Executive Committee

At 31st December 2012 and on this date, the Executive Committee consisted of the following three members:

NAME	POSITION
RUI MANUEL JANES CARTAXO	CHAIRMAN OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE
GONÇALO MORAIS SOARES	MEMBER
JOÃO CAETANO CARREIRA FARIA CONCEIÇÃO	MEMBER

II.1.3. Audit Committee

At 31st December 2012 and on this date, the Audit Committee consisted of the following three members:

NAME	POSITION
JOSÉ LUÍS ALVIM MARINHO	CHAIRMAN
JOSÉ FREDERICO VIEIRA JORDÃO	MEMBER
EMÍLIO RUI VILAR	MEMBER

II.1.4. Statutory Auditor

The office of permanent Statutory Auditor of the Company is carried out by the chartered accountants Deloitte & Associados, SROC, S.A., registered with the Board of Chartered Accountants under No. 43 and registered at CMVM under number 231, represented by Jorge Carlos Batalha Duarte Catulo (C.A. No. 992).

The substitute Statutory Auditor of the Company is Carlos Luís Oliveira de Melo Loureiro, a Chartered Accountant registered with the Board of Chartered Accountants under No. 572.

II.2. Specialist Committees with Competences in Management and Supervision

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 supervision, particularly with regard 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 by 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 2012, the 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 analyzis 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.

Indeed, the assessment of the performance of the Executive Committee members is made by the Non-Executive Directors, in order to create an adequate internal balance and an effective performance of non-executive tasks by all members of the Board of Directors and not just by a number of directors. Likewise, Non-Executive Directors monitor the global performance of the Board of Directors and analyze the functioning of the corporate governance system. Within its responsibilities, the Remuneration Committee has also actively participated in performance assessment, particularly for purposes of setting the variable remuneration of executive directors.

Moreover, REN understands that the establishment of a specialized committee with powers regarding the identification of candidates with adequate profile for the office of director does not fit with the Company's specific characteristics, since the process of selection has been appropriately carried out, whether through election at General Meetings, or in the event of co-option by a resolution of the Board of Directors. As mentioned in II.16. above, as part of the selection process, the company shareholders – with ample knowledge of the sector – have played a vital role in identifying candidates.

Moreover, during 2012, the process to select the members of REN's Corporate Bodies was further influenced by the fact that, up to March and aware of its nature as a public company, was subject to state company regulations and also the second stage of privatization took place with the transfer of 40% of capital to two new shareholders.

Therefore, although they are not "formal committees" of the Board of Directors for the purpose, the company considers that, substantially, the content of CMVM Recommendation II.5.1 – which is of the greatest importance to ensure the transparency and accountability of management with regard to the company's shareholders – has been duly followed by REN. However, bearing in mind the position taken by the CMVM in their annual reports on quoted company governance for 2010 and 2011, the company declares, for the purposes of this report, that it does not comply with this recommendation.

II.3. Sharing of Competences between Corporate Bodies, Committees and/or Departments

II.3.1. Delegation of the Board of Directors on its Executive Committee

On 27th March 2012, the Board of Directors delegated powers of day-to-day management of the Company to the Executive Committee, which include the following powers, to be exercised under the terms and within the limits stipulated every year in the operating budget and in the strategic plan submitted by the Executive Committee and approved by Board of Directors:

a) To 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) To approve the disposal of assets and the investment to be made by the company and its subsidiaries, which individual or aggregate value is equal or lower than EUR 15 000 000.00 or which have already been approved within the Company's annual budget and the corresponding value is equal to or lower than, individually or in aggregate,EUR 25 000 000;

c) To 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 EUR 7 500 000 or which are already approved in the annual budget;

d) To 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) To 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) To prepare and implement the annual budget, the business plan and medium and long-term development plans;

g) To 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) To lease or let any property or parts thereof;

i) To 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, by proposing and pursuing lawsuits or arbitrations, with the power to confess, to waiver and to 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 Regulation approved on 27 March 2012[27], 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 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;

d) Contracting of debt on the national or international financial market, 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 previous point l.;

[28] Cf. Article 3(3) and (5).

j) Appointment of the REN Chief Technical Office, 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, which individual or aggregate value is equal or lower than EUR 15 000 000.00 or which have already been approved within the Company's annual budget and the corresponding value is equal to or lower than, individually or in aggregate,EUR 25 000 000;

l) Constitution of companies, acquisition, 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 investment with a value which does not exceed EUR 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 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 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, risk or their special characteristics.

II.3.2. Competences of the Chairman and Vice-Chairman of the Board of Directors

The Chairman of the Board of Directors is appointed by the General Meeting, from among the appointed directors, and holds a casting vote (as does the substitute)[29].

The Vice-Chairman substitutes the Chairman of the Board of Directors, when he is absent or impaired. The Board of Directors further determines which of its members replaces the Chairman, in the event of the Chairman or Vice-Chairman's absence or impairment[30].

The Chairman of the Board of Directors is especially empowered to[31]:

a) Represent the Board of Directors;

b) Coordinate the activity of the Board of Directors and to convene and to preside over its meetings;

c) Supervise the correct implementation of the approved resolutions.

[29] Cf. Article 14 (2) and (5) of the Articles of Association and Article 2(1) of the Board of Directors Regulations.
[30] Cf. Article 2(4) of the Board of Directors Regulations.
[31] Article 17 of the Articles of Association and Article 2(5) of the Board of Directors Regulations.

II.3.3. Competences of the Chairman of the Executive Committee

The responsibilities of the Chairman of the Executive Committee include especially:

a) To coordinate the activity of the Executive Committee;

b) To convene and direct Executive Committee meetings and exercise the casting vote;

c) To ensure that all information is provided to other members of the Board of Directors on the activity and resolutions of the Executive Committee;

d) To ensure compliance with the limits of delegation and the Company strategy.

II.3.4. Distribution of Responsibilities in the Board of Directors

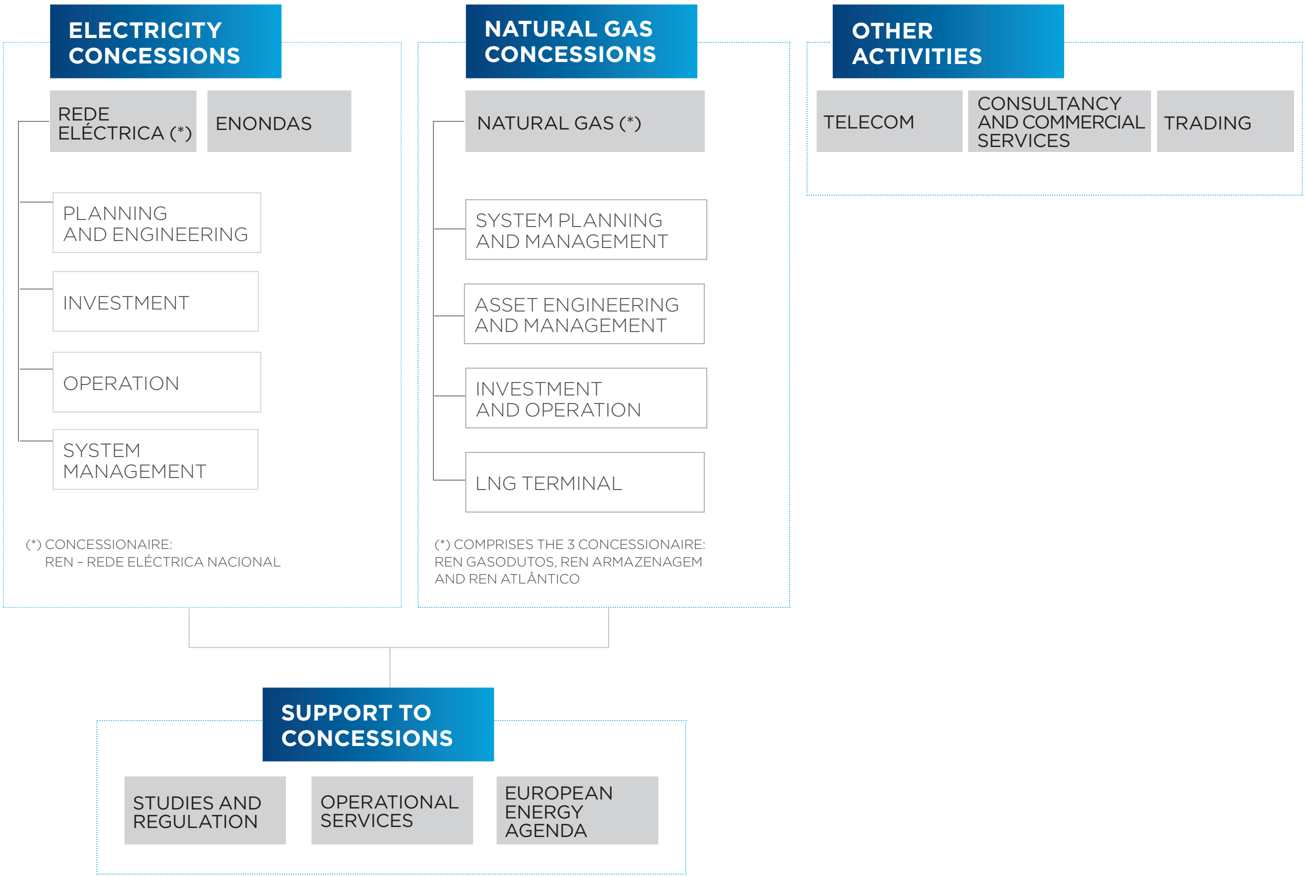
With a view to optimizing management efficiency, the members of the Executive Committee distribute among themselves the responsibility for the direct monitoring of specific performance areas of the Company, under the terms evidenced in the following chart:

EXECUTIVE COMMITTEE		
RUI CARTAXO Chairman	JOÃO FARIA CONCEIÇÃO Director	GONÇALO MORAIS SOARES Director
STRATEGIC PLANNING	REDE ELÉCTRICA NACIONAL	FINANCIAL MANAGEMENT ACCOUNTING
BUSINESS DEVELOPMENT	REN GÁS	INVESTOR RELATIONS
HUMAN RESOURCES	REGULATION	PLANNING AND MANAGEMENT CONTROL
COMMUNICATION	INTERNATIONAL PROJECT MANAGEMENT	MERGERS & ACQUISITIONS
INSTITUTIONAL RELATIONS	SUSTAINABILITY, QUALITY, ENVIRONMENT AND SAFETY	PROCUREMENT
I&D	ENONDAS	INFORMATION SYSTEMS
		REAL ESTATE AND LOGISTICS
		LEGAL SERVICES
		REN TELECOM

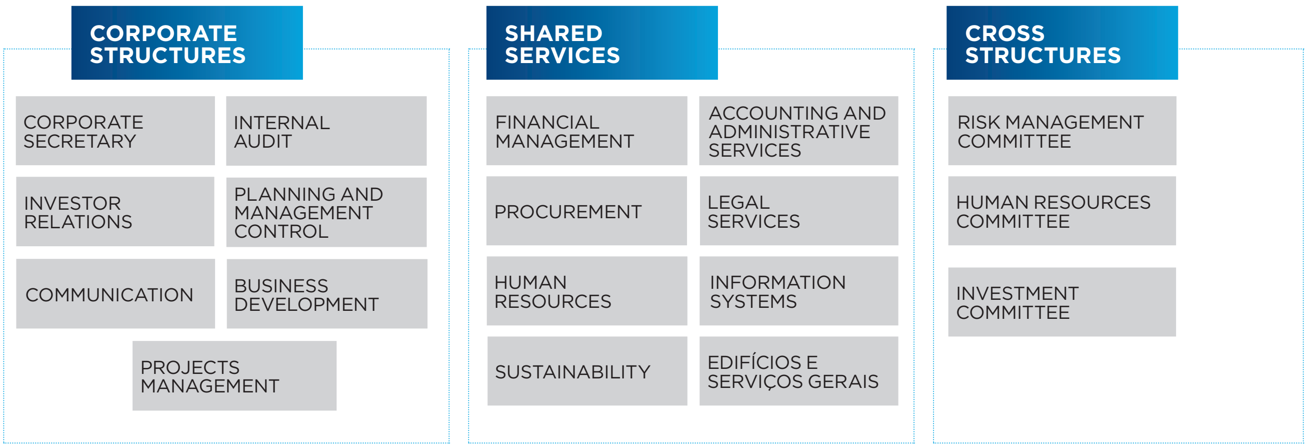
II.3.5. Functional Flowchart

REN GROUP

BUSINESS UNITS



CORPORATIVE AND SUPPORT STRUCTURES



Extract from REN´s 2012 Annual Report. Read the full report for more information.

II.3.6. Audit Committee and Statutory Auditor / External Auditor

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 [32]:

a) Supervising the management of the Company and compliance with the law and the Articles of Association;

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 whistleblowing communications submitted by shareholders, company employees or third parties;

j) Proposing the appointment of the Statutory Auditor to the General Meeting (particularly with regard to 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 several of its members in exercising their duties;

n) Convene the General Meeting whenever the Chairman of the Board of the General Meeting fails to do so, despite this obligation.

The Audit Committee is the Company's main discussion partner and the first recipient of reports from the Statutory Auditors and external auditor, representing it in relation to the Statutory Auditors 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 of the Statutory Auditor by analyzing 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[33]. Accordingly, 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.

Taking into account the work carried out in 2012, the Audit Committee carried out

[32] Cf. Article 6 of the Audit Committee Regulations.
[33] Article 6(3)(j) of the Audit Committee Regulations.

its evaluation of the service provided to the Company by the external auditors. Consequently, the Audit Committee considers that the external auditors have provided their services in a positive way and have complied with the applicable standards and regulations, including international standards on auditing, and that they performed their activities with extreme technical accuracy.

The Statutory Auditor[34] is responsible for the examination and verification required for the review and legal certification of the financial statements. 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.

Within its scope of powers as an external auditor, the Statutory Auditor verifies the implementation of the remuneration policies and systems, the effectiveness and functioning of the internal control mechanisms and is obliged to report any deficiencies to the Company's Audit Committee. The Statutory Auditor also verifies the Corporate Governance Report, under the legally applicable terms.

II.3.7. The Remuneration Committee

The Remuneration Committee is responsible for presenting and submitting to the shareholders the principles of the remuneration policy of the corporate bodies, as well as for determining the respective remunerations[35].

At 31st December 2012 and on this date, the following three members, appointed at the annual General Meeting of 27th March 2012, were on the Remunerations Committee (three-year period of 2012-2014)[36]:

NAME	POSITION
CARLOS ADOLFO COELHO FIGUEIREDO RODRIGUES	CHAIRMAN
RUI HORTA E COSTA	MEMBER
PEDRO DE SOMMER DE CARVALHO	MEMBER

The current Remuneration 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.

[34] Cf. Article 420.
[35] Cf. Article 2.6 of the Articles of Association.
[36] Up to 27th March 2012, the following members were on the Remuneration Committee: José Emílio Castel-Branco, Francisco Manuel Marques Bandeira and José Alexandre de Oliveira (appointed for the 2010-2012 term of office).

The members of the Remuneration Committee have relevant knowledge and experience concerning remuneration policies (cf. II.38. of CMVM Regulations No. 1/2010).

During the performance of its duties, the Remunerations Committee received advice from specialized entities on remuneration matters, which do not provide or have provided, over the past three years, services to the REN Board of Directors or to any structure in its dependence (under employment or service agreements) and have no current relationship with a consultant of the Company (cf. II.39. of CMVM Regulations No. 1/2010).

The Remuneration Committee held six meetings in 2012. For each meeting of the Remuneration Committee minutes were drawn up.

II.4. Annual Report on the Activity of the Audit Committee

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 (www.ren.pt).

II.5. and II.6. Risk Management and Internal Control Systems and Respective Responsibility of the Management and Supervisory Bodies

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, including CMVM's recommendations and the good governance principles contained in the Council of Ministers Resolution No. 49/2007 of 28th March.

The Executive Committee and, ultimately, the Board of Directors, are responsible for creating and managing the internal control and risk management systems.

Therefore, on 8th November the REN Board of Directors approved the review of the regulations on "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".

The Audit Committee is responsible for assisting the Executive Committee in analyzing the integrity and efficiency of REN's Internal Control and Risk Management Systems[37]. Furthermore, in its plan of activities for the financial year of 2012, the Audit Committee considered carrying out a number of steps to monitor and evaluate the functioning and adequacy of the internal control and risk management systems.

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 Group strategy;

[37] Article 6(3)(d) of the Audit Committee Regulations.

- 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.

During the 2009 financial year, on 13th May 2009, the Executive Committee passed a resolution to set up the Internal Audit Department (IAD), 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. In operational terms, it reports to the Audit Committee, notwithstanding its hierarchical relationship with the executive management of the Company. The officer in charge of the Internal Audit Department is Gil Vicente Jorge Marcelino.

Of note, among the various tasks of the Internal Audit Department are the following:

- Review of risk management and internal control policies in force;
- Assessment of the degree of implementation of internal control (organizational structure and governance, delegation of powers, ethics and conduct code, 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);
- Definition, jointly with the various areas, of measures to correct any weaknesses and non-compliances identified during the audits;
- Monitoring the implementation of corrective measures, through follow-up reports;
- Support for high-level management in defining and/or implementing control and governance measures.

All internal audits conducted by the IAD follow a plan based on risk assessment, whether corporate or by the IAD itself, the latter including an assessment of how risks are managed in terms of processes, systems and business units.

The IAD's Business Plan for 2012, approved by the Audit Committee, has defined and characterized the audits to be carried out. The Business Plan was designed to:

- Focus on the audits in areas of greatest risk;
- Assess the efficiency of the internal control systems implemented;
- Cover all REN Group companies;
- Add value to the REN Group.

In implementing the various audits, particular attention was paid to the assessment of internal control systems, to compliance with established procedures, to the efficient use of resources, to the effective monitoring of processes and to the assessment and minimization of identified risks.

In 2013, the audit procedures will be maintained and as far as the IAD's future plan of activities is concerned, we highlight the following objectives:

ALIGN THE INTERNAL AUDIT WITH THE GROUP'S STRATEGY	APPLY RESOURCES TO THE AREAS OF GREAT RISK	FOCUS THE AUDITS ON PROCESSES/ACTIVITIES WHICH ARE OF GREATEST IMPORTANCE	COVER ALL COMPANIES OF THE GROUP	POSITION THE INTERNAL AUDIT AS A FUNCTION CAPABLE OF ADDING VALUE

TWith the main concern being the monitoring of the main aspects of REN's activity, and in order to ensure the procedures followed are in compliance, an assessment of the main Internal Control Systems in the Group's various companies is conducted regularly, with the following underlying principles:

- Strengthening and improving effectiveness and efficiency in the use of resources;
- Safeguarding assets;
- Analyzing the information processing system;
- Checking of the reliability and accuracy of financial, accounting and other kinds of information;
- Preventing and detecting fraud and errors;
- Checking for compliance of the Group's operations and business with applicable legal and regulatory provisions, as well as with general policies and Company regulations;
- Promoting operational effectiveness and efficiency.

In addition, the mission of the Risk Management Committee, created in 2010, 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 Group and the internal disclosure of best practices for Risk Management. The Risk Management Committee's main functions are to:

- Promote the identification and systematic evaluation of business risks and their impact on REN's strategic objectives;
- Categorize and prioritize the risks to be addressed, as well as the opportunities identified;
- Identify and define the persons responsible for risk management;
- Monitor significant risks and REN's risk profile;
- Approve regular risk reporting mechanisms by different businesses areas.
- Approve, or submit to the Executive Committee, recommendations for prevention, mitigation, sharing or transfer of material risks.

In 2012, the Risk Management Committee conducted its activity, continuing 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.

Risk Management Procedure

REN has implemented a series of changes to its internal control and risk management systems, involving the components provided for in CMVM Recommendation II.1.1.2. It has also been guided by the norms of the International Organization for Standardization (IOS).

In 2012, the company set out to design, develop and apply a homogeneous and integrated corporate risk management strategy across the entire organization, aligned and structured in accordance with the specific priorities and features of each of the company's areas.

Therefore, within the scope of the Group risk management system, the following activities were undertaken:

- 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.

The goal of the risk management process is to contribute directly towards improving REN's performance and complying with CMVM recommendations.

Other Initiatives within the scope of Risk Management

In 2012, through the ISO and the Sustainability Department, REN participated in the Project "GestãoTransparente Org – Practical Guide for the Corruption Risk Management in Organizations". The public presentation of this project took place on 10th December.

The main objectives of this project consist of developing a joint initiative to prevent corruption and promote transparency, promoting the sharing of values of integrity, transparency and responsibility, identifying and characterizing the main organizational instruments to prevention risks of corruption, developing a practical management instrument to support organizations, particularly in Corruption Risk Management, in a style of language accessible to companies and the general public.

II.7. Working Regulations of Management Bodies

The Board of Directors Regulations, Audit Committee Regulations and the Executive Committee Regulations are available on the REN website[38] in Portuguese and English.

There are no internal rules on incompatibilities nor on the maximum number of positions which can be accumulated, beyond those referred to in II.15. above.

SECTION II – THE BOARD OF DIRECTORS

II.8. Coordination Mechanisms for Work of Non-Executive Members

According to the Board of Directors Internal 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 exercise of their right to information, as follows[39]:

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;

[38] www.ren.pt.
[39] Cf. Article 11 of the Board of Directors Regulations.

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 adequately and timely provided;

c) The directors of the Company having non-executive functions will hold ad hoc meetings, upon convening by the Chairman of the Audit Committee, at its own initiative or upon request of two of those directors, in order to undertake an assessment of the management of the Company.

In addition, 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[40].

Therefore, the Board of Directors considers that, 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.9. Identification of the Main Economic, Financial and Legal Risks 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 2012, the Risk Management Committee, with support from risk owners, identified the various risks to which REN is exposed, thereby determining the Group's risk profile.

[40] Cf. Article 5 of the Executive 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	REN'S CREDIT QUALITY / 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	INFORMATION SYSTEM SAFETY
9		HUMAN RESOURCES	KNOWLEDGE / SKILLS	CAPACITY TO ATTRACT / RETAIN SKILLS AND THE KNOW-HOW NECESSARY FOR THE BUSINESS
10	QUALITY OF INFORMATION FOR THE DECISION-MAKING	REPORTING	ACCOUNTING / TAXATION	ADEQUACY OF THE MANAGEMENT INFORMATION

Changes to the regulatory model and parameters

The risk of the existence 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 monitoring the progress of the regulatory strategy as well as European regulatory trends.

