

**BASE PROSPECTUS**  
**REN – Redes Energéticas Nacionais, SGPS, S.A.**  
and  
**REN FINANCE B.V.**  
**EUR 5,000,000,000**  
**Euro Medium Term Note Programme**

Under this EUR 5,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), REN – Redes Energéticas Nacionais, SGPS, S.A. ("**REN**") and REN Finance B.V. ("**REN B.V.**" and together with REN, the "**Issuers**" and each an "**Issuer**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below).

The Notes issued by REN B.V. will not be guaranteed by REN but REN B.V. has the benefit of the Keep Well Agreement executed by REN as more fully described herein under "*Relationship of REN B.V. with REN*".

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 5,000,000,000, subject to increase as described herein. The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the relevant Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".**

This Base Prospectus has been approved by the Central Bank of Ireland as competent authority under Directive 2003/71/EC, as amended, (the "**Prospectus Directive**"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of European Economic Area ("**EEA**"). Application has been made to The Irish Stock Exchange plc (the "**Irish Stock Exchange**") for Notes issued during the period of twelve months from the date hereof to be admitted to the official list of the Irish Stock Exchange (the "**Official List**") and to trading on its regulated market. The Programme provides that Notes may also be listed or admitted to trading on the regulated market of Euronext Lisbon. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the relevant Issuer. The Irish Stock Exchange's regulated market and Euronext Lisbon's regulated market are each regulated markets ("**Regulated Markets**") for the purposes of Directive 2004/39/EC on markets in financial instruments. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Irish Stock Exchange or Euronext Lisbon.

Notes issued under the Programme will have a maturity of one year or more.

Notes issued by REN will be issued in dematerialised book-entry form (*forma escritural*) ("**Book-Entry Notes**") and can be either *nominativas* (in which case Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**"), at the Issuer's (REN's) request, can ask the affiliate members of Interbolsa (the "**Affiliate Members of Interbolsa**") for information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer (REN) of the identity of the Noteholders). Book-Entry Notes will be registered by Interbolsa as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) ("**CVM**").

Notes issued by REN B.V. will be issued in bearer form (which may initially be in the form of a temporary global note, exchangeable for a permanent global note, which is exchangeable for definitive bearer Notes or a registered Note in definitive form in certain limited circumstances) or registered form (which may initially be in the form of registered global note, exchangeable for registered Notes in definitive form in certain limited circumstances) ("**Non-Book-Entry Notes**"). The provisions governing the exchange of interests in Global Notes are described in "*Form of the Notes, Clearing Systems, Exercise of Rights and Listing*".

The Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under Directive 2003/71/EC (the "**Prospectus Directive**") will be EUR 1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Each of Moody's Investors Service Ltd ("**Moody's**"), Standard & Poor's Credit Market Services France SAS ("**Standard & Poor's**") and Fitch Ratings Ltd. ("**Fitch**") has rated REN and the Programme (see pages 5 and 6).

Each of Moody's, Standard & Poor's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such, each of Moody's, Standard & Poor's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

Tranches of Notes may be rated or unrated. If a Tranche of Notes is rated, the applicable rating(s) will be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to the relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**") will be disclosed in the Final Terms.

	<b>Arrangers</b>	
	<b>Dealers</b>	
<b>Barclays</b>  <b>Banco Bilbao Vizcaya Argentaria, S.A.</b> <b>Banco Comercial Português, S.A.</b> <b>Barclays</b> <b>BofA Merrill Lynch</b> <b>Citigroup</b> <b>Espírito Santo Investment Bank</b> <b>J.P. Morgan</b>	<b>UBS Investment Bank</b>	<b>Caixa – Banco de Investimento</b>  <b>Banco BPI, S.A.</b> <b>Banco Santander Totta, S.A.</b> <b>BNP PARIBAS</b> <b>Caixa – Banco de Investimento</b> <b>Deutsche Bank</b> <b>HSBC</b> <b>The Royal Bank of Scotland</b>

This Base Prospectus is dated 21 July 2014

## IMPORTANT NOTICES

### *Responsibility for this Base Prospectus*

REN B.V. as Issuer and REN in its capacities as Issuer and as Keep Well Provider each accept responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge and belief of REN and REN B.V. (the "**Responsible Persons**") (each having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

### *Final Terms/Drawdown Prospectus*

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**").

### *Public Offers of Notes in the European Economic Area*

Certain Tranches of Notes with a denomination of less than EUR 100,000 (or its equivalent in any other currency) may, subject as provided below, be offered in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to in this Base Prospectus as a "**Public Offer**".

This Base Prospectus has been prepared on a basis that permits Public Offers of Notes in Ireland. In addition, the Issuers have requested the Central Bank of Ireland to provide a certificate of approval in accordance with Article 18 of the Prospectus Directive (a "**passport**") in relation to the passporting of the Base Prospectus to the competent authority of Portugal (the "**Host Member State**" and, together with Ireland, each a "**Public Offer Jurisdiction**"). Even though the Issuer has passported the Base Prospectus into the Host Member State, it does not mean that it will choose to make any Public Offer in the Host Member State. Investors should refer to the Final Terms for any issue of Notes to see whether the relevant Issuer has selected to make a Public Offer of Notes in the Host Member State and the period during which it intends to make such a Public Offer in the Host Member State. Any person making or intending to make a Public Offer of Notes in a Public Offer Jurisdiction on the basis of this Base Prospectus must do so only with the consent of the Responsible Persons – see "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" below.

If after the date of this Base Prospectus the Issuers intend to add one or more Relevant Member States to the list of Public Offer Jurisdictions for any purpose, they will prepare a supplement to this Base Prospectus specifying such Relevant Member State(s) and any relevant additional information required by the Prospectus Directive. Such supplement will also set out provisions relating to the consent of the Responsible Persons to the use of this Prospectus in connection with any Public Offer in any such additional Public Offer Jurisdiction.

### *Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*

In the context of any Public Offer of Notes in a Public Offer Jurisdiction, the Responsible Persons accept responsibility in that Public Offer Jurisdiction, for the content of this Base Prospectus in relation to any person (an "**Investor**") who purchases any Notes in a Public Offer made by a Dealer or an Authorised Offeror (as defined below), where that offer is made during the Offer Period (as defined below).

Except in the circumstances described below, the Responsible Persons have not authorised the making of any offer by any offeror or consented to the use of this Base Prospectus by any other person in connection with any offer of the Notes in any jurisdiction. Any offer made without the consent of the Responsible Persons is unauthorised and neither the Responsible Persons nor, for the avoidance of doubt, the Trustee or any of the Dealers accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Base Prospectus for the purpose of the relevant Public Offer and, if so, who that person is.

If an Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents, the Investor should take legal advice.

***Consent to the use of this Base Prospectus***

***Common conditions to Consent***

The conditions to the consent of the Responsible Persons are (in addition to the conditions described in either sub-paragraph (a) (*Specific Consent*) or sub-paragraph (b) (*General Consent*) under "Consent" below) that such consent:

- i. is only valid in respect of the relevant Tranche of Notes;
- ii. is only valid during the Offer Period specified in the applicable Final Terms; and
- iii. only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Notes in such of the Public Offer Jurisdictions as are specified in the applicable Final Terms.

The consent referred to above relates to Public Offers occurring within twelve months from the date of this Base Prospectus.