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 could 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 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 supply service and by any difficulty in restoring the service in a timely manner. The infrastructures supporting REN's operations are exposed to a set of conditions (pollution, atmospheric conditions, fires, birds, among others), which could cause interruptions in 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 and other competent entities in the process of authorizing the investment to be made.

Non-entry into operation of assets within planned deadlines

Current economic and financial conditions together with the difficulty in obtaining financing to allow providers of services and suppliers to do business, often results in the insolvency/bankruptcy of such companies which may compromise the entry into operation of assets within planned deadlines.

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.

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 security of information systems and technologies and their capacity to meet the needs of the company are crucial to REN performing well.

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.

▸ Ability to attract/retain the skills and know-how required for the business

REN's success depends on the skills and efforts of its employees and its management teams. The continuation of the company's success depends, to a great extent, on its ability to attract, keep and motivate skilled employees.

To this end, REN is developing its human resources policy by focusing on training, ethics and the development of potential and motivation. The human resources policy also aims to constantly update knowledge and strengthen a culture of quality, both of which are indispensable for it to meet its public service mission..

▸ Adequacy of management information

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.

In this way, the production of accurate, reliable information allows us to ensure that the information does not contain errors that could compromise the decision-making process.

II.10. Powers of the Board of Directors

The Board of Directors has the powers and duties conferred by CSC and the Articles of Association[41]. Among these, of special note are:

a) To define the Company's goals and management policies;

b) To draw up the annual financial and business plans;

c) To manage corporate business and carry out all actions and operations relating to the Company's object which do not fall within the competences attributed to other corporate bodies;

d) To represent the company in and out of court, actively and passively and may waive, settle or confess in any proceedings as well as establish arbitration agreements;

e) To acquire, sell or by any other form dispose of or encumber rights or assets, whether real estate or not;

f) To incorporate companies and subscribe for, acquire, encumber and dispose of shareholdings;

g) To submit proposals to the General Meeting on the acquisition and disposal of own shares, in compliance with the applicable legal restrictions;

h) To 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) To perform any other functions granted by law or by the General Meeting[42].

[41] Article 15(1) of REN's Articles of Association.
[42] Cf. Article 15(3) of the Articles of Association.

With regard to the scope of delegation of powers to the Executive Committee and to matters which cannot be delegated by the Board of Directors, see II.3.1. above.

In turn, the acquisition and disposal of assets, rights or shareholdings with an economic value greater than 10% of the Company's fixed assets is subject to prior approval from the General Meeting.

It should be noted that the Company's Articles of Association do not authorize the Board of Directors to increase the Company's share capital.

II.11. Responsibility Rotation Policy and Rules on the Appointment and Substitution of Members

II.11.1. Policy on the rotation of responsibilities

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

a) Concerning the allocation of responsibilities, the Board of Directors will take into account, among others, the following factors: (i) the know-how and experience appropriate to the relevant functions, (ii) the thorough knowledge of the sector and (iii) the diversity of skills and qualifications within the Board of Directors, as a body intended to be multidisciplinary;

b) The allocation of responsibilities will fall within the human resources culture and management policy of the Company in order to allow, whenever this is desirable and in the interest of REN, the harmonization of global practices and maximization of synergies in the several business units;

c) The Board of Directors will, on a case by case basis, rotate director's responsibilities, whenever such rotation is in line with the improvement of corporate governance and the pursuit of the Company's interests, more specifically when a refreshing of the adopted strategy with regards to a specific responsibility or role is considered to be positive;

d) Usually, in the allocation of responsibilities to the executive members of the Board of Directors, particularly regarding financial matters and other highly complex and specialized roles, the tendency will be to give priority to the criteria mentioned on the first paragraph above, as it is considered that in such situations the experience, appropriate qualifications and, most of all, an in-depth knowledge of the Company and its business have a higher added value than rotation;

e) Furthermore, with regard to its non-executive members, the Board of Directors will seek to rotate an adequate number of members, usually after the lapse of 3 consecutive terms of office, in order to contribute to the efficient performance of its functions of accompanying and monitoring the executive management.

The abovementioned principles will apply in the context of the following powers of the Board of Directors:

a) Appointment of the members of the Executive Committee and its Chairman;

b) Granting of powers to one or more directors to specifically deal with certain management matters;

[40] Cfr. n.º 3 do artigo 15.º do Contrato de Sociedade.

c) Appointment of specialist committee members, which may be established pursuant to article 10 of the Internal Regulations of the Board of Directors; and

d) Replacement by co-option of missing directors subject to ratification in the first subsequent General Meeting, according to the applicable legal provisions.

II.11.2. Rules relating to the Appointment and Substitution of Members

In accordance with legislation and the Articles of Association[43], the election and dismissal of members of the Board of Directors[44] and the Audit Committee is the responsibility of the General Meeting. It is the responsibility of the General Meeting to elect the Chairman and Vice-Chairman of the Board of Directors. In turn, the Chairman of the Audit Committee is chosen by the General Meeting or the Committee itself, should the General Meeting not do so[45].

In accordance with the Articles of Association[46], a minority of shareholders who voted against the winning proposal appoint at least one director, provided that this minority represents at least 10% of the Company's share capital.

CSC rules apply[47] with regard to the substitution of members of the Board of Directors and members of the Audit Committee, 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 Company's Articles of Association[48] 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.

In accordance with legislation and the Articles of Association[49], the Statutory Auditor is appointed by the General Meeting under a proposal of the Audit Committee. His dismissal also falls to the General Meeting.

II.12. Number of Board of Directors and Audit Committee Meetings. Drawing up of the respective Minutes

The Company's Articles of Association and the respective internal regulations, the Board of Directors holds ordinary meetings at least bi-monthly, on dates established by agreement between its members for each calendar year, and extraordinary meetings whenever convened by its Chairman, by any 2 directors or by the Statutory Auditor. During the first eighteen months in its term in office, the Board of Directors shall meet monthly[50].

During the financial year of 2012, the Board of Directors held fourteen meetings. For each meeting the respective minutes were drawn up.

The drawing up of the minutes of the Board of Directors meetings is the responsibility of the Company Secretary. The minutes shall be submitted for the approval of the Board at the ordinary meeting after that to which they refer[51].

[43] Article 8(2)(b).
[44] Cf. Article 15(3) of the Articles of Association and Article 2(1) of the Board of Directors Regulations.
[45] Cf. Article 21(2) of the Articles of Association and Article 3(2) of the Audit Committee Regulations.
[46] Article 14(2).
[47] Article 393(3) and Article 423(H).
[48] Cf. Article 19(8) and (9).
[49] Article 8(2)(c).
[50] Article 19(1) of the Articles of Association and Article 4(2) and (3) of the Board of Directors Regulations.
[51] Article 5(4) of the Board of Directors Regulations.

Meetings of the Audit Committee 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. For each meeting, the respective minutes are drawn up, which are submitted for approval at the ordinary meeting after that to which they refer[52].

In 2012, the Audit Committee held 16 meetings.

II.13. Number of Meetings Held by the Executive Committee Sending of the respective meetings Invitations to Convene

Executive Committee meetings are held, as a rule, once a week[53].

In 2012, the Executive Committee held 47 meetings, for which the relevant minutes were drawn up[54].

The Chief Executive Officer sends to the Chairmen of the Board of Directors and of the Audit Committee the notices to convene and the minutes of the meetings of the Executive Committee. The Executive Committee provides timely and appropriate information to members of other corporate bodies upon their request.

II.14. Incompatibility Rules and Independence Criteria for Executive and Non-Executive Members

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. Therefore, on 31st December 2012 and on this date, twelve of the fifteen members of the REN Board of Directors were non-executive directors.

Taking into account the assessment criteria of independence laid down in CMVM's Recommendation II.1.2.3. and in Article 414(5) of the Portuguese Companies Code, the REN Board of Directors considers the following non-executive directors as independent:

NAME	POSITION
JOSÉ LUÍS ALVIM MARINHO	CHAIRMAN OF THE AUDIT COMMITTEE
JOSÉ FREDERICO VIEIRA JORDÃO	MEMBER OF THE AUDIT COMMITTEE
EMÍLIO RUI VILAR	MEMBER OF THE AUDIT COMMITTEE
JOSÉ LUÍS ARNAUT	NON-EXECUTIVE MEMBER OF THE BOARD OF DIRECTORS

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).

In light of the above, REN fully complies with Recommendations II.1.2.1 to II.2.1.3, as the Board of Directors comprises an adequate number of non-executive members and, among these, independent members.

[52] Articles 8 and 9 of the Audit Committee Regulations.
[53] Article 2 of the Executive Committee Regulations.
[54] Cf. Article 5 of the Executive Committee Regulations.

Also with regard to members of the Audit Committee, this body understands that all its members have suitable competences for exercising their respective duties, including a suitable degree and knowledge of auditing and accounting, with the Company also complying with Recommendation II.1.3.1.

II.15. Rules on Gauging the Independence of Members of the Board of Directors

The independence of Company directors is gauged based on the relevant rules in Article 414(5) and Article 414A(1) (with the exception of b)) in the CSC, and is pursuant to the information and declarations provided by the directors themselves.

Moreover, at the Company General Meeting held on 27th March 2012, the introduction of a new provision into the Articles of Association was approved – Article 7-A, which governs the special system of incompatibilities applicable to the exercising of duties in 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.

II.16. Non-Executive Director Candidate Selection Process

Taking into account that, under the law and the Articles of Association, the election and dismissal of the members of the Board of Directors of the Company is within the scope of powers of the General Meeting, and is carried out through lists of people selected by the proposing shareholder(s), with voting taking place on these lists, the shareholders have an exclusive role in this selection process, without any intervention by executive directors.

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.

In any case, in the absence of a specialized committee, concerning selection/appointment matters, as explained in II.2. above, the continuous monitoring of matters relating to the assessment of the overall performance of the Board of Directors, as well as the analysis of the appropriate profile for the performance of the functions of REN Directors is a competence of the non-executive members of the Board of Directors, within their supervisory role.

II.17. Description of the Activity of Non-Executive Directors

In compliance with their competences, in 2012, the Non-Executive Directors of the Company performed their supervisory duties of the executive members in an effective manner and without detecting any constraints.

Therefore, pursuant to the CSC, the Articles of Association and the Board of Directors Regulations, the Non-Executive Directors have performed the duties necessary to comply with their general duty to monitor the work of the Executive Committee. We are providing in this report, which is an integral part of the annual management report, a description of the work of Non-Executive Directors relating to their supervisory duties during 2012:

a) the exercising of duties within the Audit Committee by the three Non-Executive Directors on said Committee;

b) participation in the meetings of the Board of Directors and the timely appreciation of matters discussed there, taking on an important role in formulating corporate strategy and in the supervision of its implementation;

c) presentation of requests to the Executive Committee for clarifications on matters relating to the management status of the company. Of note among these matters are financial aspects, internal control and risk management, matters on governance and regulatory aspects; and

d) the permanent monitoring of 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.

II.18. Professional Qualifications of Members of the Board of Directors, Information on the Professional Activities they have carried out, covering at least the previous five years, the Number of shares they hold in the Company, Date of first Appointment and Date of End Term of Office

This information can be found in Annexes I and II of this report.

II.19. Duties which the Members of the Board of Directors carry out in other companies, with a break down of duties in other companies of the same Group

The duties carried out by the Members of the Board of Directors in other companies can be found in Annex I of this report.

SECTION III – GENERAL AND SUPERVISORY COUNCIL, FINANCIAL MATTERS COMMITTEE AND FISCAL COUNCIL

The information required in paragraphs II.21. to II.28. of CMVM Regulation No. 1/2010 does not apply to REN, bearing in mind that the Company adopted an Anglo-Saxon model of governance.

SECTION IV – REMUNERATION

II.29. and II.30. Remuneration Policy for Management and Supervisory Bodies

REN's remuneration policy for 2012 takes into account the recent legal, regulatory and recommendatory rules regarding the remuneration of the members of corporate bodies, to which REN is subject, on one hand, as an issuer of shares admitted to trading and, on the other hand, up to 25th May 2012, it was a public company.

The following instruments are of special note due to their importance and impact on REN's remuneration policy for 2012:

a) As an issuer of shares admitted to trading, REN is subject to Law No. 28/2009 of 19th June and to CMVM Regulation No. 1/2010, as well as to CMVM Recommendations;

b) Moreover, as a company of the corporate sector of the State, REN is subject to (i) Council of Ministers Resolution No. 49/2007 of 28th March, on the principles of corporate governance, and (ii) Ministerial Order No. 11420/2009 of 11th May, which develops that Resolution with regard to remuneration;

c) Up to 25th May 2012, REN was also subject to compliance with the Statute of Public Manager, approved by Decree-Law No. 71/2007 of 27th March, with its current wording, as well as to other laws which govern the setting of monthly salaries for public managers;

d) Due to the implemented exceptional measures of budget consolidation, until 25th May 2012, temporary restrictions on the remuneration of members of corporate bodies were applicable to REN, in particular Law No. 12-A/2010 of 30th June and Law No. 64-B/2011 of 30th December, which approved the State Budget for 2012.

As part of its duties, the REN Remunerations Committee approved the declaration on the remunerations policy for REN corporate bodies for 2012, annex to the 2011 report (Annex II), which was submitted to vote and approval at the annual General Meeting of 27th March 2012.

As referred to above, further to the conclusion of the second stage of REN privatization, the Remunerations Committee approved new remunerations policy for REN corporate bodies, which came into effect on 1st June 2012. The REN Remuneration Committee will therefore submit a declaration on the abovementioned remunerations policy for approval at the annual General Meeting for 2012, to apply to the 2012-2014 term of office, with effect as of that date (Annex II).

The abovementioned declarations cover 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.

The Company considers that there are no other workers who are entitled to remuneration with a significant variable component, whose professional activity may have a relevant impact on the Company's risk profile.

In 2012, REN adopted a transparent and equitable remuneration system which, on one hand, respects the remuneration restrictions applicable to the public sector, and on the other, is flexible with a view to being able to adopt the Recommendations of the CMVM, as described below:

a) Remuneration of the members of management and supervisory bodies includes a fixed component, determined by taking into account the policies followed by a series of national and European peers identified in Annex II;

b) Remuneration of the Non-Executive Directors, including the members of the Audit Committee, is composed exclusively of a fixed component, thus is not dependent on the performance or value of REN;

c) In turn, remuneration of the members of the Executive Committee includes, in addition to a fixed component, a variable component determined, essentially based on four general criteria described in more detail in II.33 below: (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.

II.31. Individual Remuneration of the Members of Management and Supervisory Bodies

At the General Meeting of 27th March 2012, shareholders voted in favor of a proposal to terminate the term of office underway for the three-year period 2010-2012. It was also determined that 2012 would be the reference point for the start of new terms of office for corporate bodies, the first of which will be for the three year period 2012-2014. Therefore, new corporate bodies were elected for the 2012-2014 term of office.

With regard to the period referring to the previous term of office, listed below are the remunerations of the Members of Management and Supervisory Bodies, individually and as a whole, which only includes the fixed remuneration:

TERM OF OFFICE CONCLUDED ON 27/03/2012

NAME		FIXED REMUNERATION[1]
RUI CARTAXO	CHAIRMAN OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE	81 229.45(2) [2]
ANÍBAL SANTOS	EXECUTIVE COMMITTEE	61 005.10
JOÃO CAETANO CONCEIÇÃO	EXECUTIVE COMMITTEE	61 005.10
JOÃO PLÁCIDO PIRES	EXECUTIVE COMMITTEE	61 005.10
JOÃO NUNO PALMA (3)	EXECUTIVE COMMITTEE	689.52
JOSÉ MORGADO	THE BOARD OF DIRECTORS	6 445.32
EGF, S.A.	THE BOARD OF DIRECTORS	6 445.32
OLIREN, SGPS, S.A.	THE BOARD OF DIRECTORS	6 445.32
RED ELÉCTRICA CORPORACIÓN, S.A.	THE BOARD OF DIRECTORS	6 445.32
JOSÉ LUIS ALVIM	AUDIT COMMITTEE	12 135.48
JOSÉ FREDERICO JORDÃO	AUDIT COMMITTEE	9 770.84
FERNANDO ROCHA DE ANDRADE	AUDIT COMMITTEE	9 770.84
TOTAL		**322.392,71**

[1] The established fixed remuneration was reduced in accordance with legislation applicable to public managers.
[2] This sum includes EUR 15 165.00 paid by the subsidiary Red Eléctrica Corporácion, S.A., a Company incorporated under Spanish Law, in which Rui Cartaxo inherently holds the office of member of the Board of Directors.
[3] Resigned as Member of the Board of Directors and of the Executive Committee on 2nd January, 2012.

As mentioned above, in the term of office started on 27th March 2012, the sum of remunerations paid to members of corporate bodies took into account two distinct time frames:

a) Up to 31st May 2012, the rules in effect from the previous term in office were applied;

b) From 1st June 2012, the new remuneration policy has been applied as approved by the Remunerations Committee elected at the General Meeting of 27th March.

Therefore, the remunerations of the members of the management and supervisory bodies, individually and as a whole, which only included a fixed component, were as listed below and:

TERM OF OFFICE STARTED ON 27/03/2012

NAME		FIXED REMUNERATION(1)
RUI CARTAXO	CHAIRMAN OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE	282 540.21 (1)
JOÃO CAETANO CONCEIÇÃO	EXECUTIVE COMMITTEE	224 324.19
GONÇALO MORAIS SOARES	EXECUTIVE COMMITTEE	224 344.67 (2)
GUANGCHAO ZHU	VICE-CHAIRMAN OF THE BOARD OF DIRECTORS	47 173.63
MENGRONG CHEN	THE BOARD OF DIRECTORS	21 506.94
HAIBIN WAN	THE BOARD OF DIRECTORS	21 506.94
HILAL AL-KHARUSI	THE BOARD OF DIRECTORS	21 506.94
ANÍBAL SANTOS	THE BOARD OF DIRECTORS	20 205.00
EGF, S.A.	THE BOARD OF DIRECTORS	25 779.68
MANUEL CHAMPALIMAUD	THE BOARD OF DIRECTORS	15 000.00
RED ELÉCTRICA CORPORACIÓN, S.A.	THE BOARD OF DIRECTORS	25 779.68
JOSÉ LUÍS ARNAUT	THE BOARD OF DIRECTORS	18 900.00
JOSÉ MORGADO	THE BOARD OF DIRECTORS	10 779.68
JOSÉ LUIS ALVIM	AUDIT COMMITTEE	52 989.52
JOSÉ FREDERICO JORDÃO	AUDIT COMMITTEE	42 439.16
EMÍLIO RUI VILAR	AUDIT COMMITTEE	35 777.22
TOTAL		**1 090 553.46**

(1) This sum includes EUR 153 028.88 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.
(2) In the context of the recruitment and selection process concerning a new member for the Executive Committee for the position of Chief Financial Officer, Gonçalo Morais Soares, the reference shareholders decided to grant a supplementary remuneration to said director in the amount to EUR 100 000.00, to be paid only once, in addition to the fixed and variable remunerations paid to the directors. This supplement has accrued to the amounts referred to in the table above, thus contributing to consolidate the main goals of REN's remuneration policy, namely the ability to attract and preserve highly qualified professionals.

II.32. Alignment with Long-Term Company Interests, Remuneration based on Performance and Disincentive to Take on Excessive Risk

It is intended that the remuneration of the Executive Committee be composed of a fixed component and a variable component. There should be an adequate proportionality between both components, as explained in II.33 below.

In accordance with the new remuneration policy in effect since 1st June 2012, the variable component of remuneration for 2012 may include a short-term parcel ("RVCP") and a medium-term parcel ("RVMP"), both based on a performance assessment with weighting on key individual performance indicators of the director and the performance of the Company itself, described in more detail in II.33 below. Such indicators seek to bring the interests of the executive directors closer to the long-term interests of REN and its shareholders.

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 and as better described in II.33 below) are to dissuade taking on excessive risk and to stimulate the adoption of a suitable risk management strategy.

II.33. With regard to the Remuneration of Executive Directors

a) and c) Reference to the fact that the Remuneration of Executive Directors includes a Variable Component, Information on How this Component depends on Performance Assessment and indication of dos Assessment Criteria

The awarding of RVCP and RVMP is subject to the following common requirements:

- The awarding of the variable component of the remuneration only takes place after approval of the accounts and the performance assessment for the year to which the payment refers and only when predefined objectives have been complied with, measured against 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.

Particularly, RVMP has the following characteristics which contribute to the alignment of the interests of REN executive directors with those of the Company and shareholders:

- RVMP is set in Remuneratory Units 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 RVMP is set and this value evolves in a manner equal to that of the Total Shareholder Return (TSR) for REN shares;

The abovementioned annual performance assessment for the awarding of RVCP and RVMP throughout the term of office is based on the following Key Performance Indicators (KPI),

i) Average Cost of Debt;

ii) Return on Invested Capital;

iii) EBITDA abroad;

iv) Earnings per Share (compound annual growth rate – CARG; and

v) EBITDA CARG.

These objective criteria are mechanisms intended to promote a proper alignment with medium and long-term interests of the Company and shareholders and shall be determined for all financial years, regardless of the existence of variable remunerations.

b) Indication of the competent Corporate Bodies to conduct the Performance Assessment 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.

d) Explanation of the Relative Importance of the Variable and Fixed Components in the Remuneration of Directors, as well as an Indication of the Maximum Limits of each Component

The fixed component corresponds to a monthly amount paid in twelve installments over the year. The annual value of the fixed component of remuneration earned in 2012 by the members of the Executive Committee is described in II.31 above.

In turn, depending on the level of success in targets as referred to above, the total variable component is graduated between 20% and 120% of the fixed component.

e) and f) Indication on the Deferral of Payment of the Variable Component of Remuneration, with Mention of the Deferral Period and Explanation on How the Payment of Variable Remuneration is subject to Continued Positive Performance of the Company over the Deferral Period

In accordance with the remuneration policy in effect since 1st June 2012, the granting of the RVCP shall correspond to an amount up to 50% of the global variable remuneration granted in relation to each relevant year.