***Specific Consent and General Consent***

Subject to the conditions set out above under "*Common Conditions to Consent*", each of the Responsible Persons consents to the use of this Base Prospectus in connection with a Public Offer of Notes in any Public Offer Jurisdiction by:

(a) *Specific Consent:*

- (i) the Dealers specified in the relevant Final Terms;
- (ii) any financial intermediaries specified in the applicable Final Terms, and
- (iii) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the website of the Keep Well Provider (www.ren.pt) and identified as an Authorised Offeror in respect of the relevant Public Offer, and

(b) *General Consent:*

If General Consent is specified in the relevant Final Terms as applicable, any other financial intermediary which:

- (i) is authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, including under any applicable implementing measure in each relevant jurisdiction ("**MiFID**"); and
- (ii) accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) (the "**Acceptance Statement**"):

*"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the "Notes") described in the Final Terms dated [insert date] (the "Final Terms") published by [ISSUER] (the "Issuer").*

*In consideration of the Issuer offering to grant their consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [insert name(s) of relevant Public Offer Jurisdiction(s)] during the Offer Period in accordance with the **Authorised Offeror Terms** (as specified in the Base Prospectus), we accept the offer by the Issuer. We confirm that we are authorised under MiFID to make, and are using the Base Prospectus in connection with, the Public Offer accordingly.*

*Terms used herein and otherwise not defined shall have the same meaning as given to such terms in the Base Prospectus.*

**Any financial intermediary falling within this sub-paragraph (b) who wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period specified in the applicable Final Terms, to publish a duly completed Acceptance Statement on its website.**

***Authorised Offerors***

**The financial intermediaries referred to in sub-paragraphs (a)(ii) and (iii) and sub-paragraph (b), above, are together referred to herein as the "Authorised Offerors".**

**Arrangements between an Investor and the Authorised Offeror who will distribute the Notes**

Neither the Issuers nor, for the avoidance of doubt, the Trustee or any of the Dealers has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT ARRANGEMENTS. NEITHER ISSUERS WILL BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE RELEVANT AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUERS, THE TRUSTEE OR THE DEALERS HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

**IN THE EVENT OF AN OFFER BEING MADE BY A FINANCIAL INTERMEDIARY, SUCH FINANCIAL INTERMEDIARY WILL PROVIDE INFORMATION TO INVESTORS ON THE TERMS AND CONDITIONS OF THE OFFER AT THE TIME THE OFFER IS MADE.**

***Public Offers: Issue Price and Offer Price***

Notes to be offered pursuant to a Public Offer will be issued by the relevant Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by such Issuer in consultation with the relevant Dealer(s) at the time of the relevant Public Offer and will depend, amongst other things, on the interest rate applicable to the Notes and prevailing market conditions at that time. The offer price of such Notes will be the Issue Price or such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Notes to such Investor. Neither Issuers will be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Notes to such Investor.

***Other relevant information***

This Base Prospectus is to be read in conjunction with any supplements hereto and with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*") and, in relation to any Tranche of Notes, must be read and construed together with the relevant Final Terms. The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Copies of Final Terms in relation to Non-Book-Entry Notes will be available from the registered office of REN B.V. and the specified office set out below of each of the Paying Agents (other than the Portuguese Paying Agent) and copies of Final Terms in relation to Book-Entry Notes will be available from the registered office of REN and the specified office set out below of the Portuguese Paying Agent.

The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuers during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

#### ***Unauthorised information***

No person is or has been authorised by the Issuers, the Trustee or any of the Dealers to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, any of the Dealers or the Trustee.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein is correct at any time subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of Issuers since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same.

#### ***Restrictions on distribution***

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuers, the Dealers, the Trustee or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuers.

None of Issuers, the Dealers or the Trustee represents that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuers, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Portugal) and Japan, see "*Subscription and Sale*".

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

#### ***Programme limit***

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 5,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Programme Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement as defined under "*Subscription and Sale*".

#### ***Certain definitions***

In this Base Prospectus, unless otherwise specified, all references to "**U.S. dollars**", "**U.S.\$**" and "**\$**" refer to United States dollars; all references to "**Sterling**" and "**£**" refer to pounds sterling; all references to "**Japanese Yen**" and "**¥**" refer to Japanese yen; all references to "**Swiss francs**" and "**CHF**" refer to Swiss francs; all references to "**euro**", "**EUR**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

#### ***Stabilisation***

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the**

**relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## CONTENTS

	<b>Page</b>
Summary of the Programme.....	1
Risk Factors.....	16
Documents Incorporated by Reference .....	31
Form of the Notes, Clearing Systems, Exercise of Rights and Listing.....	32
Form of Final Terms – Minimum Denomination of less than EUR 100,000 .....	38
Form of Final Terms – Minimum Denomination of at least EUR 100,000.....	49
Terms and Conditions of the Notes .....	58
Use of Proceeds .....	90
Relationship of REN Finance B.V. with REN .....	91
REN Finance B.V.....	95
REN – Redes Energéticas Nacionais, SGPS, S.A. ....	97
Electricity Industry .....	100
Recent Developments.....	126
Management .....	127
Financial Statements of REN .....	134
Taxation.....	139
Subscription and Sale .....	151
General Consent – The Authorised Offeror Terms .....	155
General Information .....	157

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## SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as 'Elements'. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in these Listing Particulars have the same meanings in this summary.

### Section A – Introduction and warnings

Element	Title	
A.1	Introduction and Warning:	<p><b>This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any information incorporated by reference. Following the implementation of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus, including any information incorporated by reference or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member States, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</b></p>
A.2	Consent by Issuers for use of the Base Prospectus:	<p><i>[Not Applicable. The Instruments are issued in denominations of at least EUR 100,000 (or its equivalent in any other currency)]</i></p> <p>[The Issuers consent to the use of this Base Prospectus in connection with a Public Offer of the Notes by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) on the following basis:</p> <p>(a) the relevant Public Offer must occur during the period from and including [•] to but excluding [•] (the "<b>Offer Period</b>");</p> <p>(b) the relevant Authorised Offeror must publish an Acceptance Statement, as contained in the Base Prospectus, on its website [and satisfy the following additional conditions: [•]].]</p> <p>[The Issuers consent to the use of this Base Prospectus in connection with a Public Offer of the Notes by [•] on the following basis:</p> <p>(a) the relevant Public Offer must occur during the period from and including [•] to but excluding [•] (the "<b>Offer Period</b>");</p>

Element	Title	
		(b) the relevant Authorised Offeror must satisfy the following conditions: [•.]  <b>Authorised Offerors will provide information to Investors on the terms and conditions of the Public Offer of the relevant Notes at the time such Public Offer is made by the Authorised Offeror to the Investor.]</b>

### Section B – Issuers and Keep Well Provider

Element	Title																																																			
<b>B.1</b>	Legal and commercial names of the Issuers:	REN – Redes Energéticas Nacionais, SGPS, S.A. (" <b>REN</b> ")  REN Finance B.V. (" <b>REN B.V.</b> ")																																																		
<b>B.2</b>	Domicile/ legal form/ legislation/ country of incorporation:	REN is a listed company organised as a " <i>Sociedade Gestora de Participações Sociais</i> " and a " <i>Sociedade Anónima</i> " under the laws of the Portuguese Republic.  REN B.V. is a limited liability company incorporated under Dutch law and domiciled in The Netherlands.																																																		
<b>B.4b</b>	Trend information:	Not Applicable; there are no known trends affecting the Issuers and the industries in which they operate.																																																		
<b>B.5</b>	Description of the Group:	REN is the parent company of the Group.  REN B.V. is a wholly owned subsidiary of REN.																																																		
<b>B.9</b>	Profit forecast or estimate:	Not Applicable; no profit forecast or estimate is made by either Issuer.																																																		
<b>B.10</b>	Audit report qualifications:	Not Applicable; there are no qualifications in the audit report on the historical financial information of either Issuer.																																																		
<b>B.12</b>	Selected Key Financial Information:	<p><b><i>Income Statement</i></b></p> <p>The table below sets out summary information extracted from the Group's audited income statement for each of the two years ended 31 December 2013 and 31 December 2012 and the three months ended 31 March 2014 and 31 March 2013:</p> <p style="text-align: center;"><b><i>Consolidated Income Statement</i></b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;"><b>Three months ended 31 March</b></th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;"><b>Year ended 31 December</b></th> </tr> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;"><b>2014</b></th> <th style="text-align: center; border-bottom: 1px solid black;"><b>2013</b></th> <th style="text-align: center; border-bottom: 1px solid black;"><b>2013</b></th> <th style="text-align: center; border-bottom: 1px solid black;"><b>2012</b></th> </tr> </thead> <tbody> <tr> <td style="text-align: left;"><i>(thousands of euro)</i></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;"><i>Unaudited</i></td> <td colspan="2" style="text-align: center;"><i>Audited</i></td> </tr> <tr> <td><b>Operating income</b> .....</td> <td style="text-align: right;"><b>154,874</b></td> <td style="text-align: right;"><b>168,415</b></td> <td style="text-align: right;"><b>788,845</b></td> <td style="text-align: right;"><b>811,287</b></td> </tr> <tr> <td><b>Operating costs</b> .....</td> <td style="text-align: right;"><b>(78,302)</b></td> <td style="text-align: right;"><b>(91,072)</b></td> <td style="text-align: right;"><b>(468,593)</b></td> <td style="text-align: right;"><b>(497,053)<sup>(1)</sup></b></td> </tr> <tr> <td><b>Operating profit</b> .....</td> <td style="text-align: right;"><b>76,572</b></td> <td style="text-align: right;"><b>77,343</b></td> <td style="text-align: right;"><b>320,252</b></td> <td style="text-align: right;"><b>314,234</b></td> </tr> <tr> <td><b>Net financial costs</b> .....</td> <td style="text-align: right;"><b>(29,844)</b></td> <td style="text-align: right;"><b>(34,153)</b></td> <td style="text-align: right;"><b>(142,228)</b></td> <td style="text-align: right;"><b>(136,023)</b></td> </tr> <tr> <td><b>Profit before income tax</b> .....</td> <td style="text-align: right;"><b>46,728</b></td> <td style="text-align: right;"><b>43,190</b></td> <td style="text-align: right;"><b>178,024</b></td> <td style="text-align: right;"><b>178,211</b></td> </tr> <tr> <td><b>Net profit for the year</b> .....</td> <td style="text-align: right;"><b>26,293</b></td> <td style="text-align: right;"><b>29,070</b></td> <td style="text-align: right;"><b>121,303</b></td> <td style="text-align: right;"><b>123,561</b></td> </tr> </tbody> </table>		<b>Three months ended 31 March</b>		<b>Year ended 31 December</b>			<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<i>(thousands of euro)</i>							<i>Unaudited</i>	<i>Audited</i>		<b>Operating income</b> .....	<b>154,874</b>	<b>168,415</b>	<b>788,845</b>	<b>811,287</b>	<b>Operating costs</b> .....	<b>(78,302)</b>	<b>(91,072)</b>	<b>(468,593)</b>	<b>(497,053)<sup>(1)</sup></b>	<b>Operating profit</b> .....	<b>76,572</b>	<b>77,343</b>	<b>320,252</b>	<b>314,234</b>	<b>Net financial costs</b> .....	<b>(29,844)</b>	<b>(34,153)</b>	<b>(142,228)</b>	<b>(136,023)</b>	<b>Profit before income tax</b> .....	<b>46,728</b>	<b>43,190</b>	<b>178,024</b>	<b>178,211</b>	<b>Net profit for the year</b> .....	<b>26,293</b>	<b>29,070</b>	<b>121,303</b>	<b>123,561</b>
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Element	Title				
	<b>Attributable to:</b>				
	Equity holders of the company .....	26,293	29,070	121,303	123,561
	Non controlling interests.....	-	-	-	-
	<b>Earnings per share attributable to the equity holders of the company during the year</b> (expressed in euro per share)				
	- basic.....	0.05	0.05	0.23	0.23
	- diluted.....	0.05	0.05	0.23	0.23
	<sup>(1)</sup> Personnel costs for 2012 were restated (from EUR 50,340 thousand to EUR 50,671 thousand) in our consolidated financial statements for 2013, as required by IAS 19.				
	<b>Statement of Financial Position</b>				
	The table below sets out summary information extracted from the Group's audited statement of financial position as at 31 December 2013 and 31 December 2012 and from the Group's unaudited statement of financial position as at 31 March 2014 and 31 March 2013:				
	<b>Consolidated Statement of Financial Position</b>				
		<b>Three months ended 31 March</b>		<b>Year ended 31 December</b>	
		<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>
	<i>(thousands of euro)</i>		<i>Unaudited</i>	<i>Audited</i>	
	<b>ASSETS</b>	4,332,285	4,266,553	4,302,831	4,287,552
	<b>Current assets</b>	468,864	616,814	758,518	398,503
	<b>Total assets .....</b>	<b>4,801,149</b>	<b>4,883,367</b>	<b>5,061,349</b>	<b>4,686,054</b>
	<b>EQUITY</b>				
	<b>Equity attributable to equity holders of the company</b>	1,121,722	1,067,887	<b>1,079,566</b>	<b>1,027,589</b>
	<b>Total equity .....</b>	<b>1,121,722</b>	<b>1,067,887</b>	<b>1,079,566</b>	<b>1,027,589</b>
	<b>LIABILITIES</b>				
	<b>Non-current liabilities</b>	2,859,133	2,555,461	3,039,654	2,117,755
	<b>Current liabilities</b>	820,294	1,260,018	942,129	1,540,711
	<b>Total liabilities .....</b>	<b>3,679,427</b>	<b>3,815,480</b>	<b>3,981,783</b>	<b>3,658,465</b>
	<b>Total equity and liabilities.....</b>	<b>4,801,149</b>	<b>4,883,367</b>	<b>5,061,349</b>	<b>4,686,054</b>
	<b>Statement of Profit and Loss for the year ended 31 December 2013 of REN B.V.</b>				
				<b>Year ended 31 December 2013</b>	
				<i>(thousands of euro)</i>	
	Interest income gross			5,022	
	<b>Total interest income .....</b>			<b>5,022</b>	
	Interest expense			(4,405)	
	<b>Gross margin.....</b>			<b>617</b>	
	Other income			764	
	Other expenses			(1,232)	
	<b>Profit before taxation.....</b>			<b>148</b>	
	Income tax			(30)	
	<b>Net profit for the year.....</b>			<b>118</b>	

Element	Title	
	<i>Statement of financial position as of 31 December 2013 of REN B.V.</i>	
		<b>Year ended 31 December 2013</b>
		<i>(thousands of euro)</i>
	<b>ASSETS</b>	
	Non-current assets	510,000
	Current assets	41,765
	<b>Total assets</b> .....	<b>551,765</b>
	<b>EQUITY AND LIABILITIES</b>	
	<b>EQUITY</b>	
	Shareholders' equity	40,938
	<b>Total equity</b> .....	<b>40,938</b>
	<b>LIABILITIES</b>	
	Non-current liabilities	506,123
	Current liabilities	4,704
	<b>Total liabilities</b>	<b>510,827</b>
	<b>Total equity and liabilities</b> .....	<b>551,765</b>
	<p>There has been no significant change in the financial or trading position of REN B.V and there has been no material adverse change in its financial position or prospects since 31 December 2013.</p> <p>There has been no significant change in the financial or trading position of the Group since 31 March 2014 and there has been no material adverse change in the financial position or prospects of REN since 31 December 2013.</p>	
<b>B.13</b>	Events impacting the Issuers' solvency:	Not Applicable; there are no recent events particular to either of the Issuers which are to a material extent relevant to the evaluation of the Issuers' solvency.
<b>B.14</b>	Dependence upon other group entities:	<p><b>REN:</b> Not Applicable; REN is not dependent upon other entities within the Group.</p> <p><b>REN B.V.:</b> REN B.V. is a funding vehicle for the Group. In order to meet its financial obligations, REN B.V. relies on funds received from long term loans from external entities and short term loans from the other Group companies. It does not have any other sources of revenue.</p>
<b>B.15</b>	Principal activities:	<p>REN's principal activities consist of the management of shareholdings in other companies which carry out activities in the areas of transmission of electricity, transmission and storage of natural gas and of reception, storage and regasification of liquefied natural gas and other related activities. Being a holding company (<i>Sociedade Gestora de Participações Sociais</i>), REN does not directly perform operational activities.</p> <p>The principal activity of REN B.V. is to assist REN and the Group in raising funds and on-lending monies to companies in the Group.</p>
<b>B.16</b>	Controlling persons:	REN is neither directly nor indirectly owned or controlled by any one