In turn, RVMP is set in Remuneratory Units which refer to every financial year of the term of office in which each executive director has performed duties, and is structured to ensure deferral of payment and is conditioned to continued positive performance, through the following channels:

Each Remuneratory Unit has a value corresponding to the REN share price at the date the RVMP is set and this value evolves in a manner equal to that of the Total Shareholder Return (TSR) for REN shares;

The entitlement executive directors have to convert their Remuneratory Units 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, as long as 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);

Remuneratory Units will be automatically converted into cash or, should the REN General Meeting come to deliberate, into REN shares, either partially or totally, when three years have elapsed since the date on which they were awarded.

g) Sufficient Information on Criteria on which the Awarding of Variable Remuneration in Shares is based, as well as on the Maintaining, by Executive Directors, of Company Shares they have accessed, with regard to the possible signing of Contracts on such Shares

There are no programs or variable remuneration plans that consist of the allocation of shares, options to purchase 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 (except the RVMP (Medium-Term Variable Remuneration) index for the REN share price, as described above).

However, the remuneration policy approved by the Remuneration Committee and which came into effect on 1 June 2012, determines that, within the scope of RVMP, Remuneratory Units can be converted into REN shares, either partially or totally, should the REN General Meeting so deliberate.

h) Information on Criteria on which the Awarding of Variable Remuneration in Options is based and Indication of the Deferral Period and the Price

See sub paragraph g) above.

i) Identification of the Main Parameters and Basis of any System of Annual Bonuses and any other Non-Monetary Benefits

There is no system of annual bonuses or any other non-monetary benefits, beyond the variable component of remuneration described above and that referred to in p) above.

j) 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.

l) Compensation paid or due to Ex Executive Directors for the Termination of their Duties during Office

There are no agreements between the Company and the members of the managing and supervisory bodies providing the award of compensation in the event of directors' resignation or dismissal from office.

No other amounts are due and no other amounts were paid in 2012 as compensation, beyond the sums listed below.

Taking into account the early termination of the 2010-2012 term in office, the Remuneration Committee set a compensation payment for outgoing directors, due to the reduction by one year of the term of office started in 2010.

Therefore, and taking into consideration that the members of the REN Board of Directors who, up to the coming into effect of the second REN privatization stage, were subject to the State's Public Manager Status, approved by Decree-Law No. 71/2007 of 27th March, currently in the version resulting from Decree-Law No. 8/2012 of 18 January (applicable through the fact that REN was considered, up to the end of the second privatization stage, to be a public company for the purposes of Article 3 of Decree-Law No. 558/99 of 17th December) it was deliberated to award outgoing directors with compensation corresponding to the base salary paid in the respective term of office for a period of twelve months. This decision was governed by the provisions of Article 26(4) of the abovementioned Public Manager Status[55].

Based on the applicable legislation, the following compensation was paid:

COMPENSATION FOR EARLY TERMINATION OF TERM OF OFFICE

NAME		
ANÍBAL SANTOS	EXECUTIVE COMMITTEE	229 560.00
JOÃO PLÁCIDO PIRES	EXECUTIVE COMMITTEE	31 500.00
JOSÉ CARVALHO NETO	THE BOARD OF DIRECTORS	29 940.00
OLIREN, SGPS, S.A.	THE BOARD OF DIRECTORS	29 940.00
FERNANDO ROCHA DE ANDRADE	AUDIT COMMITTEE	41 304.00
TOTAL		**362 244.00**

[55] "In cases of return to duties or the acceptance, within the time referred to in the previous point, of duties or a position in the civil service or with a public company, or in the case of return to duties previously carried out by managers appointed through a commission of service or special or occasional assignment, the compensation possibly due is reduced to the sum of the difference between the salary as a manager and the salary of the position of origin on the date that duties as a manager terminated, or the new salary, and the part of the compensation which may possibly have been paid shall be returned."

m) Reference to the Contractual Limitation for Compensation to be paid for Unfair Dismissal of a Director and its Relation to the Variable Remuneration Component

Upon termination of the management functions by agreement or by dismissal without fair grounds, no indemnification shall be paid if the termination or dismissal is due to inadequate performance by the director, in line with the remunerations policy approved by the Company's Remunerations Committee.

n) Sums of any nature paid by other Companies in a Domain or Group Relationship with REN

The members of the corporate bodies of REN did not receive any amounts paid by other companies in a domain or group relationship with REN.

o) Description of the Main Characteristics of the Complementary Systems for Pensions or Early Retirement for Directors, indicating if they were or were not, subject to Appreciation by the General Meeting

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

p) Estimate of the Value of relevant Non-Monetary Benefits considered as Remuneration not covered by the Situations above

In 2012, Executive Directors were entitled to the use of a car, a cell phone, health insurance, life insurance and personal accident insurance for the performance of their duties. It is estimated that the value of these benefits is €20 000/director.

q) Existence of Mechanisms which impede Executive Directors from signing Contracts which jeopardize the Reason for the Existence of Variable Remuneration

Bearing in mind the objectives sought through the remuneration model stipulated herein, executive directors of the Company shall not take out contracts designed to mitigate the risk inherent to the variability of their remuneration, as stipulated in the remuneration policy approved by the Remuneration Committee.

II.34. Reference to the Fact that the Remuneration of Non-Executive Directors on the Board of Directors does not include Variable Components

Non-executive directors' remuneration is exclusively composed of a fixed component, and is not connected to the performance or value of REN, meeting the applicable recommendations on this matter. Their remuneration is paid in twelve monthly installments during the year.

II.35. Whistleblowing Policy

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 cause adverse effects on 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 head office or via electronic mail to comissao.auditoria@ren.pt, which is only accessible by the Audit Committee for this purpose. 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, (i) rejection of the communication, or (iii) presentation of a proposal for corrective measures to the Board of Directors or the Audit Committee.

II.36. Performance Assessment Committees for Executive Directors and the Governance System and Identification of potential candidates for the position of Director

See point II.2 above

II.37. Number of Meetings of Management And Supervision Committees

See point II.2 above

II.38. Knowledge and experience of Members of the Remunerations Committee

See point II.3.7. above

II.39. Independence of the Members of the Remunerations Committee

See point II.3.7. above

6.3 INFORMATION AND AUDITING

III.1. Capital Structure

REN's share capital, in the amount of EUR 534 000 000 (five hundred and thirty-four million Euro) is represented by 534 000 000 (five hundred and thirty-four million) shares with a face value of EUR 1.00 (one Euro), in the form of nominative book-entry shares, divided as follow[56]:

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 are shares to be privatized 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 (see I.7. above).

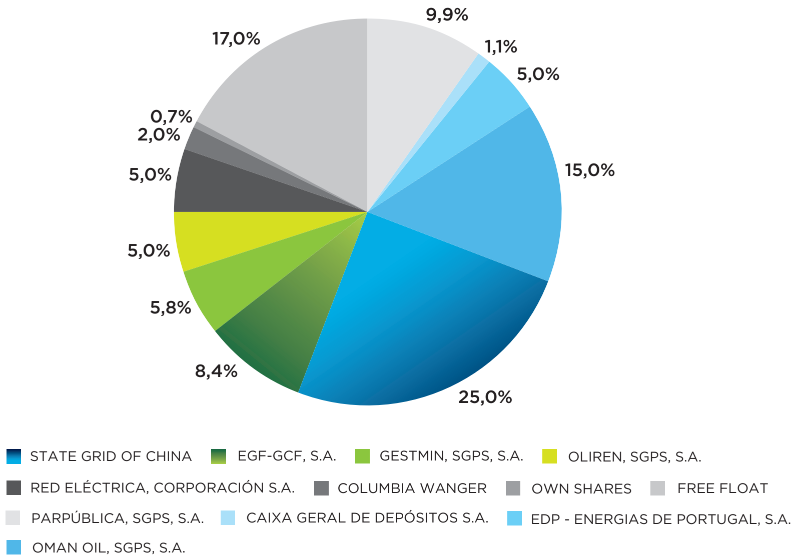
[56] Cf. Article 4(1) and (2) of the Articles of Association.

On 31 December 2012, all of REN's class A shares were admitted to trading on Euronext Lisbon, with the exception of 213 600 000 shares held by State Grid Europe Limited and Mazoon B.V., corresponding to code PTREL0AM0008.

III.2. Qualified Holdings in Company Capital, calculated pursuant to Article 20 of the Portuguese Securities Code

Qualified shareholdings held in REN's share capital, on 31st December 2012, are listed in Annex II, which also includes the identification of shares held by members of REN's management and supervisory bodies, as well as transactions carried out by these members of corporate bodies or people related to them.

Thus, using as a reference the announcements made to the Company, pursuant to CSC Article 447, Article 16 of the Portuguese Securities Code and Article 14 of CMVM Regulation No. 5/2008, the structure of voting rights stemming from REN's qualified shareholdings, calculated pursuant to Article 20(1) of the Portuguese Securities Code, with reference to the date of 31st December 2012, can be summarized as follows:



III.3. Identification of Shareholders who have Special Rights

All Class B shares, corresponding to 11% of REN capital, are held by Parpública – Participações Públicas (SGPS) S.A. See paragraph III.1. on special rights conferred to this class of shares.

In turn, according to 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.

III.4. Possible Restrictions on the Transferability of Shares, such as Consent Clauses for Disposal, or Limitations on Ownership of Shares

There are no limitations on 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 regard to limitations on ownership and the exercising of voting rights, see I.7. and I.20. above on the limitations expressed in the Articles of Association arising from the legal system applicable to the electricity and gas sector.

III.5. Shareholder Agreements which could lead to Restrictions with regard to the Transfer of Securities or Voting Rights

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.

III.6. Rules applicable to Resolutions by Qualified Majority

Changes to the Articles of Association are subject to the relevant rules as stipulated by law[57] and in the Articles of Association[58] themselves. Therefore:

a) The quorum required to constitute the General Meeting, at first call, is 51% of capital;

b) Both for the first call as well as the second, resolutions on changes to the Articles of Association, splits, mergers, transformation or dissolving of the Company, shall only be considered as approved by two thirds of the votes issued;

c) Resolutions for changes relating to Articles 7-A and 11 and Article 12(3) of the Articles of Association require the approval of three quarters of the votes issued.

III.7. Control Mechanisms available in a possible Worker Participation System in Capital, in that Voting Rights Shall not be Directly exercised by said Workers

There are no systems for worker participation in the share capital of the Company.

III.8. Description of the Evolution of the Company's share price

In 2012, REN shares fell by 2.6%, a less accentuated fall than in the previous year (18%). REN's shares have been affected by the successive downgrades of the sovereign public debt, awarded by rating agencies that, despite defining REN's risk profile as low, considered that REN's rating must not exceed that of the Portuguese State by more than one notch, due to the fact that the Portuguese State is a majority shareholder of REN's share capital and that REN is a regulated company that focuses its activities in the domestic market.

[57] Cf. Article 383 of the Portuguese Companies Code.
[58] Cf. Article 11.

In February 2012, Moody's announced that it would maintain REN's rating at Ba1, placing the Company under review for possible downgrade. In the same month, Standard and Poor's reviewed REN's long and short term rating from "BBB – / A-3" to "BB+ / B", as well as the rating of the respective senior non-guaranteed debt from "BBB-" to"BB+", as a result of the downgrade in Portugal's rating. At the same time, they removed REN's ratings from CreditWatch, changing them to a negative outlook.

Finally, in October, Moody's decided to REN's rating, as they considered that the additional liquidity provided by financing and the continued support of State Grid contribute significantly to mitigation of the risk for REN's medium-term refinancing, as well as due to its reduced connection to Portugal's rating.

REN liquidity almost doubled as compared to the previous year: average daily transactions rose from around 241 000 in 2011 to 414 000 in 2012. This result was due to the contractual operations between EGF, Millennium BCP, Morgan Stanley and JPMorgan, duly communicated to the market, which involved more than 28 000 000 REN book-entry nominative shares. Therefore, the liquidity recorded on 8th March, 4th June and 4th December 2012, was greater than 28 000 000. If we do not consider these operations, the figure for average daily transactions was 85 054 shares.

	EURONEXT LISBON	31/DEC/2011 TO 31/DEC/2012
PRICE (€)	CLOSE	2.055
	MAXIMUM	2.295
	MINIMUM	1.800
	AVERAGE	2.046
TRANSACTIONS	VOLUME (MILLION)	106.0
	AVERAGE DAILY VOLUME (MILLIONS)	0.414
	ACCUMULATED TRANSACTIONS (M€)	216 89
	AVERAGE DAILY TRANSACTIONS (M€)	0.85
VALUE	STOCK MARKET CAP (31/DEC/12; M€)	1 097.37
	VARIATION SINCE START OF YEAR	
Δ%	PSI20	2.9%
	REN	-2.6%

Source: Bloomberg

REN VS PSI20 E DOW JONES EUROSTOXXUTILITIES

Having started the year trading at EUR 2.10, REN's shares hit a minimum price of EUR 1.80 on 13 August and closed the year at EUR 2.06 with a market capitalization close to EUR 1.1 Billion . REN is on the PSI20 index with a weighting of 1.48%, and can be found on a total of 240 market indexes, including Euronext PSI Utilities, NYSE Euronext Iberian and Euronext Top 150.

REN EVOLUTION AND TRANSACTIONS IN 2012

VOLUME (MILLIONS) PRICE Source: Bloomberg

In 2012, 83 announcements were made to the market regarding privileged information and other events affecting REN's share price. The following graph shows the evolution of closing prices and the number of published communications for every month.

REN – COMMUNICATIONS TO THE MARKET AND OTHER FACTS

O REN – Closing price Source: Bloomberg CMVM

The chart and table below summarize the most significant events during 2012.

LIST OF EVENT	DATE	DESCRIPTION	TYPE
1	2/2/12	STRATEGIC PARTNERSHIPS WITH STATE GRID E OMAN OIL	MATERIAL INFORMATION
2	2/3/12	PRESENTATION ON THE STRATEGIC PARTNERSHIPS WITH STATE GRID E OMAN OIL	MATERIAL INFORMATION
3	2/15/12	QUALIFIED SHAREHOLDINGS (COLUMBIA WANGER)	QUALIFYING HOLDINGS AND SHAREHOLDERS' AGREEMENTS
4	2/16/12	RATING MAINTENANCE (MOODY'S)	MATERIAL INFORMATION
5	2/21/12	AMENDMENT AGREEMENTS IN RELATION TO THE CONCESSION AGREEMENTS	MATERIAL INFORMATION
6	2/22/12	ENTERED INTO STRATEGIC PARTNERSHIPS WITH STATE GRID E OMAN OIL	MATERIAL INFORMATION
7	2/22/12	QUALIFIED SHAREHOLDINGS (STATE GRID)	QUALIFYING HOLDINGS AND SHAREHOLDERS' AGREEMENTS
8	2/23/12	QUALIFIED SHAREHOLDINGS (OMAN OIL)	QUALIFYING HOLDINGS AND SHAREHOLDERS' AGREEMENTS
9	2/28/12	RATING REVIEW (S&P)	MATERIAL INFORMATION
10	3/1/12	2011 ANNUAL RESULTS REPORT	MATERIAL INFORMATION
11	3/8/12	ISSUE OF DEBT INSTRUMENTS	MATERIAL INFORMATION
12	3/14/12	ISSUE OF DEBT INSTRUMENTS (20M€)	MATERIAL INFORMATION
13	3/16/12	QUALIFIED SHAREHOLDINGS	QUALIFYING HOLDINGS AND SHAREHOLDERS' AGREEMENTS
14	3/16/12	QUALIFIED SHAREHOLDINGS	QUALIFYING HOLDINGS AND SHAREHOLDERS' AGREEMENTS
15	3/27/12	RESOLUTIONS APPROVED AT THE GENERAL SHAREHOLDERS MEETING	MATERIAL INFORMATION
16	3/28/12	CORPORATE BODIES MEMBERS OF REN	MATERIAL INFORMATION
17	4/4/12	PAYMENT OF DIVIDENDS RELATING TO THE FINANCIAL YEAR OF 2011	DIVIDENDS
18	4/9/12	PURCHASE OF A STAKE IN A MOZAMBICAN COMPANY - CAHORA BASSA	MATERIAL INFORMATION
19	5/14/12	RESULTS OF THE FIRST QUARTER 2012	MATERIAL INFORMATION
20	5/23/12	APPROVAL OF DECREE-LAW THAT CHANGES SHAREHOLDERS VOTING RIGHTS	MATERIAL INFORMATION
21	5/25/12	QUALIFIED SHAREHOLDINGS (STATE GRID EUROPE LIMITED AND OMAN OIL COMPANY)	MATERIAL INFORMATION
22	5/29/12	CORPORATE BODIES MEMBERS	MATERIAL INFORMATION
23	6/11/12	QUALIFIED HOLDING POSITION (JPMORGAN, EGF)	QUALIFYING HOLDINGS AND SHAREHOLDERS' AGREEMENTS
24	7/3/12	CONCLUSION OF THE PURCHASE OF 7.5% OF THE HCB'S SHARE CAPITAL	MATERIAL INFORMATION
25	7/31/12	RESULTS OF THE FIRST HALF OF 2012	MATERIAL INFORMATION
26	7/31/12	REPLACEMENT OF MEMBER OF THE BOARD OF DIRECTORS	MATERIAL INFORMATION
27	9/10/12	REN FIXED RATE NOTES 2012-16	MATERIAL INFORMATION
28	9/27/12	"QUALIFYING HOLDING (JPMORGAN)	QUALIFYING HOLDINGS AND SHAREHOLDERS' AGREEMENTS
29	10/5/12	ISSUE OF DEBT INSTRUMENTS (50M€)	OTHER DOCUMENTS RELATING TO ADMISSION
30	10/11/12	CHINA DEVELOPMENT BANK CORPORATION APROVES 800 M€ LOAN	MATERIAL INFORMATION
31	10/17/12	MOODY'S MAINTAINS REN'S RATING	MATERIAL INFORMATION
32	11/8/12	FIRST NINE MONTHS 2012 CONSOLIDATED RESULTS	MATERIAL INFORMATION
33	11/9/12	NEW STRATEGIC PLAN 2012 – 2016	MATERIAL INFORMATION
34	11/23/12	NEW COLLECTIVE BARGAINING AGREEMENT PROPOSAL	MATERIAL INFORMATION
35	12/7/12	QUALIFYING HOLDING	QUALIFYING HOLDINGS AND SHAREHOLDERS' AGREEMENTS
36	12/10/12	ISSUE OF DEBT INSTRUMENTS	OTHER DOCUMENTS RELATING TO ADMISSION

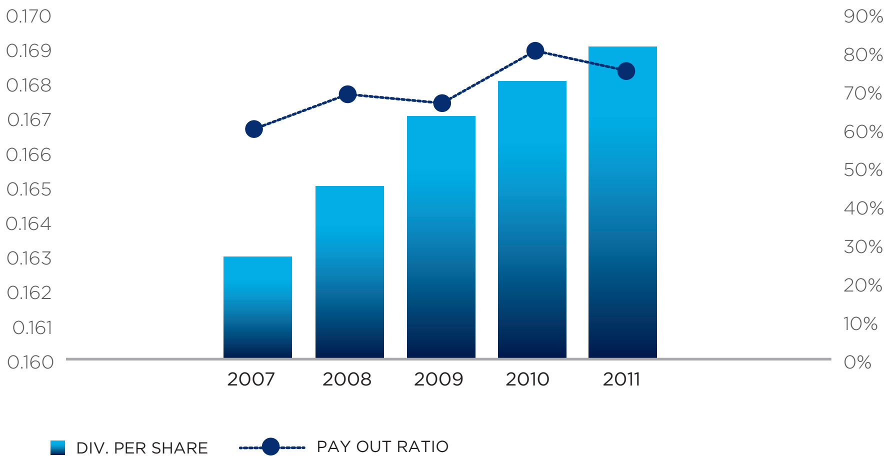
III.9. Dividend Distribution Policy

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

Historically, with the purpose to maintain an attractive dividend that falls within the range of its peers, REN has offered shareholders an annual dividend distribution from approximately 60% to 80% of its net results, as shown in the table below:

YEAR	AMOUNT (M€)	TYPE	PAYMENT YEAR	NET RESULT	PAY OUT RATIO	GROSS DIVIDEND PER
2011	90.25	ORDINARY	2012	120.6	75%	0.169
2010	89.71	ORDINARY	2011	110.3	81%	0.168
2009	89.18	ORDINARY	2010	134.0	67%	0.167
2008	88.11	ORDINARY	2009	127.4	69%	0.165
2007	87.04	ORDINARY	2008	145.2	60%	0.163

In 2012, REN distributed to shareholders, as dividends for the financial year 2011, a total amount of EUR 90 246 000.00, corresponding to a gross amount of EUR 0.169 per share and a net value of EUR 0.1268 per share (regardless of the share type), which was in line with the distribution in previous years.



Since the IPO carried out in July 2007, REN has provided a return to its shareholders that is significantly higher than the return provided by comparable indexes (+ 0.56%), notably the PSI 20 and the Dow Jones Euro Stoxx Utilities.

REN TOTAL RETURN 2012

Source: Bloomberg

In 2012, twelve analysts regularly monitored REN's performance. Although it was a particularly adverse year for most companies listed in Portugal in the regulated market, REN closed the year with 2 recommendations to "buy", 9 "neutral/hold" recommendations and only 1 recommendation to "sell".

On 31st December 2012, the average price target of several investment houses was EUR 2.36, which represents a value increase potential of around 15% on the share price at the close of 2011.