Element	Title	
		<p>party.</p> <p>REN B.V. is directly owned and controlled by REN.</p>
<b>B.17</b>	Ratings assigned to the Issuer(s) or their Debt Securities:	<p>As at the date of this Base Prospectus, REN has a long-term debt rating of Ba1 (subject to review for upgrade) from Moody's Investors Service Ltd. ("<b>Moody's</b>"), BB+ (stable outlook) from Standard &amp; Poor's Credit Market Services France SAS ("<b>Standard &amp; Poor's</b>") and a long term debt rating of BBB (stable outlook) from Fitch Ratings Ltd. ("<b>Fitch</b>"). The Programme has been rated Ba1 (subject to review for upgrade) by Moody's, BB+ by Standard &amp; Poor's and BBB (stable outlook) by Fitch.</p> <p>Each of Moody's, Standard &amp; Poor's and Fitch is established in the EEA and registered under Regulation (EC) No 1060/2009, as amended (the "<b>CRA Regulation</b>").</p> <p>Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA and registered (or which has applied for registration and not been refused) under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms.</p>
<b>B.18</b>	Description of the Keep Well Agreement:	<p>REN has entered into a Keep Well Agreement with REN B.V., pursuant to which REN has agreed that, for so long as REN B.V. has any Notes outstanding under the Programme, it will make available to REN B.V. funds sufficient to meet its payment obligations or repay borrowings then maturing to the extent that REN B.V.'s funds or other liquid assets are insufficient to meet its payment obligations or repay its borrowings. Under the terms of the Keep Well Agreement the Trustee may, on behalf of holders of any Notes issued by REN B.V. under the Programme, enforce REN B.V.'s rights under the Keep Well Agreement against REN. Noteholders do not have any direct rights against REN. The Keep Well Agreement is not a guarantee and REN has no obligation to pay any amounts due under the Notes issued by REN B.V.</p>
<b>B.19</b>	Information about the Keep Well Provider:	<p>REN – Redes Energéticas Nacionais, SGPS, S.A. ("<b>REN</b>") is a listed company organised as a "<i>Sociedade Gestora de Participações Sociais</i>" and a "<i>Sociedade Anónima</i>" under the laws of the Portuguese Republic.</p> <p>There are no known trends affecting REN and the industries in which it operates.</p> <p>REN is the parent company of the Group.</p> <p>No profit estimate or forecast is made regarding REN.</p>

Element	Title	
		<p>There are no qualifications in the audit report on the historical financial information of REN.</p> <p>Historical key financial Information about REN as Keep Well Provider is the same as the historical key information about REN in its capacity as Issuer.</p> <p>There are no recent events particular to REN which are to a material extent relevant to the evaluation of the Keep Well Provider's solvency.</p> <p>REN is not dependent upon other entities within the Group.</p> <p>REN's principal activities consist of the management of shareholdings in other companies which carry out activities in the areas of transmission of electricity, transmission and storage of natural gas and of reception, storage and regasification of liquefied natural gas and other related activities. Being a holding company (<i>Sociedade Gestora de Participações Sociais</i>), REN does not directly perform operational activities.</p> <p>As at the date of this Base Prospectus, REN has a long-term debt rating of Ba1 (Negative Outlook) from Moody's, BB+ (Negative Outlook) from Standard &amp; Poor's and a long-term debt rating of BBB (Negative Outlook) from Fitch. Each of Moody's, Standard &amp; Poor's and Fitch is established in the EEA and registered under the CRA Regulation.</p>

**Section C – Securities**

Element	Title	
C.1	Type and Class of Securities:	<p><b>Issuance in Series</b></p> <p>Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.</p> <p><b>Issue-specific summary</b></p> <p><i>[The Notes are issued as Series number [•], Tranche number [•].]</i></p> <p><i>[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as specified in the relevant Final Terms.]</i></p> <p><b>Forms of Notes</b></p> <p><b>Non-Book-Entry Notes</b></p> <p><b>Bearer Notes:</b></p> <p>Notes issued by REN B.V. may be issued in bearer form.</p> <p>Notes in bearer form may initially either be in the form of a Temporary Global Note exchangeable for a Permanent Global Note,</p>

Element	Title	
		<p>or in the form of a Permanent Global Note, which is exchangeable for definitive bearer Notes or a registered Note in definitive form in certain limited circumstances.</p> <p>Temporary Global Notes may also be issued which are exchangeable for definitive bearer Notes or registered Notes on or after a specified date.</p> <p>Bearer Notes in definitive form will, if interest bearing, have Coupons attached and, where the Notes have more than 27 coupon payments, Talons for further Coupons.</p> <p>Each Bearer Global Note will be issued in either "<b>Classic Global Note</b>" (or "<b>CGN</b>") form or in "<b>New Global Note</b>" (or "<b>NGN</b>") form. CGN Notes will be deposited on or around the relevant issue date with a depository or a common depository for Euroclear Bank SA/NV ("<b>Euroclear</b>") and/or Clearstream Banking, société anonyme ("<b>Clearstream, Luxembourg</b>"), and/or any other relevant clearing system and NGN Notes will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.</p> <p><b>Registered Notes:</b></p> <p>Notes issued by REN B.V. may be issued in registered form.</p> <p>Notes may initially be in the form of a Registered Global Note, registered in the name of (i) a common depository for Euroclear and Clearstream, Luxembourg; or (ii) a common safekeeper for Euroclear and Clearstream, Luxembourg, and such Notes will be exchangeable for registered Notes in definitive form in certain limited circumstances.</p> <p>Each Tranche of Notes represented by a Registered Global Note may or may not be held under the new safekeeping structure ("<b>New Safekeeping Structure</b>" or "<b>NSS</b>"). Notes that are not held under NSS will be registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Registered Global Note will be deposited on or about the issue date with the common depository. Notes that are held under the NSS, will be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Registered Global Note will be deposited on or around the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.</p> <p><b>Book-Entry Notes</b></p> <p>Notes issued by REN will be issued in dematerialised book-entry form ("<i>forma escritural</i>").</p> <p>Such Notes can be either <i>nominativas</i> (in which case Interbolsa, at the Issuer's request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Noteholders and transmit such information to the Issuer) or <i>ao portador</i> (in which case Interbolsa cannot inform the Issuer (REN) of the identity of the Noteholders). Form and title to the Book-Entry Notes will be evidenced by book entries.</p>

Element	Title	
		<p><b><i>Issue-specific summary</i></b></p> <p>Aggregate Nominal [        ]. Amount:</p> <p>Form of the Notes: [        ].</p> <p>Type of Notes: [        ] Notes.</p> <p>ISIN: [        ].</p> <p>Common Code: [        ].</p>
C.2	Currency:	<p>With the exception of Book-Entry Notes, Notes may be denominated in any currency agreed between the relevant Issuer and the relevant Dealer(s) at the time of the issue of such Series of Notes (the "<b>Specified Currency</b>"); and the Book-Entry Notes will be denominated in euro or such other currency as can be settled through Interbolsa, in all cases subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p><b><i>Issue-specific summary</i></b></p> <p>Specified Currency: [        ].</p>
C.5	Transferability:	<p>The Issuers and the Dealers have agreed restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, Japan, Portugal and The Netherlands.</p>
C.8	Conditions of the Notes:	<p>Notes issued under the Programme will be subject to, amongst others, the following terms and conditions:</p> <p><b>Issue Price</b></p> <p>The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.</p> <p><b><i>Issue-specific summary</i></b></p> <p>[    ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [    ]].</p> <p><b>Denominations</b></p> <p>Bearer Notes are in the Specified Denomination or Denominations (each of which denominations is integrally divisible by each smaller denomination) specified in the applicable Final Terms. Registered Notes are in the minimum Specified Denomination specified in the applicable Final Terms or integral multiples thereof. Book-Entry Notes are in the Specified Denomination or Denominations specified in the applicable Final Terms.</p> <p><b><i>Issue-specific summary</i></b></p> <p>Specified Denominations: [        ].</p>



Element	Title	
		<p><b>Status</b></p> <p>Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of the Issuers' negative pledge below) unsecured obligations of the relevant Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.</p> <p><b>Taxation</b></p> <p>All payments in respect of Notes will be made without deduction for or on account of withholding taxes imposed by the relevant Issuer's country of incorporation. In the event that any such deduction is made, the relevant Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted.</p> <p><b>Negative pledge</b></p> <p>The terms of the Notes will contain a negative pledge provision which restricts the right of the Issuers to create or have outstanding any mortgage, lien, pledge or other charge or to otherwise secure any obligations (subject to certain conditions and exceptions) over the whole or any part of their assets whilst any Notes remain outstanding.</p> <p><b>Events of default</b></p> <p>The terms of the Notes will contain Events of Default including those relating to (i) non-payment, (ii) breach of other obligations, (iii) cross default subject to a threshold of EUR 40,000,000, (iv) winding-up, (v) cessation of business, (vi) insolvency, (vii) enforcement proceedings, (viii) unlawful compliance with terms of the notes, (ix) expiry of consents, (x) suspension of concessions awarded to REN, (xi) assignment of assets to third parties, (xii) REN's loss of control of certain subsidiaries, (xiii) any event occurs which, under the laws of the Republic of Portugal or, in the case of Notes issued by REN B.V., the laws of The Netherlands, has or may have, an analogous effect to any of the events referred to in (iv) to (vii) above, and (xiv) cessation or non-enforceability of the Keep Well Agreement. The provisions include certain minimum thresholds and grace periods. In addition, Trustee certification that certain events would be materially prejudicial to the interests of the Noteholders of Non-Book-Entry Notes is required before certain events will be deemed to constitute Events of Default.</p> <p><b>Meetings</b></p> <p>The conditions of the Notes will contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.</p> <p><b>Governing law</b></p> <p>English law, except that with respect to Book-Entry Notes only, the form and transfer of the Notes, creation of security over the Notes and</p>

Element	Title	
		the Interbolsa procedures for the exercise of rights under the Book-Entry Notes are governed by, and shall be construed in accordance with Portuguese law.
C.9	Conditions of the Notes (continued):	<p><b>Interest</b></p> <p>The terms of the relevant Series of Notes will be agreed between the relevant Issuer and the relevant Dealer(s) at the time of the issue of such Series of Notes.</p> <p>Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate based upon EURIBOR or LIBOR. In respect of each Tranche of Notes, the date from which interest becomes payable and the due dates for interest, the maturity date the repayment procedures and an indication of yield will be specified in the relevant Final Terms.</p> <p><b>Issue-specific summary</b></p> <p><i>[Interest: The Notes bear interest from [•] at a fixed rate of [•] per cent. per annum payable in arrear on [•].]</i></p> <p><i>[Interest: The Notes bear interest from [•] at a rate equal to the sum of [•] per cent. per annum and [period]/[currency][EURIBOR/LIBOR] determined in respect of each Interest Period on the day which is [•] [London business days] before] the first day of the Interest Period and payable in arrear on [•].[EURIBOR in respect of a specified currency and a specified period is the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation]/[LIBOR in respect of a specified currency and a specified period is the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over administration of that rate).] ]</i></p> <p><i>[Interest: The Notes do not bear interest.]</i></p> <p><b>Maturities:</b> Any maturity of not less than one year, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p><b>Issue-specific summary</b></p> <p><i>[Maturity Date: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [•].]</i></p> <p><b>Redemption:</b> Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms.</p> <p><b>Issue-specific summary</b></p> <p><i>[Final Redemption Amount: Unless previously redeemed, or purchased and cancelled, each Note will be redeemed at its Final Redemption Amount of [•].]</i></p>

Element	Title	
		<p><b>Optional Redemption:</b> Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.</p> <p><b>Issue-specific summary</b></p> <p><i>[Redemption at the Option of the Issuer: The Notes may be redeemed at the option of the Issuer [in whole]/[ in whole or in part] on [•] at [•], plus accrued interest (if any) to such date, on the Issuer's giving not less than [15] nor more than [30] days' notice to the Noteholders or such other period(s) as may be specified in the relevant Final Terms.]</i></p> <p><i>[Redemption at the Option of the Noteholders: The Issuer shall, at the option of the holder of any Note redeem such Note on [•] at [•] together with interest (if any) accrued to such date.]</i></p> <p><b>Tax Redemption:</b> Except as described in "Optional Redemption" above, early redemption will only be permitted if the Issuer has or will become obliged to pay certain additional amounts in respect of the Notes as a result of any change in the tax laws of a Relevant Jurisdiction.</p> <p><b>Yield:</b> The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant Issue Price at the relevant Issue Date.</p> <p><b>Issue-specific summary</b></p> <p><i>[Yield: Based upon the Issue Price of [•], at the Issue Date the anticipated yield of the Notes is [•] per cent. per annum.]</i></p> <p>Non-Book-Entry Notes: The Trustee, who represents the Noteholders, is: Deutsche Trustee Company Limited.</p> <p>Book-Entry Notes: Not applicable. Holders of Book-Entry Notes may appoint a common representative.</p>
<b>C.10</b>	Derivative component:	Not Applicable; the Notes will not have a derivative component.
<b>C.11</b> <b>C.21</b>	Admission to trading / distribution:	Application has been made by the Issuer (or on its behalf) for the Notes to be admitted during the period of twelve months after the date hereof to trading on the regulated market of [the Irish Stock Exchange with effect from [•]] [Euronext Lisbon with effect from [•]]. The Programme also permits Notes to be issued on the basis that they will not be admitted to trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Element	Title	
		<p><b>Issue-specific summary</b></p> <p>[Application has been made for the Notes to be admitted to listing on the Regulated Market of [the Irish Stock Exchange with effect from [•]] [Euronext Lisbon with effect from [•]].]</p> <p>[Application has been made for the Notes to be admitted to listing, trading and/or quotation by [•].]</p> <p>[The Issuer does not intend to make any application for the Notes to be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.]</p>

#### Section D – Risks

Element	Title	
D.2	Key risks regarding the Issuers:	<p>The key risks that are specific to the Issuers are as follows:</p> <p><i>Regulation and Tariffs</i> – REN's business is affected by laws and regulations (including environmental regulations and tax legislation) that are subject to amendment and review, which creates uncertainty and the risk that any amendments to such laws and regulations could have a material adverse effect on the Group's business and results of operations. REN's profitability may also be affected by changes in the tariff and remuneration regime which is established by the energy sector independent regulator (ERSE).</p> <p><i>Network construction project delays</i> – The large-scale network construction projects that REN undertakes present certain risks, such as delays in completion due to several factors, such as, for instance, obtaining of regulatory approvals (including environmental permits), opposition to energy infrastructure development by political or other groups. Delays in the completion of REN's construction projects or commencement of operations may increase the cost of contemplated projects. An inability to recover the increased costs through higher tariffs on a timely basis could have a material adverse effect on REN's business, financial condition and results of operations.</p> <p><i>Interest rate fluctuations</i> – The rate of return for REN's electricity and natural gas businesses is established according to the Portuguese Republic credit default swaps and is susceptible to any decline in bond yields. Interest rates also affect REN's costs of borrowing.</p> <p><i>Potential further downgrades to its credit rating</i> - A downgrade in credit ratings for Portugal, as well as any downgrade in REN's own credit rating, may impact REN's ability to raise funding and could materially adversely affect its business, financial condition and results of operations.</p> <p><i>Failure to meet investment plans and to finance capital expenditures</i> – REN's ability to achieve its strategic objectives may be at risk if there is a delay in the approval of its investment plans or any changes to such plans by the relevant regulatory entity or by any other competent entity.</p> <p><i>International growth</i> - REN has announced its intention to make significant investments outside of Portugal to expand its operations internationally. REN's ability to successfully implement this strategy</p>