INSTITUTION	NAME	TARGET PRICE	RECOMMENDATION	DATE	ANALYSES REN SINCE
GOLDMAN SACHS	MANUEL LOSA	€ 2.20	SELL	18/DEC/12	06/NOV/12
MORGAN STANLEY	CAROLINA DORES	€ 2.00	UNDERWEIGHT	06/DEC/12	24/JAN/11
ESPÍRITO SANTO RESEARCH	FERNANDO GARCÍA	€ 2.32	NEUTRAL	06/NOV/12	14/JAN/08
BPI	GONZALO SÁNCHEZ-BORDONA	€ 2.25	HOLD	02/NOV/12	11/SEP/07
MILLENNIUM	VANDA MESQUITA	€ 2.60	BUY / LOW RISK	02/OCT/12	15/SEP/07
BARCLAYS CAPITAL	MONICA GIRARDI	€ 2.50	EQUAL-WEIGHT	30/AUG/12	12/APR/11
SANTANDER	BOSCO MUGUIRO	€ 2.22	HOLD	19/JUL/12	20/APR/11
CITI	ANDREW SIMMS	-	UNDER REVIEW		
SOCIETE GENERALE	JORGE ALONSO	€ 2.05	HOLD	02/MAR/12	12/JAN/10
BBVA	DANIEL ORTEA	€ 2.30	MARKET PERFORM	14/FEB/12	15/JUL/11
CAIXA BI	HELENA BARBOSA	€ 3.20	BUY	04/AUG/11	14/APR/08
EQUITA	GIANMARCO BONACINA	€ 2.30	HOLD	20/JUL/11	01/FEB/08
	AVERAGE:	**€ 2.36**			

Note: Target prices and recommendations at 31 December 2012.

III.10. Plans to Award Shares and Share Purchase Options

There are no programs or variable remuneration plans that consist of the allocation of shares, options to purchase 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 (without prejudice to that stipulated in II.33.g)).

III.11. Business and Operations with the Management and Supervisory Bodies or with Companies which are in a Group or Control Relation, outside Normal Market Conditions

No business has been done between the Company and members of its Management or Supervisory Bodies or companies which are in a group or control relation, without prejudice to that referred to in Annex III on the acquisition of REN bonds.

III.12. Business and Operations between the Company and those with Qualified Holdings or Entities which are in any Relation, pursuant to Article 20 of the Portuguese Securities Code, outside Normal Market Conditions

Annex IV contains the description of the main elements of the business and operations carried out between the Company and the holders of qualified shareholdings and entities with which they are in any relationship.

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.

III.13. Intervention of the Supervisory Body for Purposes of Prior Assessment of Business to be carried out between the Company and those with Qualified Holdings

So as to facilitate control by the Audit Committee of transactions concluded or to be concluded by REN with related parties and the methodology to be adopted in the event of potential conflict of interests, the REN Audit Committee decided to propose new internal regulations to the Board of Directors to analyze and control transactions with related parties and prevent situations of conflict of interest, which were approved by the Board of Directors on 8 November 2012.

Under the terms of the abovementioned regulations, transactions carried out between a Related Party[59] and REN or its affiliates, which come under the situations listed below, will be submitted by the management body to the Audit Committee[60] for a prior opinion:

a) The acquisition and sale of goods or the provision of services valued at over EUR 1 000 000 (one million Euro);

b) The acquisition or disposal of shareholdings;

[59] That is, (a) a member of a REN managing or supervisory body or of any other company in a control 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 under article 20 of the Portuguese Securities Code ("Relevant Shareholder") – or (d) a third-party body, related to an Official or a Relevant Shareholder by means of any relevant commercial or personal interest.

[60] Cf. Point III(a) of the Regulations.

c) New loans, financing and subscription of financial investments resulting in an overall annual indebtedness exceeding EUR 100 000 000 (one hundred million Euro), except when dealing with a simple renewal of existing circumstances or operations undertaken within the framework of pre-existing contractual conditions.

d) Any transaction which, though not covered by the above criteria, has a value that exceeds EUR 1 000 000 (one million Euro) 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 as referred to above, on the one hand, 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[61] for its consideration.

If the Audit Committee issues an unfavorable 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[62]

Finally, the Audit Committee submits recommendations to the Board of Directors with regard to measures to prevent and identify conflicts of interest[63].

III.14. Description of the Statistical Information on Business subject to prior Intervention by the Supervisory Body

The Audit Committee did not intervene in any business or operations conducted 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, given that no situations arose in which such intervention was required under the terms described in III.13 above.

III.15. Indication of the Availability on the Company's website of Annual Reports on work done by the Audit Committee

The Audit Committee draws up an annual report on its supervisory activities (including references to any detected constraints), and also submits 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 (www.ren.pt).

[61] Cf. Point III(b) of the Regulations.
[62] Cf. Point IV(4) and (5) of the Regulations.
[63] Cf. Point IX(1) of the Regulations.

III.16. Investor Relations Office (IRO)

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

Ana Fernandes – Head of Office
Alexandra Martins
Telma Mendes

Address: REN - Redes Energéticas Nacionais, SGPS, S.A.
C/O: Investor Relations Office

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

Telephone: +351 21 001 35 46 I Telefax: +351 21 001 31 50 I E-mail: ir@ren.pt

Since 28th March 2012, the Representative for Market Relations is the Director Gonçalo Morais Soares, who is also the Chief Financial Officer (CFO) of the REN Group. Until that date, his duties, were performed by the Chairman of the Board of Directors and Chief Executive Officer, Rui Manuel Janes Cartaxo.

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) To ensure that feedback from institutional investors is communicated to the Executive Committee;

c) To guarantee timely compliance with CMVM obligations and other financial authorities;

d) To 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) To 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 the peer group;

g) To attract the interest of potential institutional investors, as well as a greater number of financial analysts;

h) To draw up an annual activities plan for the IRO, including road-shows, visits to investors and the organization of Investor Day;

i) To develop and maintain the page Investor Relations on the Company's website.

IR Activity in 2012

The environment in which REN operates has changed significantly since the first half of 2011. In a macro economic context, we have seen a slowdown in the Euro zone, with world-wide effects. Portugal was obliged to seek financial assistance, following in the footsteps of Greece and Ireland. These changes influenced demand for energy and potential domestic growth fell, which required less investment in infrastructures. Finally, the Portuguese state started the second stage in the REN privatization process, an intention demonstrated in the agreement with the Troika, in which State Grid and Oman Oil acquired 25% and 15% of REN capital, respectively. Consequently, Parpública reduced its holdings in REN from 49.9% to 9.9%. On 3 February, REN held a conference call to present the advantages of the strategic partnerships formed with the two new shareholders.

In July 2012, also of note was the conclusion of the purchase of 7.5% of capital in HCB (Cahora Bassa) for EUR 38 400 000, an investment designed to reinforce Company holdings in electricity transmission projects in Mozambique. This acquisition was well received by the markets, particularly as it represented an important step in the realization of aims in the REN strategic plan.

In September 2012, REN held its first retail bond issue with a value of EUR 300 000 000, maturing in September 2016. The bond issue was a success and demand exceeded supply by 300% of the initial sum, having attracted more than 18 000 new investors.

In October, the China Development Bank approved the terms of a loan of EUR 800 000 000 granted to REN, within the scope of commitments taken on by the strategic partnership between REN and State Grid. This operation contributed to mitigating the Company's refinancing risk, as well as reducing association to Portugal's rating. Further to this operation, Moody's announced that it would maintain REN's rating at Ba1.

The entry of the two new strategic shareholders was fundamental for REN business, making new challenges viable and led to changes in investment strategy. On 9th November, on Investor Day, the main guidelines of the new REN strategic plan were presented to the market for the period 2012-2016. The aim is for more modest national growth in order to dilute exposure in Portugal, complemented with disciplined international expansion.

In addition to issues raised about the privatization process and also about its new strategic plan, the REN debt level and its maturity, plus the capacity to finance its investment plan, were constant concerns for REN investors. Therefore, these events were well received by REN investors, as was its new strategic plan, in which one of the strategic priorities is precisely financial solidity, through the reduction of debt rations, optimization of the cost of capital, extension of average debt maturity and an improvement in liquidity.

During 2012, all annual and intermediate results were presented by the Until that date, his duties, were performed by the Chairman of the Board of Directors, Rui Cartaxo, or by the CFO and the representative for Market Relations, Gonçalo Morais Soares. All the presentations were followed by conference calls, moderated by the head of Investor Relations, Ana Fernandes.

In 2012, five conference calls were held, four providing clarification on results and one on the REN privatization process, during which analysts and investors were able to put their questions directly to the Chairman of the Board of Directors and the CFO. In total, the IRO answered more than 100 queries from investors and shareholders, either in person, by telephone or email.

To help raise the Company's profile, the IRO was present at several different events held in Portugal and the main stock market cities such as Madrid, London, New York, Chicago, Montreal and Toronto.

In total, more than ninety meetings were held at sixteen events, organized by six different promoters, which were attended by around 120 investors.

During 2012, the REN website received more than 100 new subscribers through the option "receive updates" (75 in 2011), and currently has more 308 permanent users.

REN has a website exclusively for news which usually, contains all the public institutional information on the Group. The website www.ren.pt (colocar em nota de rodapé) is available in Portuguese and English and contains a section entirely dedicated to investors (http://www.ren.pt/investidores/).

In accordance with CMVM Recommendation III.1.2 , REN publicizes on its Internet site, legal information and information on Company governance. Therefore, investers have access to information such as (i) the company, as an open company, the registered office and other similar details[64] on the company, (ii) The Artciles of Association, (iii) identity of the holders of company office, Representative for Market Relations, (iv) members of the Invester Relations Office, (v) accounts documents, (vi) calendar of corporate events, (vii) proposals presented for discussion and vote at the General Meeting and (viii) invitations to hold General Meetings

At the end of 2012, REN launched a site with a new design - more dynamic, interactive and intuitive - a project which included the reformulating of content and new functions with the aim of better serving stakeholders. In the area dedicated to investors, of note is the enhanced information available and the new tools for both the small as well as professional investors. Also of note is the page “TECHNICAL ANALYSIS”, where REN share behavior can easily be viewed (price, volume, return for shareholder, etc.), as well as information on comparable companies and related indexes (http://www.ren.pt/investidores/cotacao_atual/).

In 2012, there were more than 177 000 visits to the two versions of the REN site, 13 000 more than in the previous year. Two thirds of the visits were to the Portuguese version. Average visit time was 8.2 minutes (6.4 in the Portuguese version and 10.0 in the English version).

The shareholder information page was most visited, as can be observed in the following table:

INVESTOR, PAGES	PORTUGUESE VERSION	ENGLISH VERSION
COMPANY GOVERNANCE	32.7%	16.3 %
INFORMATION TO SHAREHOLDERS	30.1 %	45.5 %
HOME PAGE	16.2 %	14.4 %
SHARES AND DEBT	12.1 %	8.7 %
REN GROUP	3.2 %	7.7 %
INVESTOR RELATIONS OFFICE	2.6 %	4.3 %
INVESTOR DOSSIER	1.1 %	0.7 %
REN PRIVATIZATION	1.0 %	0.6 %
ALERT SUBSCRIPTION	0.6 %	0.7 %
SCHEDULE	0.4 %	1.1 %
SHARE PRICES	0.0 %	0.0 %

III.17. Annual Remuneration of the Statutory Auditor/ External Auditor

The Statutory Auditor and External Auditor are remunerated under the terms and conditions which are agreed in the provision of services contract between them and REN, in accordance with market practices and the legal recommended framework.

The total recorded value as a relative cost of audit services and legal review of accounts provided by The Statutory Auditor and External Auditor (Deloitte & Associados, SROC S.A.), during 2012, can be found in Annex V.

[64] Cf. Article 177 of the Portuguese Companies Code.

III.18. Rotation Period Statutory Auditor / External Auditor

The REN Statutory Auditor and External Auditor (Deloitte & Associados, SROC S.A.) was initially contracted 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 III.1.3.

6.4 ANNEXES

ANNEX I

a) Composition and characterization of management body as at 31st December 2012

NAME	AGE	POSITION	YEAR OF FIRST APPOINTMENT	YEAR OF ENDING OF TERM OF OFFICE
RUI MANUEL JANES CARTAXO	60	CHAIRMAN OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE	2007	2014
GONÇALO MORAIS SOARES	41	DIRECTOR AND MEMBER OF THE EXECUTIVE COMMITTEE	2012	2014
JOÃO CAETANO CARREIRA FARIA CONCEIÇÃO	38	DIRECTOR AND MEMBER OF THE EXECUTIVE COMMITTEE	2009	2014
GUANGCHAO ZHU (REPRESENTING STATE GRID INTERNATIONAL DEVELOPMENT LIMITED)	45	VICE-CHAIRMAN	2012	2014
HILAL ALI SAIF AL-KHARUSI	46	DIRECTOR	2012	2014
ANÍBAL DURÃES DOS SANTOS (APPOINTED BY PARPÚBLICA - PARTICIPAÇÕES PÚBLICAS (SGPS), S.A.)	64	DIRECTOR	2001	2014
FILIPE MAURÍCIO DE BOTTON (APPOINTED BY EGF - GESTÃO E CONSULTORIA FINANCEIRA, S.A.)	54	DIRECTOR	2012	2014
MANUEL DE MELLO CHAMPALIMAUD (APPOINTED BY GESTMIN, SGPS, S.A.)	67	DIRECTOR	2012	2014
MENGRONG CHENG	43	DIRECTOR	2012	2014
HAIBIN WAN	48	DIRECTOR	2012	2014
JOSÉ FOLGADO BLANCO (APPOINTED BY RED ELÉCTRICA CORPORACIÓN, S.A.)	68	DIRECTOR	2012	2014
JOSÉ LUIS ARNAUT	49	DIRECTOR	2012	2014
JOSÉ LUÍS ALVIM MARINHO	60	DIRECTOR AND CHAIRMAN OF THE AUDIT COMMITTEE	2007	2014
JOSÉ FREDERICO VIEIRA JORDÃO	67	DIRECTOR AND MEMBER OF THE AUDIT COMMITTEE	2007	2014
EMÍLIO RUI VILAR	73	DIRECTOR AND MEMBER OF THE AUDIT COMMITTEE	2012	2014

b) Professional Qualifications and duties performed in other companies by members of the Board of Directors, at 31st December 2012, and indication of the professional activities undertaken by them in the last five years

Rui Manuel Janes Cartaxo

Holds a degree in Economy by 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 João Figueira Morais Soares

Holds a degree in Economy by the Universidade Nova de Lisboa. Also awarded an MBA at Georgetown University (Washington D.C.) and completed an Advanced Management Programme 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 Caetano Carreira Faria Conceição

Holds a degree in Aerospace Engineering by 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.

Guangchao Zhu

Holds a degree in Relay Protection by 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.

Hilal Ali Saif Al Kharusi

Holds a degree in Geo-Sciences/Economic Geography, and concluded an MBA at the Henley Management College(United Kingdom). 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. 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.

Aníbal Durães dos Santos

Holds a degree in Finance by 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 by 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, is a member of the Board of Directors at COTEC (Business Association for Innovation) and Chairman of the Executive Committee of CADin.

Manuel Carlos de Mello Champalimaud

Chairman of the Board of Directors of Gestmin SGPS, S.A., Chairman of the Board of Directors of Sogestão – Administração e Gerência, S.A., 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, S.A.

Mengrong Cheng

Holds a degree in English Literature by 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 by 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.

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, S.A. 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-Redes Energéticas Nacionais, SGPS, S.A. Board of Directors; member of the AON Advisory Board; member of the BOGARIS, S.A. Portuguese Consultancy Board; a member of the MOP, S.A. Board of Directors; Chairman of the LIDE Law and Justice Sub-committee and since December 2011, President of the General Assembly 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 Defense 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 LISBON 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 Marinho

Holds a degree in Economics by the Faculty of Economy at Oporto 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, Non-Executive Director of Microprocessador – Sistemas Digitais, S.A between May and October 2012 and Non-Executive Director of CUF SGPS between 2007 and December 2012. Professor at Porto Business School.

José Frederico Vieira Jordão

He holds a degree in Finance by the Instituto Superior de Ciências Económicas e Financeiras. Mr. Jordão was consultant to the Chairman of the RAR Board of Directors between 2001 and 2008 as a member of the 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 director from 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.

DIRECTOR	DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES	REN GROUP
RUI MANUEL JANES CARTAXO	CHAIRMAN OF THE REN REDE ELÉCTRICA NACIONAL, S.A. BOARD OF DIRECTORS	X
	CHAIRMAN OF THE REN GASODUTOS, S.A. BOARD OF DIRECTORS	X
	CHAIRMAN OF THE REN ATLÂNTICO – TERMINAL DE GNL, S.A. BOARD OF DIRECTORS	X
	CHAIRMAN OF THE REN ARMAZENAGEM, S.A. BOARD OF DIRECTORS	X
	CHAIRMAN OF THE REN SERVIÇOS, S.A. BOARD OF DIRECTORS	X
	CHAIRMAN OF THE REN RENTELECOM – COMUNICAÇÕES, S.A. BOARD OF DIRECTORS	X
	CHAIRMAN OF THE ENONDAS, ENERGIA DAS ONDAS, S.A. BOARD OF DIRECTORS	X
	CHAIRMAN OF THE REN GÁS, S.A. BOARD OF DIRECTORS	X
	NON-EXECUTIVE DIRECTOR OF RED ELECTRICA CORPORACIÓN, S.A.	
GONÇALO JOÃO FIGUEIRA MORAIS SOARES	MEMBER OF THE REN REDE ELÉCTRICA NACIONAL, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE REN GASODUTOS, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE REN ATLÂNTICO – TERMINAL DE GNL, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE REN ARMAZENAGEM, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE REN SERVIÇOS, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE REN RENTELECOM – COMUNICAÇÕES, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE ENONDAS, ENERGIA DAS ONDAS, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE REN GÁS, S.A. BOARD OF DIRECTORS	X
JOÃO CAETANO CARREIRA FARIA CONCEIÇÃO	MEMBER OF THE REN REDE ELÉCTRICA NACIONAL, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE REN GASODUTOS, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE REN ATLÂNTICO – TERMINAL DE GNL, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE REN ARMAZENAGEM, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE REN SERVIÇOS, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE REN RENTELECOM – COMUNICAÇÕES, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE ENONDAS, ENERGIA DAS ONDAS, S.A. BOARD OF DIRECTORS	X
	MEMBER OF THE REN GÁS, S.A. BOARD OF DIRECTORS	X
GUANGCHAO ZHU	CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO OF THE SATE GRID INTERNATIONAL DEVELOPMENT LIMITED CHAIRMAN OF THE STATE GRID BRAZIL HOLDING S.A. BOARD OF DIRECTORS.	
HILAL ALI SAIF AL KHARUSI	CHAIRMAN OF OMAN ROLLING MILL VICE-CHAIRMAN OF TAKAMUL INVESTMENT COMPANY VICE-CHAIRMAN OF BHARAT OMAN REFINERIES LIMITED COMPANY; MEMBER OF THE OMAN GAS BOARD OF DIRECTORS. MEMBER OF THE OMAN INDIA FERTILIZERS COMPANY BOARD OF DIRECTORS. MEMBER OF THE SOHAR ALUMINUM COMPANY BOARD OF DIRECTORS.	
ANÍBAL DURÃES DOS SANTOS	DOES NOT CARRY OUT ANY DUTIES OF DIRECTOR/INSPECTION AT OTHER COMPANIES BEYOND HIS DUTIES AT REN	
FILIPE MAURÍCIO DE BOTTON	CHAIRMAN OF THE EGF – GESTÃO E CONSULTORIA FINANCEIRAL, 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. BOARD OF DIRECTORS MANAGER OF INVESFIN – ASSESSORES FINANCEIROS, LDA. MANAGER OF LOGOVINHA – SOCIEDADE AGRÍCOLA, LDA. MANAGER OF LOGOTEIS – CONSULTORIA E GESTÃO, LDA.	
MANUEL DE MELLO CHAMPALIMAUD	CHAIRMAN OF THE GESTMIN, SGPS, S.A. BOARD OF DIRECTORS DELEGATED MANAGER OF AGRÍCOLA SÃO BARÃO, UNIPESSOAL, LDA. MANAGER OF PRAIA – PROMOÇÃO IMOBILIÁRIA, LDA. CHAIRMAN OF THE SOGESTÃO – ADMINISTRAÇÃO E GERÊNCIA, S.A. BOARD OF DIRECTORS DELEGATED MANAGER OF SOGOLFE – EMPREENDIMENTOS TURÍSTICOS, SOCIEDADE UNIPESSOAL, LDA. PRODIMED, S.A. BOARD MEMBER WINREASON, S.A. BOARD MEMBER	
MENGRONG CHENG	MEMBER OF THE CHINESE EXPERT COMMITTEE OF IEC MSB CO-DIRECTOR OF THE INTERNATIONAL COOPERATION DEPARTMENT MEMBER OF THE STATE GRID CORPORATION OF CHINA MANAGEMENT COMMITTEE FOR FOREIGN INVESTMENT	
HAIBIN WAN	ASSISTANT GENERAL DIRECTOR OF THE EUROPEAN STATE GRID BODY	
JOSÉ FOLGADO BLANCO	DOES NOT CARRY OUT ANY DUTIES OF DIRECTOR/INSPECTION AT OTHER COMPANIES BEYOND HIS DUTIES AT REN	
JOSÉ LUÍS ARNAUT	MEMBER OF THE MOP, S.A. BOARD OF DIRECTORS CHAIRMAN OF THE GENERAL ASSEMBLY OF THE PORTUGUESE FOOTBALL FEDERATION	
JOSÉ LUÍS ALVIM MARINHO	MANAGER OF SOCIEDADE J. L. ALVIM – CONSULTORIA ESTRATÉGICA E FORMAÇÃO AVANÇADA, LDA.	
JOSÉ FREDERICO VIEIRA 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 (SINCE1996) MEMBER (NON-EXECUTIVE) OF THE BOARD OF THE CALOUSTE GULBENKIAN FOUNDATION MEMBER (NON-EXECUTIVE) OF THE BOARD OF DIRECTORS OF PARTEX OIL AND GAS (HOLDINGS) CORPORATION	

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, No 55, Alvalade, Lisbon.

a) Members of the management body who terminated their duties before 31st December 2012[65]

NAME	AGE	POSITION	YEAR OF FIRST APPOINTMENT	DATE POSITION ENDED
JOÃO MANUEL DE CASTRO PLÁCIDO PIRES	62	DIRECTOR AND MEMBER OF THE EXECUTIVE COMMISSION	2010	27.03.2012
JOSÉ MANUEL FÉLIX MORGADO (APPOINTED BY GESTMIN, SGPS, S.A.)	52	DIRECTOR	2011	17.07.2012
LUÍS GUEDES DA CRUZ ALMEIDA (APPOINTED BY EGF - GESTÃO E CONSULTORIA FINANCEIRA, S.A.)	34	DIRECTOR	2011	15.06.2012
LUÍS MARIA ATIENZA SERNA (APPOINTED BY RED ELÉCTRICA CORPORACIÓN, S.A.)	55	DIRECTOR	2011	27.03.2012
JOSÉ ISIDORO D' OLIVEIRA CARVALHO NETO	67	DIRECTOR (INDEPENDENT)	2008	27.03.2012
GONÇALO XAVIER DE ARAÚJO (APPOINTED BY OLÍREN, SGPS, S.A.)	37	DIRECTOR	2011	27.03.2012
FERNANDO ANTÓNIO PORTELA ROCHA DE ANDRADE	41	DIRECTOR AND MEMBER OF THE AUDIT COMMITTEE (INDEPENDENT)	2008	27.03.2012

João Manuel de Castro Plácido Pires

Holds a degree in Finance by the Instituto Superior de Economia and an MBA from HEC (Lausanne). From 1992 to 2010, he served as Chairman of the Board of Directors of Parpública – Participações Públicas (SGPS), S.A. and as Chairman or Director of affiliates, namely SAGESTAMO, ADP, PARCAIXA.