Element	Title	
		<p>is subject to risks and uncertainties.</p> <p><i>Concessions and PPAs</i> – REN is party to important concessions, permits and licences, the termination of such could have a material adverse effect on the business of the Group.</p> <p><i>Operational and information technology risks</i> – REN is subject to operational risks such as health and safety risks. REN's IT is critical in supporting all of its business activities and any failure to its systems could have a material adverse effect on its business, financial condition, results of operations and reputation.</p> <p><i>External risks</i> - REN's assets could be damaged by natural and man-made disasters and REN could face civil liabilities as a result thereof. REN relies on expropriation and rights of way over land in building its networks and storage facilities and REN may face public opposition or lack of public support from communities established in the vicinities of existing and/or projected electricity and natural gas transmission networks which could have a material adverse affect on its business and results of operations.</p> <p><i>Real estate registration</i> - A substantial portion of REN's real estate assets have not been registered in the land registry or with the tax authority. In regard to land registry the ownership of real estate assets is subject to mandatory registration, failing which ownership of such assets may be challenged by third parties.</p>
<b>D.3</b>	Key risks regarding the Notes:	<p>The key risks that are specific to the Notes are as follows:</p> <p><i>Notes issued by REN B.V. are not guaranteed</i> – Notes issued by REN B.V. are not guaranteed and, although the Trustee may enforce REN B.V.'s rights under the Keep Well Agreement against REN on behalf of the holders of Non-Book-Entry Notes, such Noteholders do not have any direct rights against REN.</p> <p><i>Notes subject to optional redemption by the Issuer</i> – An optional redemption feature is likely to limit the market value of the Notes.</p> <p><i>Inverse Floating Rate Notes</i> – The market for these Notes is typically more volatile than market values of other conventional floating rate debt securities based on the same reference rate.</p> <p><i>Fixed/Floating Rate Notes</i> – An issuer's ability to convert such Notes will affect the secondary market and the market value of such Notes.</p> <p><i>Notes issued at a substantial discount or premium</i> – The market value of Notes of this type tends to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.</p>

**Section E – Offer**

Element	Title	
<b>E.2b</b>	Reasons for the offer and use of proceeds:	<p>The net proceeds from each issue of Notes issued by REN, will be applied by REN for its general corporate purposes.</p> <p>The proceeds of Notes issued by REN B.V. will be on-lent to, or invested in, Group companies.</p>

Element	Title	
E.3	Terms and conditions of the offer:	<p>Notes may be issued at any price as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The Terms and Conditions of any Authorised Offer shall be published by the relevant Authorised Offeror on its website at the relevant time.</p> <p><b><i>Issue-specific summary</i></b></p> <p>Offer Price: [ ]</p> <p>Conditions to which the offer is subject: Public Offers may only be made in Portugal or Ireland and must be made during the Offer Period. Only [ ] for as long as they are authorised to do so under the Markets in Financial Instruments Directive or any financial intermediary which is authorised to do so under the Markets in Financial Instruments Directive may make a Public Offer of the Notes so long as they comply with the following conditions: [ ]</p> <p>Offer Period: [ ]</p> <p>Description of the application process: [ ]</p> <p>Details of the minimum and/or maximum amount of application: [ ]</p> <p>Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [ ]</p> <p>Details of the method and time limits for paying up and delivering the Notes: [ ]</p> <p>Manner in and date on which results of the offer are to be made public: [ ]</p> <p>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [ ]</p> <p>Whether tranche(s) have been reserved for certain countries: [ ]</p>

Element	Title	
		<p>Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [ ]</p> <p>Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [ ]</p> <p>Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [ ]</p>
E.4	Interests material to the issue/offer:	<p>There are no interest(s) material to issues of the Notes under the Programme, save for any fees payable to the Dealer(s) acting as underwriters of issues of Notes and that any Dealer and its affiliates may also have engaged, and may in the future engage in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuers and their affiliates in the ordinary course of business.</p> <p>The Issuers have appointed Banco Bilbao Vizcaya Argentaria, S.A., Banco Comercial Português, S.A., Banco BPI, S.A., Banco Espírito Santo de Investimento, S.A., Banco Santander Totta, S.A., Barclays Bank PLC, BNP Paribas, Caixa – Banco de Investimento, S.A., Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, The Royal Bank of Scotland plc and UBS Limited (the "<b>Dealers</b>") as Dealers for the Programme. The arrangements under which Notes may from time to time be agreed to be sold by an Issuer to, and purchased by, Dealers are set out in the Programme Agreement made between the Issuer and the Dealers.</p> <p><b>Issue-specific summary</b></p> <p><i>Syndicated Issue: The Issuer has appointed [•], [•] and [•] (the "<b>Managers</b>") as Managers of the issue of the Notes. The arrangements under which the Notes are sold by the Issuer to, and purchased by, Managers are set out in the Subscription Agreement made between the Issuer and the Managers.</i></p> <p><i>Non-Syndicated Issue: The Issuer has appointed [•] (the "<b>Dealer</b>") as Dealer in respect of the issue of the Notes. The arrangements under which the Notes are sold by the Issuer to, and purchased by, Dealer are set out in the Programme Agreement made between, amongst others, the Issuer and the Dealer.</i></p> <p>[Stabilising Manager(s): [•] [and [•].]</p>
E.7	Expenses charged to the investor by the Issuer or an Offeror:	No expenses will be chargeable by the Issuers to an Investor in connection with any offer of Notes. Any expenses chargeable by an Authorised Offeror to an Investor shall be charged in accordance with any contractual arrangements agreed between the Investor and such Authorised Offeror at the time of the relevant offer.

## **RISK FACTORS**

*The Issuers believe that the following factors may affect their ability to fulfil their respective obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuers are not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Prospective investors should note that the risks relating to the Issuers, the industries in which each of them operates and the Notes summarised in the section of this Base Prospectus headed "Summary" are the risks that the Issuers believe to be the most relevant to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Issuers face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Base Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.*

*The Issuers believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuers based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

*The risk factors set out below are applicable to REN B.V. as Issuer and as a member of the REN Group, and to REN as Issuer, holding company of the REN Group, and (if relevant) the Keep Well Provider.*

### **Risks related to the business and industry of REN**

***REN is highly regulated and its results of operations are affected by Portuguese and European laws and regulations, including regulations regarding the remuneration REN may receive for electricity transmission and natural gas activities***

As a public service provider, REN operates in a highly regulated environment. The Portuguese Republic has created the current legal and regulatory framework governing the Portuguese electricity and natural gas sectors in which REN operates. Laws, regulations and policies, as well as decisions of the European Union (the "EU"), the Portuguese Republic and the Portuguese regulatory authorities have a material effect on REN's business, financial conditional and results of operations. REN cannot predict to what extent regulatory changes will be made in the future or, if any such regulatory changes are made, the effects these changes would have on its business, financial condition and results of operations.

The Portuguese Republic has established an independent regulator, the Entidade Reguladora dos Serviços Energéticos ("**ERSE**") to regulate the electricity and natural gas industries in Portugal. The ERSE tariff codes define the remuneration that REN may receive in these two regulated sectors. ERSE also sets out the operating service levels that REN is obliged to maintain. In attempting to achieve an appropriate balance between the interests of electricity and natural gas consumers, as well as the interests of REN and those of other participants in the energy sector in generating an appropriate remuneration, ERSE may take action that has an adverse impact on REN's profitability. Although ERSE is an independent regulator entrusted with powers to sanction energy providers, the Portuguese Republic could also pass laws or take other actions that could have a material impact on REN's business.

In addition, REN's electricity and natural gas businesses' ten-year development plan is subject to ERSE's evaluation and final approval by the Minister responsible for the energy sector; the licensing of REN's major projects is subject to approval by Agência Portuguesa do Ambiente ("**APA**"); and any proposed improvements to the electricity and natural gas infrastructure managed by REN is subject to final evaluation and approval by the Director General for Energy and Geology (*Direcção Geral de Energia e Geologia*) ("**DGEG**"). The DGEG is the energy sector's supervisory body and has primary responsibility for the formation, promotion and evaluation of policies concerning energy and geological resources with the aim of assisting sustainable development and a secure energy supply in Portugal. Whilst carrying out its responsibilities, the DGEG must consider the following national objectives: (i) guaranteed energy



supply; (ii) energy diversification; (iii) energy efficiency; and (iv) preservation of the environment. If REN is unable to obtain the required approvals, it may not be able to expand or maintain its transmission network and increase its regulated asset base.

As operators of the national electricity transmission network (the "RNT") and of the national high pressure natural gas transportation network (the "RNTGN") under the relevant Portuguese and European regulations, REN – Rede Eléctrica Nacional, S.A. and REN Gasodutos, S.A. ("**REN Gasodutos**") has undergone a process of certification by ERSE, with consultation by the European Commission, to be an "OU operator" (ownership unbundling). As OU operators, both REN Rede Eléctrica and REN Gasodutos must comply with separation rules and maintain legal and actual independence in conducting the business of producing and supplying electricity and natural gas. In this context, the relevant authorities may impose any conditions that they deem necessary to ensure the required separation and the legal and actual independence for certification. The process of formal certification is still in progress and REN has answered several clarification requests from ERSE in this context. The process was formally submitted by ERSE to the opinion of the European Commission in March 2014. A negative outcome from such process could affect the operations and results of REN Rede Eléctrica and REN Gasodutos.

***REN's future profitability may be adversely affected by recent and future changes in the tariff and remuneration regime established by ERSE***

The vast majority of revenues generated by REN relate to its regulated electricity and natural gas activities, the levels of which are regulated. Tariffs are set annually by ERSE within the parameters of regulatory frameworks it establishes, which are revised every three years. The current regulatory period for electricity began in January 2012 and expires in December 2014, and for natural gas began in July 2013 and expires in June 2016. It is expected that the guidelines of the regulatory framework for the electricity transmission activity for 2015-2017 will be subject to public consultation by ERSE in July 2014 and that the final framework will be disclosed in December 2014. Although REN is currently consulting with ERSE in respect of the framework for the new electricity regulatory period from 2015 to 2017 with a view to maintaining fair regulatory parameters and adjusting the present framework parameters, REN cannot ensure whether ERSE will not materially modify the regulatory framework or set out tariffs in a manner that could have a material adverse effect on REN's business, financial condition and results of operations.

***The tariffs REN receives for electricity transmission and for the natural gas regulated activities are based on a number of assumptions, which may prove incorrect***

From the beginning of 2009, the regulatory scheme for electricity transmission changed with the introduction of several incentives. The regulated asset base ("**RAB**") of new investments is no longer exclusively based on actual investment costs, but also incorporates a "standard costs" mechanism which takes into account the technical classification of investments and the ability of REN to manage these costs. Under this mechanism, the regulator has specified that a 150 basis point premium will accrue to the remuneration rate applied to electricity assets in the case that the investment is determined to be efficient according to the mechanism. The amount of allowed operational expenditures ("**OPEX**") is based on a "revenue-cap" formula (gross domestic product ("**GDP**") price deflator, minus an applicable efficiency factor) and OPEX incurred as a result of the activity and infrastructure expansion will be subject to a "price cap" formula (with growth limited to GDP price deflator rate minus an applicable efficiency factor). The annual costs of each specific electricity project may exceed or be below the relevant "reference costs".

On 1 July 2010, ERSE introduced efficiency incentives for the high-pressure natural gas industry, extending these incentives to underground storage in 2013 (except for system management, which is regulated under permitted costs). Remuneration in relation to the RAB generated by REN is still based on a rate of return determined by an indexed formula at the beginning of the regulatory period. For the activities of reception, storage and regasification of liquefied natural gas ("**LNG**"), transmission and underground storage of natural gas, the OPEX is based on a "revenue cap" formula (GDP price deflator rate minus an applicable efficiency factor) and OPEX induced by the activity and infrastructure expansion will be subject to a "price cap" formula (with growth limited to GDP price deflator rate minus an applicable efficiency factor).

Any damage to REN's electricity or natural gas concession assets could result in a devaluation of its RAB, according to which its allowed revenues are calculated. If REN is not able to obtain higher tariffs to

compensate for a devaluation of its RAB, or exceed the efficiency targets imposed, REN could experience lower allowed revenues in the future, which could have a material adverse effect on its business, financial condition and results of operations.

***REN could be adversely affected by a change in tax laws, rules and regulation and increased taxes or decreased tax benefits***

Changes to tax laws, rules and regulations by Portuguese tax authorities or other governmental bodies, including changes in the interpretation or implementation thereof, could have a material adverse effect on REN's business, financial condition and results of operations. For example, recent legislation requires that energy operators in Portugal pay an "Energy Sector Extraordinary Contribution" ("ESEC") in 2014.

The ESEC is levied on the net book value of REN's assets in the following categories:

- tangible fixed assets;
- intangible assets (with some exceptions); and
- financial assets assigned to concessions or licensed activities.

With regard to regulated activities, the ESEC is levied on the higher of the following: (i) the value of the relevant regulated assets (as recognised by ERSE as at 1 January 2014 used by ERSE for the purposes of determining the permitted revenues); or (ii) the net book value of such assets. The ESEC is levied at a rate of 0.85 per cent. The ESEC cannot be, directly or indirectly, passed-through to tariffs nor can it be considered for purposes of determining the respective capital cost of REN's regulated assets. In addition, the ESEC is not deductible for corporate tax purposes.

REN's ESEC for the three month period ended 31 March 2014 was EUR 6 million. REN estimates that its ESEC in total for 2014 will be approximately EUR 25 million, which will have a corresponding impact on its net profit.

Although the ESEC is currently payable only in 2014, it is possible that the ESEC will remain in force in 2015 and subsequent years, and there is no assurance that a similar, or higher tax will not be imposed in the future, whether on an extraordinary or permanent basis. Although no decision has been formally taken, and its actual configuration and estimated impact to REN is unknown, there have been recent public pronouncements by government officials in Portugal indicating that the ESEC could be extended to 2015. The extension of the ESEC (or imposition of similar or higher taxes) could have a material adverse effect on REN's business, financial condition and results of operations and could adversely affect its ability to pay dividends.

***REN's significant indebtedness could adversely affect its financial condition and ability to withstand adverse developments. Increases in interest rates and the lack of financing on favourable terms could have a material adverse effect on REN's business, financial condition and results of operations***

REN has a significant amount of indebtedness and debt service obligations. As at 31 March 2014, REN had a total outstanding indebtedness on a consolidated basis of EUR 2,538 million. REN may be required to dedicate a substantial portion of cash flows from activities to make periodic principal and interest payments on its indebtedness, thereby limiting its ability to develop its business and plan for, or react to, changes in its business and industry. This could potentially increase REN's vulnerability to general adverse economic and industry conditions. In addition, REN's indebtedness contains restrictive covenants which may restrict REN's flexibility and adversely impact its ability to implement its strategy.

As at 31 March 2014, 45 per cent. of REN's indebtedness was subject to floating rate interest. If interest rates increase more than anticipated, or if obtaining new financing proves more expensive than in the past (for example, due to a downgrade in its credit ratings), REN's business, financial condition and results of operations may be materially adversely affected. To the extent that REN has not hedged its exposure to adverse changes in interest rates, such changes could have a material adverse effect on REN's business, financial condition and results of operations.

***REN may be adversely affected by interest rate fluctuations***

Interest rate fluctuations have an effect on both REN's revenue and financing costs. Firstly, ERSE establishes the rate of return ("RoR") for REN's electricity and natural gas businesses on the basis of indexation to the average 5 year Portuguese Republic credit default swap ("CDS") rates and average 10 year Portuguese Republic treasury bond rates, respectively, with base rates determined for each regulatory period. Accordingly, if the Portuguese Republic CDS's and bond yields decline, the RoRs on REN's electricity and natural gas businesses automatically decline in tandem.

Secondly, interest rates affect REN's costs of borrowing. There is, however, a time lag between a reduction in market interest rates and a reduction in the interest paid by REN on its indebtedness. In 2013, REN's results were impacted by these timing differences when the Portuguese Republic CDS's and bond yields declined significantly and as a result REN's base or non-premium RoR for electricity declined from 9.55 per cent. in 2012 to 8.06 per cent. in 2013 and its RoR for natural gas declined from 8.00 per cent. in 2012 to 7.98 per cent. in 2013. In contrast, REN's average cost of borrowings decreased marginally from 5.70 per cent. in 2012 to 5.54 per cent. in 2013. Consequently, the decline in reference interest rates in 2013 adversely affected REN's results of operations. Further fluctuations in interest rates including as a result of changes to Portuguese sovereign credit ratings could have a material adverse effect on REN's business, financial condition and results of operations.