José Manuel Félix Morgado

With a degree in Business Management and Administration from the Catholic University of Portugal, he holds a specialization in Asset and Liability Management from INSEAD. From 2005 to 2006, he was member of Senior Management at EDP – Energias de Portugal, CFO and later Delegated Director of Oni SGPS, where he headed the carrier's restructuring and repositioning plan in the Portuguese and Spanish markets. Vice-Chairman of the Board of Directors and Chief Executive Officer (CEO) of Inapa – Investimentos, Gestão e Participações, IPG, SGPS, since February 2007 and Chairman of the Board of Directors of its subsidiaries in Germany, France, Spain, Switzerland, Belgium, Angola and Portugal.

Luís Guedes da Cruz Almeida

Holds a degree in Management by the Faculty of Economics of the Universidade Nova de Lisboa. Currently in charge of Logoplaste's expansion to new geographical areas, a post which he held while also serving as director of Lusofinança.

[65] The non-executive members mentioned would comply, if applicable, with all incompatibility rules stipulated in Article 414-A(1) of the Portuguese Companies Code, save as provided for in sub-paragraphs b) and h).

From 2003 to 2008, he worked in London at UBS and Goldmans Sachs, with responsibilities in the field of Fixed Income and Derivatives for the Iberian Peninsula.

Luís Maria Atienza Serna

Holds a degree in Economic and Company Sciences by the Universidad de Deusto. Among other positions, Mr. Serna is now the Chairman of the Board of Directors of Red Eléctrica Corporación, S.A. (previously named Rede Eléctrica de España) and member of the Board of Directors of Red Eléctrica International, S.A. Unipersonal. Throughout his working life, Mr. Luis Serna, in addition to other duties, has been Spanish Minister of Agriculture, Fisheries and Food; General Secretary for Energy and Mineral Resources of the Ministry of Industry and Energy of Spain; Chairman of the Spanish Institute for the Diversification and Energy Investment (IDEA); and General Secretary of the Spanish Agricultural Structures Department of the Agriculture, Fisheries and Food Ministry.

José Isidoro d'Oliveira Carvalho Neto

Holds a degree in Mechanical Engineering by the Instituto Superior Técnico. He has been a Director of Transgás and GDP, SGPS, S.A and Chairman of the Boards of Directors of the natural gas distribution companies – Dianagás; Duriensegás; Medigás; and Paxgás. From 2005 to 2007 he was Advisor for the energy sector to the Deputy Secretary of State for Industry and Innovation (2005-2007) and to the Minister of Economic Affairs and Innovation (2007-2008). He led several international projects which resulted in the publishing of several articles on energy matters.

Gonçalo Xavier Araújo

Holds a degree in Economics by the Faculty of Economics of the University of Oporto and a Master's Degree in Finances from the Catholic University of Portugal. Since 2007, he has been part of the Financial Department of the Riopele Textile Group, as head of the area of Management Control and for the area of Treasury and Credit Control.

Fernando António Portela Rocha de Andrade

Holds a Master's Degree in Law in the area of legal and economic sciences by the Law School of the University of Coimbra.

He has been assistant Professor at the Law School of the University of Coimbra since 1995. He acted as Home Affairs Under Secretary of State from 2005 to 2008. He has been author and co-author of several books and articles covering areas such as taxation, public finances and electoral law.

On the date of termination of duties in the Company, the outgoing directors carried out management or supervisory duties at the following companies:

DIRECTOR	DUTIES CARRIED OUT ON MANAGEMENT OR SUPERVISORY BODIES	REN GROUP
JOÃO MANUEL DE CASTRO PLÁCIDO PIRES	MEMBER OF THE REN REDE ELÉCTRICA NACIONAL, S.A. BOARD OF DIRECTORS.	X
	MEMBER OF THE REN GASODUTOS, S.A. BOARD OF DIRECTORS.	X
	MEMBER OF THE REN ATLÂNTICO – TERMINAL DE GNL, S.A. BOARD OF DIRECTORS.	X
	MEMBER OF THE REN ARMAZENAGEM, S.A. BOARD OF DIRECTORS.	X
	MEMBER OF THE REN SERVIÇOS, S.A. BOARD OF DIRECTORS.	X
	MEMBER OF THE REN RENTELECOM – COMUNICAÇÕES, S.A. BOARD OF DIRECTORS.	X
	MEMBER OF THE REN GÁS, S.A. BOARD OF DIRECTORS.	X
	MEMBER OF THE OMIP – OPERADOR DO MERCADO IBÉRICO (PORTUGAL), SGPS, S.A. BOARD OF DIRECTORS	
	MEMBER OF THE OMEL - OPERADOR DO MERCADO IBÉRICO DE ENERGIA, PÓLO ESPANHOL, S.A. BOARD OF DIRECTORS	
JOSÉ MANUEL FÉLIX MORGADO	CHAIRMAN OF THE BOARD OF DIRECTORS OF SEVERAL SUBSIDIARIES OF INAPA – INVESTIMENTOS, PARTICIPAÇÕES E GESTÃO, S.A. CHIEF EXECUTIVE OFFICER OF INAPA – INVESTIMENTOS, PARTICIPAÇÕES E GESTÃO, S.A. VICE-CHAIRMAN OF THE BOARD OF DIRECTORS OF INAPA – INVESTIMENTOS, PARTICIPAÇÕES E GESTÃO, S.A.	
LUÍS GUEDES DA CRUZ ALMEIDA	MEMBER OF THE ADMINISTRATIVE BODY OF LUSOFINANÇA DOIS – CONSULTORES DE GESTÃO, LDA. PERSON IN CHARGE OF EGF – GESTÃO E CONSULTORIA FINANCEIRA, S.A. EXPANSION TO NEW GEOGRAPHICAL AREAS PERSON IN CHARGE OF THE DEPARTMENT OF FIXED INCOME AND DERIVATIVES AT GOLDMAN SACHS FOR THE IBERIAN PENINSULA	
LUÍS MARIA ATIENZA SERNA	CHAIRMAN AND EXECUTIVE MEMBER OF THE BOARD OF DIRECTORS OF RED ELÉCTRICA CORPORACIÓN, S.A. JOINT DIRECTOR OF RED ELÉCTRICA INTERNACIONAL, S.A., UNIPERSONAL CHAIRMAN OF THE RED ELÉCTRICA DEL SUR, S.A. BOARD OF DIRECTORS. (PERUVIAN COMPANY) CHAIRMAN OF THE TRANSPORTADORA DE ELECTRICIDAD, S.A. BOARD OF DIRECTORS. (BOLIVIAN COMPANY) CHAIRMAN OF DOÑANA 21 FOUNDATION, FOR THE SUSTAINABLE DEVELOPMENT OF ENTORNO DE DOÑANA	
JOSÉ ISIDORO D' OLIVEIRA CARVALHO NETO	CHAIRMAN OF THE BOARD OF DIRECTORS OF OMIP – OPERADOR DO MERCADO IBÉRICO (PORTUGAL), SGPS, S.A. CHAIRMAN OF THE BOARD OF DIRECTORS OF OMIP - OPERADOR DO MERCADO IBÉRICO DE ENERGIA (PÓLO PORTUGUÊS), SGMR, S.A. CHAIRMAN OF THE BOARD OF DIRECTORS OF OMICLEAR – SOCIEDADE DE COMPENSAÇÃO DE MERCADOS DE ENERGIA, SGCCCC, S.A. CHAIRMAN OF THE BOARD OF DIRECTORS OF OMIE, OPERADOR DEL MERCADO IBÉRICO DE ENERGIA, POLO ESPANHOL S.A.	
GONÇALO XAVIER DE ARAÚJO	MEMBER OF THE FINANCIAL DEPARTMENT OF RIOPELE TEXTILE, S.A.	
FERNANDO ANTÓNIO PORTELA ROCHA DE ANDRADE	ON THE DATE OF TERMINATION OF DUTIES, HE DID NOT CARRY OUT MANAGEMENT/SUPERVISORY DUTIES BEYOND THOSE AT REN	

ANNEX II

a) Qualified shareholdings in REN's share capital on 31st December 2012

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 31st December 2012, the shareholders owning 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 HOLDERS OF QUALIFIED SHAREHOLDINGS (AT 31.12.2012)	NO. OF SHARES	CAPITAL (%)	VOTING RIGHTS (%)
STATE GRID OF CHINA	133 500 000[66]	25.0%	25.0%
OMAN OIL	80 100 000[67]	15.0%	15.0%
PORTUGUESE STATE[68]	58 990 112	11.0%	11.0%
EGF, GESTÃO E CONSULTORIA FINANCEIRA, S.A.[69]	45 019 666[70]	8.4%	8.4%
EDP-ENERGIAS DE PORTUGAL, S.A.	26 707 335[71]	5.0%	5.0%
GESTMIN, SGPS, S.A.	31 291 251[72]	5.8%	5.8%
OLÍREN, SGPS, S.A.	26 700 000	5.0%	5.0%
RED ELÉCTRICA CORPORATION, S.A.	26 700 000	5.0%	5.0%
COLUMBIA WANGER	10 703 317[73]	2.0%	2.0%

[66] These qualified holdings are attributable 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.

[67] As part of the second stage of REN privatization, Parpública – Participações Públicas (SGPS), S.A. transferred the ownership of 80 100 000 shares representing 15% of REN capital to Mazoon B.V., a company wholly owned by Oman Oil Company SAOC (as per REN communication of 25th May 2012). This acquisition was made for the total price of EUR 205 056 000.

[68] 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 6 118 772 shares (equivalent to direct holdings of 6 007 771 shares, 27 shares held by Fundo Pensões Pessoal CGD and 110 974 held by Fidelidade - Companhia de Seguros, S.A.).

[69] Previously called Logoplaste Gestão e Consultoria Financeira, S.A.

[70] The qualified holdings of EGF, Gestão e Consultoria Financeira, S.A. ("EGF") comprising (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.

[71] EDP - Energias de Portugal, S.A. 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.

[72] These qualified holdings of Gestmin, SGPS, S.A. ("Gestmin"), comprising (i) (i) 31 046 951 shares held directly by Gestmin and (ii) 244 300 shares held by Mr. Manuel Carlos de Melo Champalimaud, while majority shareholder of that company and Chairman of the Board of Directors.

[73] These qualified holdings are also attributable to Columbia Management Investment Advisers LLC and to Ameriprise Financial Inc, due to the controlling relations which exist.

b) Financial Instruments held by members of corporate bodies and the respective transactions

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 mentioned Article[74], as well as all its acquisitions, encumbrances or disposals with reference to the financial year 2012 were as follows:

AUDIT COMMITTEE

AUDIT COMMITTEE	ACQUISITIONS	ENCUMBRANCES	DISPOSALS	NO. OF SHARES AT 31.12.2012
JOSÉ LUÍS ALVIM MARINHO	–	–	–	0 (ZERO)
JOSÉ FREDERICO VIEIRA JORDÃO	–	–	–	0 (ZERO)
EMÍLIO RUI VILAR	–	–	–	0 (ZERO)

OUTGOING MEMBERS OF THE AUDIT COMMITTEE BEFORE 31.12.2012

AUDIT COMMITTEE	ACQUISITIONS	ENCUMBRANCES	DISPOSALS	NO. OF SHARES AT THE POINT OF TERMINATION
FERNANDO ANTÓNIO PORTELA ROCHA DE ANDRADE	–	–	–	0 (ZERO)
JOSÉ FREDERICO VIEIRA JORDÃO	–	–	–	0 (ZERO)

BOARD OF DIRECTORS AS PER COMPOSITION AT 31.12.2012

THE BOARD OF DIRECTORS	ACQUISITIONS	ENCUMBRANCES	DISPOSALS	NO. OF SHARES AT 31.12.2012
RUI MANUEL JANES CARTAXO	–	–	–	19 162[75]
GONÇALO MORAIS SOARES	–	–	–	0 (ZERO)
JOÃO CAETANO FARIA CARREIRA CONCEIÇÃO	–	–	–	500

(CONTINUATION)

[74] 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.

[75] Comprises (1) 18 672 directly held shares and (ii) 490 shares held by his spouse.

BOARD OF DIRECTORS AS PER COMPOSITION AT 31.12.2012

(CONTINUATION)

THE BOARD OF DIRECTORS	ACQUISITIONS	ENCUMBRANCES	DISPOSALS	NO. OF SHARES AT 31.12.2012
GUANGCHAO ZHU – REPRESENTING STATE GRID INTERNATIONAL DEVELOPMENT LIMITED	133 500 000			133 500 000[76]
HILAL ALI SAIF AL-KHARUSI	-	-	-	-
ANÍBAL DURÃES DOS SANTOS - APPOINTED BY PARPÚBLICA - PARTICIPAÇÕES PÚBLICAS (SGPS), S.A.	-	-	-	10 250[77]
FILIPE MAURÍCIO DE BOTTON – APPOINTED BY EGF – GESTÃO E CONSULTORIA FINANCEIRA, S.A.		28 131 422[78]	-	45 019 666[79]
GESTMIN, SGPS, S.A.	911 133	-	-	31 046 951
MANUEL CARLOS DE MELO CHAMPALIMAUD - APPOINTED BY PELA GESTMIN, SGPS, S.A.	911 133[80]	-	-	31 291 251[81]
MENGRONG CHENG	-	-	-	0 (ZERO)
HAIBIN WAN	-	-	-	0 (ZERO)
JOSÉ FOLGADO BLANCO - INDICADO PELA RED ELÉCTRICA CORPORACIÓN, S.A.	-	-	-	26 700 000[82]
JOSÉ LUÍS ARNAUT	-	-	-	0 (ZERO)

[76] 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.
[77] Includes the following shares: (i) 10 000 directly held shares and 250 shares held by his spouse;
[78] These shares were subject to the right of disposal of Millennium BCP maintaining EGF the right to repurchase those shares, which has occurred on December 4.
[79] Consisting of (i) 33 999 783 shares held directly by EGF (which on 4th December 2012, ended the financial operation with Millennium bcp as referred to in the previous note), (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 Filipe Maurício de Botton, Chairman of the EGF Board of Directors and (v) 490 shares held directly and indirectly by Alexandre Carlos de Mello, member of the EGF Board of Directors.
[80] Although these acquisitions were previous of the indication of Manuel Champalimaud to the Board of Directors of REN, they are attributable pursuant to Article 447 of the Portuguese Companies Code, due to the exercising of the duties of Chairman of the management body of this company.
[81] Comprises 244 300 shares held directly and 31 046 951 shares held by Gestmin SGPS, S.A. ("Gestmin"), representing 5.8% of capital and corresponding to voting rights in REN, and which, due to the exercising of the duties of Chairman of the management body of that company and the majority holding of the respective capital is attributable to him.
[82] Corresponds to the shares held by Red Eléctrica Corporación, S.A., which are attributable pursuant to Article 447 of the Portuguese Companies Code, due to the exercising of the duties of Chairman of the management body of this company.

MEMBERS OF THE OUTGOING BOARD OF DIRECTORS BEFORE 31.12.2012

THE BOARD OF DIRECTORS	ACQUISITIONS	ENCUMBRANCES	DISPOSALS	NO. OF SHARES AT THE POINT OF TERMINATION
JOSÉ MANUEL FÉLIX MORGADO	911 133	–	–	31 046 951[83]
JOÃO MANUEL DE CASTRO PLÁCIDO PIRES	–	–	–	0 (ZERO)
LUÍS GUEDES DA CRUZ ALMEIDA	–	–	–	885
LUÍS MARIA ATIENZA SERNA	–	–	–	26 700 000[84]
JOSÉ ISIDORO D' OLIVEIRA CARVALHO NETTO	–	–	–	970[85]
OLIREN, SGPS, S.A.	–	–	–	26 700 000
GONÇALO XAVIER DE ARAÚJO	–	–	–	0 (ZERO)

At 31st December 2012, 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 31.12.2012
RUI MANUEL JANES CARTAXO	1[86]	-	-	1
JOSÉ FREDERICO JORDÃO	5	-	5[87]	0

As at 31st December 2012, 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 control relationship with REN, nor did they perform any transaction related to those securities in 2012, in both cases pursuant to and for the purposes of the abovementioned Article 447.

During 2012, REN was informed that the holding company GESTMIN SGPS, S.A., an entity solely relating to the Company director Mr. José Manuel Félix Morgado, member of the REN Board of Directors until 30 July 2012, due to him also holding the position of member of the GESTMIN SGPS, S.A. Board of Directors, executed the transactions relating to REN shares, relevant for the purposes of Article 14 of CMVM Regulation 5/2008, that are discriminated in Annex 2 of the document Report & Accounts 2012.

[83] José Manuel Félix Morgado performs the duties of member of the Gestmin Board of Directors, which to date had qualified holdings of 31 046 951 ordinary REN shares, representing 5.8% of capital and corresponding voting rights.
[84] Corresponds to the shares held by Red Eléctrica Corporación, S.A., which are attributable Pursuant to Article 447 of the Portuguese Companies Code, due to the exercising of the duties of Chairman of the management body of this company.
[85] Comprises 490 directly held shares and 480 shares held by his spouse.
[86] Rui Cartaxo acquired 1 REN bond on 8th May 2012 for the sum of EUR 53 399.
[87] The batch of REN bonds acquired by José Frederico Jordão on 19th September 2012 had a value of EUR 5 000, and were entirely disposed of on 21st September 2012 for the sum of EUR 5 075.

ANNEX III

Balances and transactions held with associates and other related parties

During the periods ended 31st December 2012 and 2011, Group REN carried out the following transactions with reference shareholders, qualified shareholders and related parties:

a. Revenue

	'12	'11
SALES AND SERVICES PROVIDED		
INVOICING ISSUED – EDP	1 361 316	1 420 999
INVOICING ISSUED – OMIP	15	6
INVOICING ISSUED – STATE GRID	137	-
FINANCIAL INCOME		
INTEREST ON FINANCIAL APLICATIONS-CGD	286	1 548
DIVIDENDS RECEIVED		
REE	3 911	2 538
ENAGÁS	3 393	2 001
OMEL	157	-
	1 369 214	**1 427 093**

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.

b. Costs

	'12	'11
EXTERNAL SUPPLIES AND SERVICES		
INVOICING RECEIVED – EDP	523 733	667 097
INVOICING RECEIVED – OMIP	348	13
FINANCIAL COSTS		
INTERESTS ON COMMERCIAL PAPER - CGD	3 550	1 963
BORROWINGS FEES - CGD	3 474	539
DERIVATIVE FINANCIAL INSTRUMENTS	1 293	-
	532 399	**669 612**

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.

c. Balances

The balances as at 31st December 2012 and 2011 resulting from transactions with related parties were as follows:

	'12	'11
TRADE AND OTHER RECEIVABLES		
EDP – TRADE RECEIVABLES	107 487	89 984
EDP – OTHER RECEIVABLES	1 267	1 471
OMIP – TRADE RECEIVABLES	2	3
OMIP – OTHER RECEIVABLES	920	105
OMAN OIL – OTHER RECEIVABLES	1	-
CASH AND CASH EQUIVALENTS		
CGD – TREASURY INVESTMENTS	-	26 000
CGD – BANK DEPOSITS	551	701
	110,227	**118,264**
TRADE AND OTHER PAYABLES		
EDP – TRADE PAYABLES	3 937	9 979
EDP – OTHER PAYABLES	-	268
OMICLEAR, S.A. – OTHER PAYABLES	889	48
BORROWINGS		
CGD – BORROWINGS (COMMERCIAL PAPER)	93 000	5 000
CGD – BANK OVERDRAFTS	-	-
CGD – FINANCE LEASE	1 001	406
	98 827	**15 701**

ANNEX IV

Annual Remuneration of the Auditor

The total value recorded as a cost for services provided by the StatutoryAuditor and external auditor (Deloitte & Associados, SROC S.A.), during 2012, was as follows:

SERVICES	AMOUNT €	PERCENTAGE
AUDIT AND LEGAL REVIEW OF ACCOUNTS	246 200	41.83%
OTHER SERVICES OF RELIABILITY GUARANTEE	238 800	40.57%
TAX CONSULTANCY SERVICES	75 650	12.85%
SERVICES OTHER THAN THE LEGAL REVIEW OF ACCOUNTS	28 000	4.75%
TOTAL	**588 650**	**100%**

Pursuant to Article 423-F(o) of the Portuguese Companies Code, the Audit Committee is responsible for supervising and evaluating the activity and independence of REN's Auditor, as well as approving the respective fees for audit services and contracting of additional services.

Within the compliance with the independence rules established in relation to the External Auditor, REN's Audit Committee accompanied, in 2012, the provision of non-audit services by Deloitte in order to ensure that situations of conflicts of interest would not arise. Thus, 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.

The Company considers that it fully complies with CMVM Recommendation III.1.5., as the non-audit services do not extend beyond the limit of 30%, given that 82.40% of the total services provided by the External Auditor are services consisting of the legal review of accounts, as well as audit related services.

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2012

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ANNEXES

REN. AN EVER GROWING NETWORK

01 MANAGEMENT REPORT

1.1 LEGISLATION ON ENERGY PUBLISHED IN 2012

1.1.1 ELECTRICITY

Decree-Law No. 15/2012, Official Journal No. 16, Series I, 2012-01-23

Amends the legal basis for the use of maritime public assets for the production of electrical power from waves in the pilot area; delimits and amends the operation concession base within the public service system in the pilot area.

ERSE Directive No. 4/2012, Official Journal No. 16, Series II, 2012-01-23

Approves the profiles for losses, consumption and production applicable in 2012.

ERSE Directive No. 5/2012, Official Journal No. 21, Series II, 2012-01-30

Approves the general contract conditions for use of the electrical power transmission network applicable to production plants.

Decree-Law No. 25/2012, Official Journal No. 26, Series I, 2012-02-06

Suspends the awarding of injection powers into the Public Service Electricity Grid (RESP) pursuant to articles 4 and 10 of Decree-Law No. 312/2001, of 10th December.

Council of Ministers Resolution No. 13/2012, Official Journal No. 28, Series I, 2012-02-08

Approves the purchase proposals within the scope of the 2nd stage of the REN – Redes Energéticas Nacionais, SGPS, SA privatization process.

Ministerial Order No. 139/2012, Official Journal No. 93, Series I, 2012-05-14

Revokes the power guarantee services system to the National Electricity System for electrical power production centres and the respective remuneration mechanism.

Decree-Law No. 112/2012, Official Journal No. 100, Series I, 2012-05-23

Amends the legal limits for holdings in the equity capital of the operator of the National Electricity Transmission Grid, in the concession holders of the National Transmission Network, Storage Infrastructures and LNG Terminals and in the National Natural Gas Transmission Network.

Ministerial Order No. 200/2012, Official Journal No. 126, Series I, 2012-07-02

Amends the calculation formula for the base remuneration of the interruptibility service.

Ministerial Order No. 251/2012, Official Journal No. 160, Series I, 2012-08-20

Establishes the incentive award system to guarantee the power made available by electrical power production centres to the National Electricity System.

Decree-Law No. 212/2012, Official Journal No. 186, Series I of 2012-09-25

Amends the statutes of the Energy Services Regulatory Authority (ERSE).

Decree-Law No. 215-A/2012, Official Journal No. 194, Supplement, Series I, 2012-10-08

Amends Decree-Law No. 29/2006, of 15th February, which establishes the general principles of the organization and operation of the National Electricity System.

(Rectified, Declaration of Rectification No. 74/2012, of 7th December)

Decree-Law No. 215-B/2012, Official Journal No. 194, Supplement, Series I, 2012-10-08

Amends Decree-Law No. 172/2006, of 23rd August, which establishes the common rules for the internal electricity market.

Ministerial Order No. 325-A/2012, Official Journal No. 200, Supplement, Series I, 2012-10-16

Amends Ministerial Order No. 140/2012, of 14th May, which establishes the terms of the remuneration system reference tariff applicable to cogeneration plants.

Ministerial Order No. 332/2012, Official Journal No. 204, Series I, 2012-10-22

Establishes the criteria for the differentiated repercussion of the tariff costs in the overall use of the system applicable to the activities of the National Electricity System.

ERSE Regulation No. 468/2012, Official Journal No. 218, Series II, 2012-11-12

Amends the Regulations for Commercial Relationships in the Electricity Sector.

Decree-Law No. 256/2012, Official Journal No. 231, Series I, 2012-11-29

Establishes the conditions for tariff stability during the implementation period of the measures required to ensure the sustainability of the National Electricity System.

(Rectified, Declaration of Rectification No. 78/2012, Official Journal No. 247, Series I, 2012-12-21)

ERSE Directive No. 20/2012, Official Journal No. 249, Series II, 2012-12-26

Approves the electrical energy tariffs for 2013 in Portugal.

1.1.2 NATURAL GAS

Ministerial Order No. 181/2012, Official Journal No. 111, Series I, 2012-06-08

Approves the Natural Gas Underground Storage Regulations.

Regulation No. 237/2012, Official Journal No. 123, Series II, 2012-06-27

Amends several provisions of the Natural Gas Sector Tariff Regulations.

ERSE Directive No. 11/2012, Official Journal No. 131, Series II, 2012-07-09

Approves the mechanism to award capacity of the National Natural Gas Transmission Network (RNTGN).

ERSE Directive No. 12/2012, Official Journal No. 132, Series II, 2012-07-10

Determines the value of the reference quantity for the 2012-2013 gas year, under the terms of the Rules for Awarding Natural Gas Underground Storage Capacity Usage Rights in the event of Congestion in Annual Programming.

ERSE Directive No. 13/2012, Official Journal No. 132, Series II, 2012-07-10

Determines the value of the available capacity for commercial purposes in underground storage .

ERSE Directive No. 14/2012, Official Journal No. 136, Series II, 2012-07-16

Approves the tariffs and prices of natural gas for the 2012-2013 gas year.

(Rectified, Declaration of Rectification No. 1006/2012, Official Journal No. 151, Series II, 2012-08-06)

ERSE Directive No. 16/2012, Official Journal No. 151, Series II, 2012-08-06

Approves the Procedures Manual for the Overall Technical Management of the SNGN and the IGU Supply Logistics Management Manual.

Ministerial Order No. 235/2012, Official Journal No. 153, Series I, 2012-08-08

Amends the National Natural Gas Transmission Network Regulations.

Decree-Law No. 230/2012, Official Journal No. 208, Series I, 2012-10-26

Amends Decree-Law No. 30/2006, of 15th February, which establishes the general principles for the organization and operation of the National Natural Gas System and the organization of natural gas markets.

Decree-Law No. 231/2012, Official Journal No. 208, Series I, 2012-10-26

Amends Decree-Law No. 140/2006, of 26th July which develops the general principles for the organization and operation of the National Natural Gas System.

02 CORPORATE GOVERNANCE

ANNEX 2

List of transactions referred to in Annex II of the Corporate Governance Report:

TYPE OF TRANSACTION	LOCAL	QUANTITY	PRICE	TRANSACTION DATE
Acquisition	Euronext Lisbon	1 596	€2 002	04-Jan-12
Acquisition	Euronext Lisbon	404	€2 002	04-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	500	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	5 000	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	2 500	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	343	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	1 157	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	3 500	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	343	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	657	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	2 000	€1 998	04-Jan-12
Acquisition	Euronext Lisbon	155	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	737	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	1 136	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	472	€2 000	04-Jan-12
Acquisition	Euronext Lisbon	15 000	€2 000	05-Jan-12
Acquisition	Euronext Lisbon	1 000	€1 955	05-Jan-12
Acquisition	Euronext Lisbon	600	€1 955	05-Jan-12
Acquisition	Euronext Lisbon	160	€1 955	05-Jan-12
Acquisition	Euronext Lisbon	400	€1 960	05-Jan-12
Acquisition	Euronext Lisbon	1	€1 960	05-Jan-12
Acquisition	Euronext Lisbon	400	€1 960	05-Jan-12
Acquisition	Euronext Lisbon	199	€1 960	05-Jan-12
Acquisition	Euronext Lisbon	740	€1 955	05-Jan-12
Acquisition	Euronext Lisbon	5 000	€1 960	05-Jan-12
Acquisition	Euronext Lisbon	5 000	€1 960	05-Jan-12
Acquisition	Euronext Lisbon	5 000	€1 957	05-Jan-12
Acquisition	Euronext Lisbon	369	€1 951	05-Jan-12
Acquisition	Euronext Lisbon	1 131	€1 951	05-Jan-12
Acquisition	Euronext Lisbon	500	€2 085	13-Jan-12
Acquisition	Euronext Lisbon	500	€2 085	13-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 085	13-Jan-12
Acquisition	Euronext Lisbon	500	€2 080	13-Jan-12
Acquisition	Euronext Lisbon	500	€2 080	13-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 080	13-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 072	13-Jan-12
Acquisition	Euronext Lisbon	526	€2 072	13-Jan-12
Acquisition	Euronext Lisbon	800	€2 072	13-Jan-12
Acquisition	Euronext Lisbon	100	€2 072	13-Jan-12
Acquisition	Euronext Lisbon	74	€2 072	13-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 072	13-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 072	13-Jan-12
Acquisition	Euronext Lisbon	1 663	€2 080	13-Jan-12
Acquisition	Euronext Lisbon	837	€2 080	13-Jan-12

TYPE OF TRANSACTION	LOCAL	QUANTITY	PRICE	TRANSACTION DATE
Acquisition	Euronext Lisbon	96	€2 085	13-Jan-12
Acquisition	Euronext Lisbon	2 404	€2 085	13-Jan-12
Acquisition	Euronext Lisbon	2 500	€2 080	13-Jan-12
Acquisition	Euronext Lisbon	266	€2 080	13-Jan-12
Acquisition	Euronext Lisbon	2 500	€2 085	13-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 089	13-Jan-12
Acquisition	Euronext Lisbon	1 230	€2 089	13-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 089	13-Jan-12
Acquisition	Euronext Lisbon	414	€2 089	13-Jan-12
Acquisition	Euronext Lisbon	500	€2 089	13-Jan-12
Acquisition	Euronext Lisbon	86	€2 089	13-Jan-12
Acquisition	Euronext Lisbon	100	€2 089	13-Jan-12
Acquisition	Euronext Lisbon	670	€2 089	13-Jan-12
Acquisition	Euronext Lisbon	2 500	€2 085	13-Jan-12
Acquisition	Euronext Lisbon	2 000	€2 080	13-Jan-12
Acquisition	Euronext Lisbon	234	€2 080	13-Jan-12
Acquisition	Euronext Lisbon	844	€2 080	13-Jan-12
Acquisition	Euronext Lisbon	1 156	€2 080	13-Jan-12
Acquisition	Euronext Lisbon	5 000	€2 080	13-Jan-12
Acquisition	Euronext Lisbon	190	€2 055	16-Jan-12
Acquisition	Euronext Lisbon	100	€2 055	16-Jan-12
Acquisition	Euronext Lisbon	710	€2 055	16-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 077	16-Jan-12
Acquisition	Euronext Lisbon	500	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	378	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	230	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	270	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	500	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	122	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	2 000	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	2 097	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	403	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	500	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	500	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	500	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	500	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	605	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	395	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 065	16-Jan-12
Acquisition	Euronext Lisbon	5 000	€2 085	17-Jan-12
Acquisition	Euronext Lisbon	5 000	€2 090	17-Jan-12
Acquisition	Euronext Lisbon	5 000	€2 098	17-Jan-12
Acquisition	Euronext Lisbon	3 000	€2 092	17-Jan-12
Acquisition	Euronext Lisbon	490	€2 082	17-Jan-12
Acquisition	Euronext Lisbon	820	€2 086	17-Jan-12

TYPE OF TRANSACTION	LOCAL	QUANTITY	PRICE	TRANSACTION DATE
Acquisition	Euronext Lisbon	118	€2 086	17-Jan-12
Acquisition	Euronext Lisbon	62	€2 086	17-Jan-12
Acquisition	Euronext Lisbon	4 000	€2 086	17-Jan-12
Acquisition	Euronext Lisbon	2 500	€2 088	17-Jan-12
Acquisition	Euronext Lisbon	2 010	€2 082	17-Jan-12
Acquisition	Euronext Lisbon	1 542	€2 083	17-Jan-12
Acquisition	Euronext Lisbon	958	€2 083	17-Jan-12
Acquisition	Euronext Lisbon	180	€2 075	17-Jan-12
Acquisition	Euronext Lisbon	490	€2 075	17-Jan-12
Acquisition	Euronext Lisbon	297	€2 075	17-Jan-12
Acquisition	Euronext Lisbon	330	€2 075	17-Jan-12
Acquisition	Euronext Lisbon	1 203	€2 075	17-Jan-12
Acquisition	Euronext Lisbon	21	€2 075	17-Jan-12
Acquisition	Euronext Lisbon	479	€2 075	17-Jan-12
Acquisition	Euronext Lisbon	480	€2 070	18-Jan-12
Acquisition	Euronext Lisbon	70	€2 070	18-Jan-12
Acquisition	Euronext Lisbon	41	€2 070	18-Jan-12
Acquisition	Euronext Lisbon	409	€2 070	18-Jan-12
Acquisition	Euronext Lisbon	160	€2 068	18-Jan-12
Acquisition	Euronext Lisbon	490	€2 068	18-Jan-12
Acquisition	Euronext Lisbon	350	€2 068	18-Jan-12
Acquisition	Euronext Lisbon	660	€2 068	18-Jan-12
Acquisition	Euronext Lisbon	300	€2 068	18-Jan-12
Acquisition	Euronext Lisbon	40	€2 068	18-Jan-12
Acquisition	Euronext Lisbon	500	€2 068	18-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 068	18-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 068	18-Jan-12
Acquisition	Euronext Lisbon	2 500	€2 068	18-Jan-12
Acquisition	Euronext Lisbon	2 500	€2 068	18-Jan-12
Acquisition	Euronext Lisbon	200	€2 051	19-Jan-12
Acquisition	Euronext Lisbon	500	€2 061	19-Jan-12
Acquisition	Euronext Lisbon	2 000	€2 061	19-Jan-12
Acquisition	Euronext Lisbon	800	€2 059	19-Jan-12
Acquisition	Euronext Lisbon	800	€2 059	19-Jan-12
Acquisition	Euronext Lisbon	300	€2 059	19-Jan-12
Acquisition	Euronext Lisbon	160	€2 059	19-Jan-12
Acquisition	Euronext Lisbon	123	€2 059	19-Jan-12
Acquisition	Euronext Lisbon	117	€2 059	19-Jan-12
Acquisition	Euronext Lisbon	500	€2 055	19-Jan-12
Acquisition	Euronext Lisbon	500	€2 055	19-Jan-12
Acquisition	Euronext Lisbon	500	€2 055	19-Jan-12
Acquisition	Euronext Lisbon	500	€2 055	19-Jan-12
Acquisition	Euronext Lisbon	500	€2 056	19-Jan-12
Acquisition	Euronext Lisbon	500	€2 056	19-Jan-12
Acquisition	Euronext Lisbon	1 475	€2 056	19-Jan-12
Acquisition	Euronext Lisbon	25	€2 056	19-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 051	19-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 051	19-Jan-12
Acquisition	Euronext Lisbon	2 500	€2 051	19-Jan-12
Acquisition	Euronext Lisbon	500	€2 051	19-Jan-12
Acquisition	Euronext Lisbon	500	€2 050	19-Jan-12
Acquisition	Euronext Lisbon	500	€2 050	19-Jan-12
Acquisition	Euronext Lisbon	474	€2 050	19-Jan-12
Acquisition	Euronext Lisbon	500	€2 050	19-Jan-12
Acquisition	Euronext Lisbon	500	€2 050	19-Jan-12
Acquisition	Euronext Lisbon	26	€2 050	19-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 051	19-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 051	19-Jan-12
Acquisition	Euronext Lisbon	321	€2 050	19-Jan-12
Acquisition	Euronext Lisbon	1 179	€2 050	19-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 050	19-Jan-12
Acquisition	Euronext Lisbon	3 000	€2 072	19-Jan-12
Acquisition	Euronext Lisbon	2 000	€2 090	20-Jan-12

TYPE OF TRANSACTION	LOCAL	QUANTITY	PRICE	TRANSACTION DATE
Acquisition	Euronext Lisbon	1 000	€2 080	20-Jan-12
Acquisition	Euronext Lisbon	203	€2 080	20-Jan-12
Acquisition	Euronext Lisbon	797	€2 080	20-Jan-12
Acquisition	Euronext Lisbon	100	€2 080	20-Jan-12
Acquisition	Euronext Lisbon	900	€2 080	20-Jan-12
Acquisition	Euronext Lisbon	2 000	€2 080	20-Jan-12
Acquisition	Euronext Lisbon	249	€2 075	20-Jan-12
Acquisition	Euronext Lisbon	251	€2 075	20-Jan-12
Acquisition	Euronext Lisbon	389	€2 075	20-Jan-12
Acquisition	Euronext Lisbon	500	€2 075	20-Jan-12
Acquisition	Euronext Lisbon	183	€2 075	20-Jan-12
Acquisition	Euronext Lisbon	30	€2 075	20-Jan-12
Acquisition	Euronext Lisbon	287	€2 075	20-Jan-12
Acquisition	Euronext Lisbon	393	€2 075	20-Jan-12
Acquisition	Euronext Lisbon	500	€2 075	20-Jan-12
Acquisition	Euronext Lisbon	218	€2 075	20-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 075	20-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 075	20-Jan-12
Acquisition	Euronext Lisbon	500	€2 070	20-Jan-12
Acquisition	Euronext Lisbon	500	€2 070	20-Jan-12
Acquisition	Euronext Lisbon	500	€2 070	20-Jan-12
Acquisition	Euronext Lisbon	500	€2 070	20-Jan-12
Acquisition	Euronext Lisbon	3 000	€2 070	20-Jan-12
Acquisition	Euronext Lisbon	980	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	20	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 070	20-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 070	20-Jan-12
Acquisition	Euronext Lisbon	133	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	500	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 070	20-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 070	20-Jan-12
Acquisition	Euronext Lisbon	14	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	353	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	2 945	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	900	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	1 155	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	500	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	13	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	3 987	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	5 000	€2 065	20-Jan-12
Acquisition	Euronext Lisbon	2 500	€2 070	20-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	555	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	247	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	604	€2 100	24-Jan-12
Acquisition	Euronext Lisbon	1 800	€2 100	24-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 100	24-Jan-12
Acquisition	Euronext Lisbon	96	€2 100	24-Jan-12
Acquisition	Euronext Lisbon	248	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	25	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	480	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	2 314	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	131	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	10	€2 082	24-Jan-12
Acquisition	Euronext Lisbon	71	€2 082	24-Jan-12
Acquisition	Euronext Lisbon	419	€2 082	24-Jan-12
Acquisition	Euronext Lisbon	2 500	€2 082	24-Jan-12
Acquisition	Euronext Lisbon	369	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	1 620	€2 090	24-Jan-12

TYPE OF TRANSACTION	LOCAL	QUANTITY	PRICE	TRANSACTION DATE
Acquisition	Euronext Lisbon	30	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	565	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	1 380	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	36	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	80	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	1 822	€2 094	24-Jan-12
Acquisition	Euronext Lisbon	500	€2 095	24-Jan-12
Acquisition	Euronext Lisbon	2 416	€2 095	24-Jan-12
Acquisition	Euronext Lisbon	262	€2 095	24-Jan-12
Acquisition	Euronext Lisbon	288	€2 090	24-Jan-12
Acquisition	Euronext Lisbon	750	€2 097	24-Jan-12
Acquisition	Euronext Lisbon	1 750	€2 097	24-Jan-12
Acquisition	Euronext Lisbon	2 500	€2 098	24-Jan-12
Acquisition	Euronext Lisbon	3 000	€2 099	24-Jan-12
Acquisition	Euronext Lisbon	964	€2 100	24-Jan-12
Acquisition	Euronext Lisbon	1 036	€2 100	24-Jan-12
Acquisition	Euronext Lisbon	964	€2 100	24-Jan-12
Acquisition	Euronext Lisbon	500	€2 100	24-Jan-12
Acquisition	Euronext Lisbon	100	€2 100	24-Jan-12
Acquisition	Euronext Lisbon	1 198	€2 100	24-Jan-12
Acquisition	Euronext Lisbon	2 500	€2 100	24-Jan-12
Acquisition	Euronext Lisbon	2 238	€2 100	24-Jan-12
Acquisition	Euronext Lisbon	825	€2 125	24-Jan-12
Acquisition	Euronext Lisbon	3 098	€2 125	24-Jan-12
Acquisition	Euronext Lisbon	252	€2 125	24-Jan-12
Acquisition	Euronext Lisbon	490	€2 125	24-Jan-12
Acquisition	Euronext Lisbon	335	€2 125	24-Jan-12
Acquisition	Euronext Lisbon	4 525	€2 120	24-Jan-12
Acquisition	Euronext Lisbon	475	€2 120	24-Jan-12
Acquisition	Euronext Lisbon	6 562	€2 132	24-Jan-12
Acquisition	Euronext Lisbon	230	€2 132	24-Jan-12
Acquisition	Euronext Lisbon	230	€2 132	24-Jan-12
Acquisition	Euronext Lisbon	511	€2 135	24-Jan-12
Acquisition	Euronext Lisbon	1 700	€2 135	24-Jan-12
Acquisition	Euronext Lisbon	490	€2 135	24-Jan-12
Acquisition	Euronext Lisbon	2 560	€2 135	24-Jan-12
Acquisition	Euronext Lisbon	4 739	€2 135	24-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 125	24-Jan-12
Acquisition	Euronext Lisbon	7 292	€2 125	24-Jan-12
Acquisition	Euronext Lisbon	505	€2 086	30-Jan-12
Acquisition	Euronext Lisbon	967	€2 086	30-Jan-12
Acquisition	Euronext Lisbon	160	€2 086	30-Jan-12
Acquisition	Euronext Lisbon	368	€2 086	30-Jan-12
Acquisition	Euronext Lisbon	273	€2 087	30-Jan-12
Acquisition	Euronext Lisbon	160	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	300	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	500	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	40	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	510	€2 095	30-Jan-12
Acquisition	Euronext Lisbon	2 990	€2 095	30-Jan-12
Acquisition	Euronext Lisbon	689	€2 092	30-Jan-12
Acquisition	Euronext Lisbon	1 811	€2 092	30-Jan-12
Acquisition	Euronext Lisbon	700	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	41	€2 091	30-Jan-12
Acquisition	Euronext Lisbon	1 039	€2 092	30-Jan-12
Acquisition	Euronext Lisbon	160	€2 092	30-Jan-12
Acquisition	Euronext Lisbon	195	€2 092	30-Jan-12
Acquisition	Euronext Lisbon	1 065	€2 092	30-Jan-12
Acquisition	Euronext Lisbon	300	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	35	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	397	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	603	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	1 965	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	727	€2 087	30-Jan-12
Acquisition	Euronext Lisbon	673	€2 087	30-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 087	30-Jan-12
Acquisition	Euronext Lisbon	20	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	600	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	380	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	236	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	764	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	236	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	1 764	€2 090	30-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 087	30-Jan-12
Acquisition	Euronext Lisbon	11 327	€2 087	30-Jan-12
Acquisition	Euronext Lisbon	4 825	€2 085	30-Jan-12
Acquisition	Euronext Lisbon	4 110	€2 086	30-Jan-12
Acquisition	Euronext Lisbon	890	€2 086	30-Jan-12
Acquisition	Euronext Lisbon	74	€2 085	30-Jan-12
Acquisition	Euronext Lisbon	3 688	€2 085	30-Jan-12
Acquisition	Euronext Lisbon	1 413	€2 085	30-Jan-12
Acquisition	Euronext Lisbon	1 087	€2 085	30-Jan-12
Acquisition	Euronext Lisbon	413	€2 085	30-Jan-12
Acquisition	Euronext Lisbon	1 370	€2 085	30-Jan-12
Acquisition	Euronext Lisbon	150	€2 085	30-Jan-12
Acquisition	Euronext Lisbon	1 350	€2 085	30-Jan-12
Acquisition	Euronext Lisbon	150	€2 085	30-Jan-12
Acquisition	Euronext Lisbon	480	€2 085	30-Jan-12
Acquisition	Euronext Lisbon	3 716	€2 080	30-Jan-12
Acquisition	Euronext Lisbon	1 284	€2 080	30-Jan-12
Acquisition	Euronext Lisbon	3 455	€2 080	30-Jan-12
Acquisition	Euronext Lisbon	1 045	€2 080	30-Jan-12
Acquisition	Euronext Lisbon	356	€2 081	30-Jan-12
Acquisition	Euronext Lisbon	3 827	€2 081	30-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 081	30-Jan-12
Acquisition	Euronext Lisbon	500	€2 085	30-Jan-12
Acquisition	Euronext Lisbon	4 332	€2 085	30-Jan-12
Acquisition	Euronext Lisbon	14 485	€2 072	30-Jan-12
Acquisition	Euronext Lisbon	5 000	€2 072	30-Jan-12
Acquisition	Euronext Lisbon	540	€2 092	31-Jan-12
Acquisition	Euronext Lisbon	2 460	€2 092	31-Jan-12
Acquisition	Euronext Lisbon	2 000	€2 085	31-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 085	31-Jan-12
Acquisition	Euronext Lisbon	300	€2 080	31-Jan-12
Acquisition	Euronext Lisbon	490	€2 080	31-Jan-12
Acquisition	Euronext Lisbon	713	€2 080	31-Jan-12
Acquisition	Euronext Lisbon	19	€2 080	31-Jan-12
Acquisition	Euronext Lisbon	37	€2 080	31-Jan-12
Acquisition	Euronext Lisbon	1 059	€2 080	31-Jan-12
Acquisition	Euronext Lisbon	382	€2 080	31-Jan-12
Acquisition	Euronext Lisbon	20	€2 075	31-Jan-12
Acquisition	Euronext Lisbon	1 480	€2 075	31-Jan-12
Acquisition	Euronext Lisbon	253	€2 080	31-Jan-12
Acquisition	Euronext Lisbon	1 881	€2 080	31-Jan-12
Acquisition	Euronext Lisbon	281	€2 080	31-Jan-12
Acquisition	Euronext Lisbon	500	€2 080	31-Jan-12
Acquisition	Euronext Lisbon	85	€2 080	31-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 075	31-Jan-12
Acquisition	Euronext Lisbon	108	€2 071	31-Jan-12
Acquisition	Euronext Lisbon	392	€2 071	31-Jan-12
Acquisition	Euronext Lisbon	328	€2 071	31-Jan-12
Acquisition	Euronext Lisbon	172	€2 071	31-Jan-12
Acquisition	Euronext Lisbon	1 804	€2 071	31-Jan-12
Acquisition	Euronext Lisbon	196	€2 071	31-Jan-12

TYPE OF TRANSACTION	LOCAL	QUANTITY	PRICE	TRANSACTION DATE
Acquisition	Euronext Lisbon	614	€2 070	31-Jan-12
Acquisition	Euronext Lisbon	886	€2 070	31-Jan-12
Acquisition	Euronext Lisbon	452	€2 070	31-Jan-12
Acquisition	Euronext Lisbon	1 489	€2 070	31-Jan-12
Acquisition	Euronext Lisbon	11	€2 070	31-Jan-12
Acquisition	Euronext Lisbon	1 470	€2 070	31-Jan-12
Acquisition	Euronext Lisbon	78	€2 070	31-Jan-12
Acquisition	Euronext Lisbon	2 000	€2 055	31-Jan-12
Acquisition	Euronext Lisbon	1 369	€2 071	31-Jan-12
Acquisition	Euronext Lisbon	3 631	€2 072	31-Jan-12
Acquisition	Euronext Lisbon	4 929	€2 072	31-Jan-12
Acquisition	Euronext Lisbon	71	€2 072	31-Jan-12
Acquisition	Euronext Lisbon	2 000	€2 069	31-Jan-12
Acquisition	Euronext Lisbon	500	€2 069	31-Jan-12
Acquisition	Euronext Lisbon	1 000	€2 069	31-Jan-12
Acquisition	Euronext Lisbon	991	€2 069	31-Jan-12
Acquisition	Euronext Lisbon	509	€2 080	31-Jan-12
Acquisition	Euronext Lisbon	608	€2 065	31-Jan-12
Acquisition	Euronext Lisbon	3 392	€2 065	31-Jan-12
Acquisition	Euronext Lisbon	1 500	€2 065	31-Jan-12
Acquisition	Euronext Lisbon	330	€2 075	01-Feb-12
Acquisition	Euronext Lisbon	1 170	€2 075	01-Feb-12
Acquisition	Euronext Lisbon	41	€2 075	01-Feb-12
Acquisition	Euronext Lisbon	41	€2 075	01-Feb-12
Acquisition	Euronext Lisbon	369	€2 075	01-Feb-12
Acquisition	Euronext Lisbon	126	€2 075	01-Feb-12
Acquisition	Euronext Lisbon	1 490	€2 080	01-Feb-12
Acquisition	Euronext Lisbon	4 000	€2 084	01-Feb-12
Acquisition	Euronext Lisbon	51	€2 080	01-Feb-12
Acquisition	Euronext Lisbon	820	€2 080	01-Feb-12
Acquisition	Euronext Lisbon	129	€2 080	01-Feb-12
Acquisition	Euronext Lisbon	691	€2 080	01-Feb-12
Acquisition	Euronext Lisbon	819	€2 080	01-Feb-12
Acquisition	Euronext Lisbon	1	€2 080	01-Feb-12
Acquisition	Euronext Lisbon	499	€2 080	01-Feb-12
Acquisition	Euronext Lisbon	321	€2 080	01-Feb-12
Acquisition	Euronext Lisbon	82	€2 080	01-Feb-12
Acquisition	Euronext Lisbon	11	€2 080	01-Feb-12
Acquisition	Euronext Lisbon	407	€2 080	01-Feb-12
Acquisition	Euronext Lisbon	1 602	€2 076	01-Feb-12
Acquisition	Euronext Lisbon	220	€2 076	01-Feb-12
Acquisition	Euronext Lisbon	1 000	€2 076	01-Feb-12
Acquisition	Euronext Lisbon	490	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	490	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	20	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	782	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	500	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	41	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	677	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	1 293	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	707	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	894	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	300	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	41	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	1 265	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	9 900	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	100	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	1 400	€2 079	02-Feb-12
Acquisition	Euronext Lisbon	186	€2 079	02-Feb-12
Acquisition	Euronext Lisbon	200	€2 079	02-Feb-12
Acquisition	Euronext Lisbon	41	€2 079	02-Feb-12
Acquisition	Euronext Lisbon	10 000	€2 080	02-Feb-12
Acquisition	Euronext Lisbon	3 000	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	1 000	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	5 569	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	2 104	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	1 000	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	3 000	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	25 000	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	3 052	€2 090	02-Feb-12
Acquisition	Euronext Lisbon	1 948	€2 090	02-Feb-12
Acquisition	Euronext Lisbon	4 500	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	5 000	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	5 000	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	1 500	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	1 000	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	5 000	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	5 000	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	5 000	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	5 000	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	5 000	€2 100	02-Feb-12
Acquisition	Euronext Lisbon	3 354	€2 091	02-Feb-12
Acquisition	Euronext Lisbon	1 646	€2 091	02-Feb-12
Acquisition	Euronext Lisbon	5 000	€2 091	02-Feb-12
Acquisition	Euronext Lisbon	13 354	€2 091	02-Feb-12
Acquisition	Euronext Lisbon	376	€2 091	02-Feb-12
Acquisition	Euronext Lisbon	5 000	€2 091	02-Feb-12
Acquisition	Euronext Lisbon	11 270	€2 091	02-Feb-12
Acquisition	Euronext Lisbon	5 000	€2 100	06-Feb-12
Acquisition	Euronext Lisbon	38 137	€2 100	06-Feb-12
Acquisition	Euronext Lisbon	5 000	€2 100	06-Feb-12
Acquisition	Euronext Lisbon	1 863	€2 100	06-Feb-12
Acquisition	Euronext Lisbon	5 000	€2 100	07-Feb-12
Acquisition	Euronext Lisbon	5 000	€2 100	07-Feb-12
Acquisition	Euronext Lisbon	16 896	€2 100	07-Feb-12
Acquisition	Euronext Lisbon	3 104	€2 100	07-Feb-12
Acquisition	Euronext Lisbon	40 796	€2 100	07-Feb-12
Acquisition	Euronext Lisbon	387	€2 091	08-Feb-12
Acquisition	Euronext Lisbon	1 000	€2 091	14-Feb-12
Acquisition	Euronext Lisbon	4 000	€2 091	14-Feb-12
Acquisition	Euronext Lisbon	500	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	1 090	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	399	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	500	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	101	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	389	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	10	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	480	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	480	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	30	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	1 021	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	323	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	677	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	2 498	€2 095	14-Feb-12
Acquisition	Euronext Lisbon	1 502	€2 100	14-Feb-12
Acquisition	Euronext Lisbon	909	€2 097	15-Feb-12
Acquisition	Euronext Lisbon	85	€2 097	15-Feb-12
Acquisition	Euronext Lisbon	6	€2 097	15-Feb-12
Acquisition	Euronext Lisbon	4 000	€2 097	15-Feb-12
Acquisition	Euronext Lisbon	1 000	€2 090	16-Feb-12
Acquisition	Euronext Lisbon	240	€2 100	16-Feb-12
Acquisition	Euronext Lisbon	32	€2 100	16-Feb-12
Acquisition	Euronext Lisbon	281	€2 100	16-Feb-12
Acquisition	Euronext Lisbon	2 279	€2 100	16-Feb-12
Acquisition	Euronext Lisbon	3 240	€2 100	16-Feb-12
Acquisition	Euronext Lisbon	500	€2 095	17-Feb-12

TYPE OF TRANSACTION	LOCAL	QUANTITY	PRICE	TRANSACTION DATE
Acquisition	Euronext Lisbon	1 200	€2 100	17-Feb-12
Acquisition	Euronext Lisbon	1 000	€2 100	17-Feb-12
Acquisition	Euronext Lisbon	1 000	€2 100	17-Feb-12
Acquisition	Euronext Lisbon	15 000	€2 100	17-Feb-12
Acquisition	Euronext Lisbon	1 000	€2 100	17-Feb-12
Acquisition	Euronext Lisbon	300	€2 100	17-Feb-12
Acquisition	Euronext Lisbon	25 000	€2 100	17-Feb-12
Acquisition	Euronext Lisbon	30	€2 100	18-Feb-12
Acquisition	Euronext Lisbon	338	€2 100	18-Feb-12
Acquisition	Euronext Lisbon	160	€2 100	18-Feb-12
Acquisition	Euronext Lisbon	50	€2 100	18-Feb-12
Acquisition	Euronext Lisbon	75	€2 100	18-Feb-12
Acquisition	Euronext Lisbon	490	€2 100	18-Feb-12
Acquisition	Euronext Lisbon	357	€2 100	18-Feb-12
Acquisition	Euronext Lisbon	1 500	€2 100	18-Feb-12
Acquisition	Euronext Lisbon	462	€2 100	18-Feb-12
Acquisition	Euronext Lisbon	490	€2 100	18-Feb-12
Acquisition	Euronext Lisbon	63	€2 100	18-Feb-12
Acquisition	Euronext Lisbon	100	€2 100	18-Feb-12
Acquisition	Euronext Lisbon	62	€2 100	18-Feb-12
Acquisition	Euronext Lisbon	753	€2 099	21-Feb-12
Acquisition	Euronext Lisbon	250	€2 099	21-Feb-12
Acquisition	Euronext Lisbon	1 000	€2 099	21-Feb-12
Acquisition	Euronext Lisbon	198	€2 099	21-Feb-12
Acquisition	Euronext Lisbon	226	€2 099	21-Feb-12
Acquisition	Euronext Lisbon	450	€2 099	21-Feb-12
Acquisition	Euronext Lisbon	324	€2 099	21-Feb-12
Acquisition	Euronext Lisbon	563	€2 099	21-Feb-12
Acquisition	Euronext Lisbon	113	€2 099	21-Feb-12
Acquisition	Euronext Lisbon	887	€2 099	21-Feb-12
Acquisition	Euronext Lisbon	236	€2 099	21-Feb-12
Acquisition	Euronext Lisbon	20	€2 085	22-Feb-12
Acquisition	Euronext Lisbon	5	€2 085	22-Feb-12
Acquisition	Euronext Lisbon	1 269	€2 099	22-Feb-12
Acquisition	Euronext Lisbon	560	€2 099	22-Feb-12
Acquisition	Euronext Lisbon	160	€2 099	22-Feb-12
Acquisition	Euronext Lisbon	150	€2 099	22-Feb-12
Acquisition	Euronext Lisbon	130	€2 099	22-Feb-12
Acquisition	Euronext Lisbon	1 000	€2 099	22-Feb-12
Acquisition	Euronext Lisbon	1 731	€2 099	22-Feb-12
Acquisition	Euronext Lisbon	290	€2 095	22-Feb-12
Acquisition	Euronext Lisbon	710	€2 095	22-Feb-12
Acquisition	Euronext Lisbon	324	€2 095	22-Feb-12
Acquisition	Euronext Lisbon	20 000	€2 100	22-Feb-12
Acquisition	Euronext Lisbon	210	€2 103	23-Feb-12
Acquisition	Euronext Lisbon	100	€2 103	23-Feb-12
Acquisition	Euronext Lisbon	90	€2 103	23-Feb-12
Acquisition	Euronext Lisbon	1 600	€2 100	23-Feb-12
Acquisition	Euronext Lisbon	720	€2 095	23-Feb-12
Acquisition	Euronext Lisbon	4 280	€2 095	23-Feb-12
Acquisition	Euronext Lisbon	1 500	€2 085	23-Feb-12
Acquisition	Euronext Lisbon	3 360	€2 085	23-Feb-12
Acquisition	Euronext Lisbon	1 370	€2 100	23-Feb-12
Acquisition	Euronext Lisbon	1 332	€2 100	23-Feb-12
Acquisition	Euronext Lisbon	298	€2 100	23-Feb-12
Acquisition	Euronext Lisbon	413	€2 100	23-Feb-12
Acquisition	Euronext Lisbon	970	€2 100	23-Feb-12
Acquisition	Euronext Lisbon	160	€2 100	23-Feb-12
Acquisition	Euronext Lisbon	957	€2 100	23-Feb-12
Acquisition	Euronext Lisbon	2 500	€2 100	23-Feb-12
Acquisition	Euronext Lisbon	230	€2 095	23-Feb-12

TYPE OF TRANSACTION	LOCAL	QUANTITY	PRICE	TRANSACTION DATE
Acquisition	Euronext Lisbon	480	€1 998	30-Apr-12
Acquisition	Euronext Lisbon	2 020	€1 998	30-Apr-12
Acquisition	Euronext Lisbon	613	€1 995	30-Apr-12
Acquisition	Euronext Lisbon	277	€1 995	30-Apr-12
Acquisition	Euronext Lisbon	213	€1 995	30-Apr-12
Acquisition	Euronext Lisbon	480	€1 995	30-Apr-12
Acquisition	Euronext Lisbon	100	€1 995	30-Apr-12
Acquisition	Euronext Lisbon	160	€1 995	30-Apr-12
Acquisition	Euronext Lisbon	150	€1 995	30-Apr-12
Acquisition	Euronext Lisbon	1 144	€1 995	30-Apr-12
Acquisition	Euronext Lisbon	1	€1 995	30-Apr-12
Acquisition	Euronext Lisbon	100	€1 998	30-Apr-12
Acquisition	Euronext Lisbon	1 267	€1 998	30-Apr-12
Acquisition	Euronext Lisbon	133	€1 999	30-Apr-12
Acquisition	Euronext Lisbon	1 116	€1 999	30-Apr-12
Acquisition	Euronext Lisbon	490	€1 999	02-May-12
Acquisition	Euronext Lisbon	160	€1 999	02-May-12
Acquisition	Euronext Lisbon	500	€1 999	02-May-12
Acquisition	Euronext Lisbon	408	€1 997	02-May-12
Acquisition	Euronext Lisbon	372	€1 997	02-May-12
Acquisition	Euronext Lisbon	1 542	€1 998	07-May-12
Acquisition	Euronext Lisbon	1 458	€1 998	07-May-12
Acquisition	Euronext Lisbon	3 000	€1 991	07-May-12
Acquisition	Euronext Lisbon	699	€1 990	07-May-12
Acquisition	Euronext Lisbon	128	€1 990	07-May-12
Acquisition	Euronext Lisbon	477	€1 990	07-May-12
Acquisition	Euronext Lisbon	696	€1 990	07-May-12
Acquisition	Euronext Lisbon	480	€1 986	07-May-12
Acquisition	Euronext Lisbon	337	€1 990	07-May-12
Acquisition	Euronext Lisbon	2 261	€1 999	07-May-12
Acquisition	Euronext Lisbon	1 456	€1 999	07-May-12
Acquisition	Euronext Lisbon	2 576	€1 999	07-May-12
Acquisition	Euronext Lisbon	1 098	€1 990	07-May-12
Acquisition	Euronext Lisbon	123	€1 995	07-May-12
Acquisition	Euronext Lisbon	490	€1 995	07-May-12
Acquisition	Euronext Lisbon	163	€1 995	07-May-12
Acquisition	Euronext Lisbon	169	€1 995	07-May-12
Acquisition	Euronext Lisbon	180	€1 998	07-May-12
Acquisition	Euronext Lisbon	2 368	€1 999	07-May-12
Acquisition	Euronext Lisbon	55	€1 995	07-May-12
Acquisition	Euronext Lisbon	509	€1 999	07-May-12
Acquisition	Euronext Lisbon	128	€1 999	07-May-12
Acquisition	Euronext Lisbon	387	€1 999	07-May-12
Acquisition	Euronext Lisbon	166	€1 999	07-May-12
Acquisition	Euronext Lisbon	128	€1 999	07-May-12
Acquisition	Euronext Lisbon	248	€1 999	07-May-12
Acquisition	Euronext Lisbon	283	€1 999	07-May-12
Acquisition	Euronext Lisbon	28	€1 991	08-May-12
Acquisition	Euronext Lisbon	989	€1 995	08-May-12
Acquisition	Euronext Lisbon	2 500	€1 995	08-May-12
Acquisition	Euronext Lisbon	490	€1 995	08-May-12
Acquisition	Euronext Lisbon	731	€1 995	08-May-12
Acquisition	Euronext Lisbon	2 421	€1 995	08-May-12
Acquisition	Euronext Lisbon	1 801	€1 991	08-May-12
Acquisition	Euronext Lisbon	290	€1 995	08-May-12
Acquisition	Euronext Lisbon	2 005	€1 995	08-May-12
Acquisition	Euronext Lisbon	911	€1 995	08-May-12
Acquisition	Euronext Lisbon	906	€1 995	08-May-12
Acquisition	Euronext Lisbon	1 800	€1 995	08-May-12
Acquisition	Euronext Lisbon	1 134	€1 995	08-May-12
Acquisition	Euronext Lisbon	565	€1 995	08-May-12

03 SUSTAINABILITY

3.1 GRI CORRESPONDENCE TABLE

	INDICATOR	GC	LOCATION + EVALUATION
	STRATEGY AND ANALYSIS		
1.1	Message from the Chairman		**Pages 5-6**
1.2	Impacts, risks and opportunities		**Pages 12, 13, 38-39, 63-64**
	ORGANISATIONAL PROFILE		
2.1	Name		REN – Redes Energéticas Nacionais, SGPS, S.A.
2.2	Brands and services		**Pages 8-9, 18-21**
2.3	Operational structure		**Pages 10-11, 276**
2.4	Registered office		Av. Estados Unidos da América, 55 – 1749-061 lisboa
2.5	Countries in which the Company operates		Portugal
2.6	Type and legal nature of ownership		**Pages 8-9**
2.7	Markets covered		**Pages 8-9**
2.8	Size		**Pages 13-17, 65**
2.9	Main changes		No changes have occurred with regard to previous report.
2.10	Premiums		**Pages 12-13**
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 21-22**
EU5	Distribution of CO_2 allowances, by country and bysystem		REN's activity does not include the production of energy,and therefore it is not subject to the alloca-tionof 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 2012 to 31 December 2012
3.2	Date of last report		2011 Report & Accounts
3.3	Publishing cycle		Annual
3.4	Contacts		**Page 367**, sustentabilidade@ren.pt
	Report Scope and Limits		
3.5	Definition of content		**Pages 62-63**
3.6	Limits		**Pages 62-63**
3.7	Specific limitations		**Pages 62-63**

	INDICATOR	GC	LOCATION + EVALUATION
3.8	Basis for preparation		**Pages 62-63**
3.9	Measurement techniques and calculation bases		**Pages 62-63,** Methodological Notes – **pages 350-351**
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..
	Table of Contents of the GRI		
3.12	Table of Contents of the GRI		This table
	Verification		
3.13	Current policy and practice relating to external control of the report		**Pages 62-63,** Verification report
	GOVERNANCE		
	Governance		
4.1	Governance structure		**Pages 264-275**
4.2	Role of the Chairman		**Pages 270-271, 275**
4.3	Independent and/or Non-executive Directors		**Pages 270-271, 275**
4.4	Mechanisms for communicating with shareholdersand employees		REN website: http://www.ren.pt/
4.5	Relation between remuneration and organizationalper-formance		**Pages 293-298**
4.6	Conflicts of interests		**Pages 262-263, 279, 290, 310**
4.7	Qualifications and skills of the directors		**Pages 314-316**
4.8	Mission statement, values, codes of conduct, and principles		REN's mission, vision and values can be seen at: http://www.ren.pt/quem_somos/missao_e_valores/
4.9	Procedures for overseeing the economic,environmental and social performance		**Pages 271-272**
4.10	Processes for assessing management performance		**Pages 270-272**
	Commitments to External Initiatives		
4.11	Approach to the precautionary principle	7	**Pages 279-282**
4.12	Participation in initiatives subscribed by theorganisation	7	**Pages 78-79,** UN Global Compact
4.13	Participation in associations and national /international bodies		**Pages 79-84**
	Relations with Stakeholders		
4.14	List of stakeholders		**Pages 64-65** http://www.ren.pt/sustentabilidade/partes_interessadas/
4.15	Basis for identification of stakeholders		**Pages 64-65** http://www.ren.pt/sustentabilidade/partes_interessadas/
4.16	Approaches to the relation with stakeholders		**Pages 64-65** http://www.ren.pt/sustentabilidade/partes_interessadas/
4.17	Issues and concerns of stakeholders and response		**Pages 64-65** http://www.ren.pt/sustentabilidade/partes_interessadas/

ECONOMIC PERFORMANCE

INDICATOR			GC	LOCATION + EVALUATION
FORMS OF MANAGEMENT				**Pages 12-15, 28, 49-50, 54-56, 63-64, 288-289**
ASPECT: AVAILABILITY AND RELIABILITY				
EU6	**Sectoral**	Availability and Reliability of energy supply		**Pages 15-25, 34-46**
ASPECT: DEMAND MANAGEMENT				
EU7	**Sectoral**	Demand management programs, including residential, commercial and industrial programs		REN's nature does not allow it to develop demand management programs.
ASPECT: RESEARCH & DEVELOPMENT				
EU8	**Sectoral**	Approach to research and development		**Pages 79-84**
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: € 378 327 M Direct Economic value distributed: € 344 024 M Direct Economic value of shareholders retained: € 34 302 M
EC2	**Essential**	Financial implications, risk assessment and opportunities-posed by climate change	7	The risks and opportunities posed by climate changeare identified by REN, however, the respective financialimplications have not yet been evaluated. **Pages 87-91** REN answered to 2012 Carbon Disclosure Project: https://www.cdproject.net/Sites/2012/55/15655/Investor%20CDP%20 2012/Pages/DisclosureView.aspx
EC3	**Essential**	Coverage of Retirement Plans in the organisation		**Page 73** Pensions Plan - 1 733 (thousand Euros) Medical care and other benefits - 1 005 (thousand Euros)
EC4	**Essential**	Financial contributions to investment		**Pages 79-81** In 2012, REN received € 917 728 in financial contributions to investment.
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 1.5times the national minimum wage for 2012 (485€).
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, involvingcompanies included on a list of qualified suppliers forvarious classes of relevant supplies. In 2012, REN had an average payment time of 31 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 78-79** Initiatives are undertaken based on an assessmentof 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 34-46, 54-56, 87-91**
ASPECT: AVAILABILITY AND RELIABILITY				
EU10	Sectoral	Coverage of long-term demand (including reserves)		Ren cooperates with the Directorate-General of Energyand Geology (DGEG) in monitoring the supply security ofthe SEN and SNGN having as reference prospective dataon the medium and long-term evolution of the electro-producer system and the RNTIAT **Pages 15-25, 31-32, 34-46**
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 notaffected by this type of analysis
ASPECT: SYSTEM EFFICIENCY				
EU12	Sectoral	Efficiency in energy transmis-sion and distribution		**Pages 15-25, 34-46**

ENVIRONMENTAL PERFORMANCE

INDICATOR			GC	LOCATION + EVALUATION
FORMS OF MANAGEMENT				**Pages 12-15, 28, 49-50, 54-56, 63-64, 84, 288-289**
ASPECT: MATERIALS				
EN1	Essential	Consumption of materials	8	**Page 86** 125 reams of A3 paper were used.
EN2	Essential	Percentage of materials used that are recycled	8,9	**Page 86**
ASPECT: ENERGY				
EN3	Essential	Direct energy consumption		**Page 91** All energy consumed by REN comes from fossil sources Only the consumption of fuel used during service in the REN fleet is calculated.

INDICATOR			GC	LOCATION + EVALUATION
EN4	Essential	Indirect energy consumption		**Page 91** REN's electricity supplier is EDP Serviço Universal andall information on the primary energy for electricity production can be found at the following link: http://www.edpsu.pt/pt/origemdaenergia/Pages/OrigensdaEnergia.aspx
EN5	Complementary	Energy conservation and efficiency	8,9	**Pages 87-91**
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 87-91**
EN7	Complementary	Initiatives to reduce indirect energy consumption and reductions achieved	8,9	**Pages 87-91**
ASPECT: WATER				
EN8	Essential	Total water consumption	8	**Pages 86-87**
EN9	Complementary	Water resources affected	8	**Pages 86-87** 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 86-87**
ASPECT: BIODIVERSITY				
EN11	Essential	Land in protected areas or areas with high biodiversity value outside protected areas	8	**Page 92**
EU13	Sectoral	Comparison between the biodiversity of restored habitatsand 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 86-90**
EN12	Essential	Significant impacts on protected areas or areas with high biodiversity value outside protected areas		**Pages 92-95** Further information at: http://www.ren.pt/sustentabilidade/ambiente/biodiversidade_e_gestao_dos_ecossistemas/ e http://www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/medidas_compensatorias/

INDICATOR			GC	LOCATION + EVALUATION
EN13	Complementary	Comparison between the biodiversity of restored habitatsand that of original habitats		**Pages 92-95** Further information at: http://www.ren.pt/sustentabilidade/ambiente/biodiversidade_e_gestao_dos_ecossistemas/ e http://www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/medidas_compensatorias/
EN14	Complementary	Managing impacts on biodiversity	8	**Pages 92-95** Further information at: http://www.ren.pt/sustentabilidade/ambiente/biodiversidade_e_gestao_dos_ecossistemas/ e http://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	**Page 92**
ASPECT: EMISSIONS, EFFLUENTS AND WASTE				
EN16	Essential	Direct and indirect emissions of greenhouse gases		**Pages 87-91**
EN17	Essential	Other indirect emissions of greenhouse gases	8	**Pages 87-91**
EN18	Essential to the REN sector	Initiatives to reduce the emissions of greenhouse gases	8,9	**Pages 87-91**
EN19	Essential	Emissions of ozone layer depleting substances	8	REN does not produce any products or services that useany 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	**Page 86** 7 136 m^3 were rejected by the Bucelas WWTP.
EN22	Essential	Production of waste by type and by final destination	8	**Page 87**
EN23	Essential	Occurrence of spills during work	8	In 2012, 5 spills of hazardous substances occurred From the spills recorded, it was only possible to quantifyone of them: - 1 spill of 337 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.

INDICATOR			GC	LOCATION + EVALUATION
ASPECT: EMISSIONS, EFFLUENTS AND WASTE				
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 managementoperators.
EN25	Complementary	Water resources and respective habitats affected by the rejection of waste water	8	**Pages 86-87**
ASPECT: PRODUCTS AND SERVICES				
EN26	Essential	Initiatives to assess and mitigate environmental impacts	8,9	**Pages 85-86, 93-95** Further information at: http://www.ren.pt/sustentabilidade/abordagem_da_ren, http://www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/avaliacao_ambiental_estrategica/ e http://www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/avaliacao_de_projectos/
EN27	Essential	Percentage that has been re-covered 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 2012, eleven cases relating to administrativeenvironmental offences were raised, 16 administrative environmental offence cases were concluded, two of which were attributed with culpability (with penalty). Sixty two cases were carried forward from previous years Sum paid in fines: €6 274.
ASPECT: TRANSPORT				
EN29	Complementary	Environmental impacts resulting from transportation	8	**Pages 89, 93**
ASPECT: GENERAL				
EN30	Complementary	Costs and investments relating to environmental protection	8,9	**Page 87**

SOCIAL PERFORMANCE - LABOR PRACTICES

INDICATOR			GC	LOCATION + EVALUATION
FORMS OF MANAGEMENT				**Pages 12-15, 28, 49-50, 54-56, 63-65, 280-289**
ASPECT: EMPLOYMENT				
EU14	**Sectoral**	Retention and renewal of skilled labor		**Pages 70-72**
LA1	**Essential**	Employees per type of job		There are no part-time employees All work contract are full-time. **Pages 65-70** 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'soperations are centred in Portugal. **Pages 66-67**
EU15	**Sectoral**	Percentage of employees eligible for retirement in the next 5 to 10 years		**Page 67**
EU16	**Sectoral**	Policies and requirements relating to the health and safety of employees, contractors and subcontractors		**Pages 74-78**
EU17	**Sectoral**	Average of subcontracted employees		**Page 74**
EU18	**Sectoral**	Training of subcontracted employees		**Pages 74-78**
LA3	**Complementary**	Benefits for full time employees	6	**Pages 73**
ASPECT: RELATIONS BETWEEN EMPLOYEES AND MANAGEMENT				
LA4	**Essential**	Employees covered by collective negotiation agreements	3	**Pages 73**
LA5	**Essential**	Minimum periods of notice in relation to operational changes	3	The notice periods follow those of the General Labor Law.
ASPECT: HEALTH AND SAFETY AT WORK				
LA6	**Complementary**	Employees represented on safety and occupational health committees		**Pages 74-76** Percentage of total labor represented on formal health and safety committees - 100%.

INDICATOR			GC	LOCATION + EVALUATION
LA7	Essential	Rates of injuries, occupational diseases, lost days, absenteeism and deaths resulting from work activities		**Pages 74-76** No of Accidents with Sick Leave REN workers – 4 No of Accidents without Sick Leave REN workers – 3 No of occupational diseases – 0
LA8	Essential	Programmes relating to serious illnesses		**Pages 73-76**
LA9	Complementary	Topics related to health and safety, covered in formal agreements with trade unions		The topics covered are described under Title XV andunder Annex IV of the Collective Bargaining Agreement.
ASPECT: TRAINING				
LA10	Essential	Annual training per employee		**Pages 70-72**
LA11	Complementary	Skills management programmes		**Pages 70-72**
LA12	Complementary	Employees with performance evaluation and career development		100% **Pages 72-73**
ASPECT: DIVERSITY AND EQUAL OPPORTUNITIES				
LA13	Essential	Number of employees per diversity indicator	1,6	REN has two disabled employees. **Pages 65-69**
LA14	Essential	Ratio between men and women base-salaries byfunctional 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 12-15, 28, 49-50, 54-56, 63-65, 280-289**
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 included in the Constitution and in the General Labour Law. However, REN is preparing a specification to beincluded in the lists of specifications, which will addressrequirements on social responsibility to be fulfilled inundertakings and in contracts for the provision of services,which will include human rights.
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 hu-man rights	1,4,5	0% Although REN has not promoted any specific traininginitiative on human rights, the Company's Code ofConduct 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 the Portuguese legislation ensuring human rights and is a signatory to the principlesof the UN Global Compact No incidents involving discrimination were identified in 2012.
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 2012, no situations were identified in which the right of freedom of association and collective negotiation were at risk. The mechanisms of the right to strike are guaranteedby national legislation
ASPECT: CHILD LABOUR				
HR6	Essential	Risk of child labour	1,5	REN complies with Portuguese legislation prohibitingthe contracting of child labour and is a signatory to theprinciples 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 prohibitingthe contracting of child labour and is a signatory to theprinciples 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 the Portuguese legislation ensuring human rights and is a signatory to the principlesof the UN Global Compact Legal compliance is validated during the supervision ofsubcontractors 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 thisindicator is not applicable.

SOCIAL PERFORMANCE - SOCIETY

INDICATOR			GC	LOCATION + EVALUATION
FORMS OF MANAGEMENT				**Pages 12-15, 28, 49-50, 54-56, 63-65, 280-289**
ASPECT: COMMUNITY				
EU19	Sectoral	Decision-making processes participated in by communities		http://www.ren.pt/sustentabilidade/ambiente/avaliacao_ambiental/avaliacao_ambiental_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 theACT are complied with.
EU21	Sectoral	Planning and response to disasters / emergencies		**Pages 74-76**
SO1	Essential	Managing impacts on communities		**Pages 78-79**
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 theCode (Article 20).
SO4	Essential	Actions taken in the event of corruption	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 andestablishment of contacts with its institutions (EuropeanCommission and European Parliament). - Regular participation in different projects and workinggroups of international organisations in the electricity andnatural gas sectors, more specifically in ENTSO-E, ENTSO-G, Eurelectric and Cigré, which actively influence European policies and promote good practices for the sector . - Combined work with DGEG and ERSE in the establishing of new European network codes for the natural gas and electricity sectors.
SO6	Complementary	Funding of political parties		REN does not fund any political parties, and this is anactivity forbidden by law in Portugal.

INDICATOR			GC	LOCATION + EVALUATION
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 of non-monetary sanctions for non-compliance with laws andregulations		In 2012, there were no fines or non-monetary sanctions.

SOCIAL PERFORMANCE - PRODUCT

INDICATOR			GC	LOCATION + EVALUATION
FORMS OF MANAGEMENT				**Pages 12-15, 28, 49-50, 54-56, 63-65, 280-289**
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		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-userconsumers However, where appropriate the Company publishes information to clarify the general public on relevant issueson the impact of energy transmission.
ASPECT: HEALTH AND SAFETY OF THE CLIENT				
PR1	Essential	Health and safety relating to products and services		**Pages 15-25, 34-46**
PR2	Complementary	Cases of legal non-compliance relating to impacts of products and services on health and safety		In 2012, in the audit for the 1st monitoring of certification conducted by APCER (Portuguese Certification Association), only 1 Non Conformity was identified relating to requirement 4.4.6 – Operational Control, of standard NP 4397:2008 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		0. There were no occurrences in 2012.
ASPECT: LABELLING OF PRODUCTS AND SERVICES				
PR3	Essential	Information on products and services required by regulations	8	**Pages 15-25, 34-46**

INDICATOR			GC	LOCATION + EVALUATION
ASPECT: LABELLING OF PRODUCTS AND SERVICES				
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 theinformation available in 2012.
PR5	Complementary	Client satisfaction		**Page 65** Further information: http://www.ren.pt/sustentabilidade/partes_interessadas/clientes/
ASPECT: ADVERTISING				
PR6	Essential	Programs of voluntary codes relating to marketing communications, including advertising, promotion and sponsorship		The principles by which REN is governed in terms ofcommunication are covered in the Company's Code ofConduct (Article 14).
PR7	Complementary	Cases of legal non-compliance concerning voluntary codes related to marketing communications, including advertising, promotion and sponsorship		There were no recorded cases of non-compliances relatingto communication, marketing, advertising, promotion andsponsorship in 2012.
ASPECT: CLIENT PRIVACY				
PR8	Complementary	Complaints regarding breaches of client privacy		REN complies with Portuguese legislation regarding theconfidentiality of information, this principle is coveredin 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 2012 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 of concessioned distribution, by rural and urban area		REN's activity does not include power distribution, so thisindicator is not applicable.
EU27	Sectoral	Interruptions to domestic supply and respective duration due to non-payment		REN's activity does not include distribution, so thisindicator is not applicable.
EU28	Sectoral	Interruption of supply		**Pages 15-25, 34-46**
EU29	Sectoral	Average duration of supply interruptions		**Pages 15-25, 34-46**
EU30	Sectoral	Average coefficient of availability of a plant per energy source, country and regulatory system		REN's activity does not include distribution, so thisindicator 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 Created	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 Created .
EN3	Diesel	Net calorific value of diesel taken from the Table for Net calorific Values, Emission Factor and Oxidation of CO_2 Factor used in the National Greenhouse Gas Inventory published in 2008 by the Portuguese Environmental Agency: 43.3 GJ/t.
	Petrol	Net calorific value of petrol taken from the Table for Net calorific Values, Emission Factor and Oxidation of CO_2 Factor used in the National Greenhouse Gas Inventory published in 2008 by the Portuguese Environmental Agency: 44.8 GJ/t.
	Natural Gas	Net calorific value of natural gas fuel taken from the Table for Net calorific Values, Emission Factor and Oxidation of CO_2 Factor used in the National Greenhouse Gas Inventory published in 2008 by the Portuguese Environmental Agency: 38.46 GJ/t.
	Propane	Net calorific value of propane fuel taken from the Table for Net calorific Values, Emission Factor and Oxidation of CO_2 Factor used in the National Greenhouse Gas Inventory published in 2008 by the Portuguese Environmental Agency: 48.55 GJ/t.
EN16	Direct and indirect emissions of greenhouse gases	Total amount of direct emissions of greenhouse gases (SF6 used as dielectric insulator, CH4 from the purges of the gas pipeline, and CO_2 from the boilers) and indirect emissions (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 (http://www.edpsu.pt/pt/origemdaenergia/Pages/OrigensdaEnergia.aspx)
	Diesel	Net calorific value of diesel taken from the Table for Net calorific Values, Emission Factor and Oxidation of CO_2Factor used in the National Greenhouse Gas Inventory published in 2008 by the Portuguese Environmental Agency: 0.0741 tCO_2eq/GJ.
	Petrol	Net calorific value of petrol taken from the Table for Net calorific Values, Emission Factor and Oxidation of CO_2Factor used in the National Greenhouse Gas Inventory published in 2008 by the Portuguese Environmental Agency: 0.0686 tCO_2eq/GJ.
	Natural Gas	Net calorific value of natural gas taken from the Table for Net calorific Values, Emission Factor and Oxidation of CO_2Factor used in the National Greenhouse Gas Inventory published in 2008 by the Portuguese Environmental Agency: 0.0561 tCO_2eq/GJ.
	Propane	Net calorific value of propane taken from the Table for Net calorific Values, Emission Factor and Oxidation of CO2Factor used in the National Greenhouse Gas Inventory published in 2008 by the Portuguese Environmental Agency: 0.0631 tCO_2eq/GJ.
	CH_4 (purges)	Potential Global Warming Value of CH_4 defined by the Intergovernmental Panel on Climate Change (IPCC 2007): 21 tCO_2eq (considering a composition of 87.89% CH_4 in Natural Gas).
	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.

Extract from REN´s 2012 Annual Report. Read the full report for more information.

INDICATOR		DEFINITION / CALCULATION CRITERIA
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	$\sum$ people leaving the company / average headcount (full contract workers + term contract workers)
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 each 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 2012 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 2012 (Report), in particular the chapter "4. Sustainability in 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.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
Tel +351 213 599 000, Fax +351 213 599 999, www.pwc.com/pt
Matriculada na Conservatória do Registo Comercial sob o NUPC 506 628 752, Capital Social Euros 314.000

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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.

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, to allow the periodic and systematic monitoring of REN regarding sustainability.
- Principle of inclusivity: REN revised in 2011 the stakeholder mapping and conducted a consultation process in terms of sustainability. The results were considered in the review of the strategic sustainability priorities. Additionally, REN has several periodic or continuous communication/engagement mechanisms with its stakeholders, thus ensuring regular interaction with them. It is recommended that next year will be held a new stakeholder consultation, in order to assess whether sustainability issues remain relevant, as well as the respective performance of REN and to get feedback on the sustainability reporting.

- 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. It is recommended that next year will be held a new stakeholder consultation, in order to assess whether sustainability issues remain relevant.
- 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 27, 2013

PricewaterhouseCoopers & Associados SROC, Lda.

Represented by:

António Joaquim Brochado Correia, ROC

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REN

GLOSSARY

REN. AN EVER GROWING NETWORK

FINANCIAL GLOSSARY

CAPEX

Capital expenditure on acquisitions and upgrades 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 (operating profit)

EBITDA

Earnings before interest, taxes, depreciation andamortisation (operating profit, plus amortisations,plus provisions, adjusted per non-recurring items)

EBITDA MARGIN

EBITDA/Turnover

PAYOUT RATIO

Ordinary dividend/net profit

RETURN ON ASSETS (ROA)

EBIT/total assets

RETURN ON EQUITY (ROE)

Net profit/Equity

TURNOVER

Sales plus services provided

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

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
Conseil International des Grands Réseaux Électriques

CIGRÉ
International Council on Large Electric Systems

CIT
Individual Employment Contract

CMVM
Portuguese Securities Market Regulator

CO
Certificates of Origin

CO2
Carbon dioxide (greenhouse gas)

CODEMO
Portuguese Code for Market Research and Opinion Studies

CRH
Human Resources Committee

CT
Term Contracts

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

ENF
Energia Não Fornecida [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

GMRS
Gas Regulating and Metering Station

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

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

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

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.

OMIP
Operador do Mercado Ibérico de Energia Energía (Pólo Português), S.A. [Portuguese Cluster]

OPEX
Operating and Maintenance Costs

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

PERO
Electricity Generation under Ordinary Regime

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

RAB
Regulatory Asset Base

RCCP
Current ROE

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

RENTELECOM
RENTELECOM – 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

ROA
Return on Assets

SAP
Systems of applications and products for data processing

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

UAG
Autonomous Gas Unit

UGS
Tariff of Global Use of the System

URT
Tariff of Use of the Transmission Network

VAT
Value Added Tax

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 CO_2 equivalent
TWh	terawatt/hour

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CONTACTS

REN. AN EVER GROWING NETWORK

INVESTOR RELATIONS OFFICE

Ana Fernandes
Head of Department

Alexandra Martins

Telma Mendes

REN - Redes Energéticas Nacionais, SGPS, S.A.
Relações com o Investidor
Avenida dos Estados Unidos da América, 55
1749-061 LISBOA - Portugal

Telephone: (+351) 210 013 546
Telefax: (+351) 210 013 150
E-mail: ir@ren.pt

COMMUNICATION AND SUSTAINABILITY DEPARTMENT

Margarida Ferreirinha
Head of Department

REN - Redes Energéticas Nacionais, SGPS, S.A.
Direção Comunicação e Sustentabilidade
Avenida dos Estados Unidos da América, 55
1749-061 LISBOA - Portugal

Telephone: (+351) 210 013 500
Telefax: (+351) 210 013 490
E-mail: comunicacao@ren.pt

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REN

REDES ENERGÉTICAS NACIONAIS, SGPS, S.A.

Avenida Estados Unidos da América, 55
1749-061 Lisboa
Phone: +351 210 013 500

www.ren.pt