***REN may be affected by further downgrades in its credit rating***

REN's ability to obtain funding on favourable terms depends on various factors including its financial stability as reflected by its results of operations and credit ratings by internationally recognised credit agencies.

Since 13 May 2014, REN has been rated Ba1 (subject to review for further upgrade), BB+ (stable outlook) and BBB (stable outlook) by Moody's, Standard & Poor's and Fitch, respectively.

REN's credit rating and costs of funding are heavily influenced by the credit rating of Portugal's sovereign debt over which REN has no control.

REN's credit rating may be subject to changes, particularly considering that such rating has been historically affected by the Portuguese Republic's credit rating. The Portuguese Republic's has credit ratings of Ba2 from Moody's, BB from S&P, and BB+ from Fitch. Fitch has revised its outlook for the Portuguese Republic from negative to positive as of April 2014, S&P revised its outlook for the Portuguese Republic from negative to stable in May 2014 and Moody's placed its Ba2 rating on review for further upgrade. DBRS – which, like Moody's, S&P and Fitch is registered by ESMA under the terms of the CRA Regulation – whose current attributed rating is BBB (low), has changed its outlook from negative to stable at the end of May 2014.

A downgrade in credit ratings for Portugal, as well as any downgrade in REN's own credit rating, may impact REN's ability to raise funding and could materially adversely affect its business, financial condition and results of operations.

***REN may not be able to finance its planned capital expenditures***

REN's existing business activities require significant capital expenditures. REN expects to finance a substantial part of these capital expenditures out of cash flow from its operating activities. If REN's operations do not generate sufficient cash flow, however, it may have to finance more of its planned capital expenditures from external sources, including bank borrowings and offerings in the capital markets. REN may not be able to raise the financing required for its planned capital expenditures or international expansion on acceptable terms or at all. If REN is unable to raise the necessary financing, REN may have to reduce its planned capital expenditures or not pursue international expansion, which could frustrate REN's ability to implement its strategy or materially adversely affect its business, financial condition and results of operations.

***REN may not be able to successfully execute its business strategy, particularly to the extent that it may experience delays in the approval of its investment plans***

REN's ability to successfully execute its business strategy depends on a number of factors, including its ability to achieve its objectives of focusing on regulated electricity and natural gas activities in Portugal,

improving operating performance and quality of service, creating an integrated energy infrastructure platform, and optimising its capital structure.

REN may not succeed in achieving its strategic objectives. If REN fails to achieve these strategic objectives, its results of operations may decline adversely impacting its financial position. REN's ability to achieve these objectives is subject to a variety of risks, including the specific risks related to its current strategic plan namely the risks regarding the delay in the approval of investment plans or any changes to such plans by the relevant regulatory entity or by any other competent entity.

In this context, in March 2013, REN Rede Eléctrica, as a RNT operator, submitted to DGEG a proposed Plan for the Development of and Investment in the Electricity Transmission Network for the period 2014-2023 (the "**PDIRT**"), setting out various recommendations. After a public consultation period, ERSE issued its opinion on the PDIRT proposal in April 2014. Further to the changes made following the determinations by DGEG, the PDIRT was submitted to a public consultation launched by ERSE in February-March 2014, with the purpose of gathering information and comments from different economic agents, consumers and companies. After the issuance of this opinion, REN Rede Eléctrica prepared and sent to the DGEG the final PDIRT proposal in May 2014. Within 30 days from the receipt of the final proposal, DGEG will send the proposal to the Minister of Environment, Territory Organisation and Energy, together with ERSE's opinion and the results of the public consultation. The Minister of Environment, Territory Organisation and Energy will make a decision regarding the approval of the PDIRT within 30 days from the receipt of its final proposal. Such Minister may justifiably refuse the approval of the PDIRT if such final proposal does not include the amendments the DGEG deems necessary, or those included in ERSE's opinion, and if the final proposal does not envisage the necessary investments to fulfil the energy policy goals.

Similarly, in March 2013 REN Gasodutos, as a RNTGN operator, presented a proposal for a Ten Year Indicative Plan of Development and Investment in the Rede Nacional de Transporte, Infraestruturas de Armazenamento e Terminais for the period 2014-2023 in cooperation with the DGEG (the "**PDIRGN**") to DGEG. Following the request for clarification and review of the initial proposal presented by REN Gasodutos, the DGEG sent the plan to ERSE in May 2013, which submitted the proposal to public consultation in October of the same year. Following the public consultation, ERSE issued its opinion on the proposed PDIRGN in December 2013, including a set of recommendations which were subsequently incorporated by REN Gasodutos in its final version sent to DGEG in January 2014. Similarly, in December 2013, the process of strategic environmental assessment of the plan pursuant to Decree-Law no. 232/2007 of 15 June was initiated and the public consultation of the relevant environmental report was held between 21 February 2013 and 3 April 2014. A consultation with Spain regarding the cross-border impacts of the third interconnection project is currently in process and the proposal should be announced by July 2014.

Within 30 days of the receipt of the final PDIRGN proposal, including its strategic environmental assessment, DGEG will submit the proposal for the approval of the Minister of Environment, Territory Organisation and Energy, together with ERSE's opinion and the results of the public consultation carried out by ERSE. That entity will then decide whether to approve the PDIRGN within 30 days from the receipt of the proposal. The Minister of Environment, Territory Organisation and Energy may refuse to approve the PDIRGN if the final proposal does not include the amendments imposed by DGEG or those included in ERSE's opinion, or if the final proposal does not envisage the necessary investments to fulfil the energy policy goals.

The risk of delays in the approval of REN's investment plans, particularly the PDIRT and PDIRGN, or any amendments thereto by the relevant regulatory or other authorities could cause significant delays in approval of the projects, or delay or prevent their construction and, regarding electricity, could cause significant losses on investments that REN has already made, thereby materially adversely affecting its growth and ability to implement its strategy. This could materially adversely affecting REN's business, financial condition and results of operations.

#### ***REN's strategy for international growth may fail***

REN has announced its intention to make significant investments outside of Portugal to expand its operations internationally. REN's ability to successfully implement this strategy is subject to risks and uncertainties. REN's experience outside of Portugal is limited and its capacity to acquire know-how and ability to operate in foreign markets and other regulatory environments may require a period of time and

the usage of significant resources as well as the acquisition of assets, the entry into partnerships and the recruitment and retention of local expertise. REN may fail to successfully develop expansion opportunities and may also fail to properly integrate any such acquired assets, or select suitable partners or recruit and retain local expertise in an efficient, effective and timely manner. REN may also incur costs and delays or other unanticipated challenging conditions in foreign countries, including adverse commercial, economic, political, social and regulatory conditions. REN may fail to obtain financing in foreign markets, as well as be subject to exchange rate risks, in amounts and on terms that are adequate or favourable to it.

Any of these factors may adversely impact REN's ability to properly execute its international strategy and achieve its growth goals, and depending on the circumstances and the resources REN has invested, may have a material adverse effect on REN's results of operations and financial condition.

***The non-renewal, the expiry or early termination of REN's concessions, permits or licences may prevent REN from realising the full value of certain assets and cause REN to lose future profits without adequate compensation***

REN conducts its electricity and natural gas businesses pursuant to concessions and licences granted by the Portuguese Republic. REN's concession to operate the RNT has a term of 50 years from 15 June 2007, and REN's three natural gas concessions have each been granted for terms of 40 years from 26 September 2006. These concessions are however subject to early termination under specified circumstances. These concessions include compensation systems intended to safeguard the recovery of REN's investments. The recovery of these investments is conditional upon the formulation and stability of the concession frameworks in the medium and long term, which is generally beyond REN's control.

Failure to comply with the terms of a concession may result in the termination of that concession. If a concession is terminated by the Portuguese Republic on the grounds that REN has breached the terms of such concession, the concession assets would revert to the Portuguese Republic. In such circumstances, REN would not be entitled to any compensation and the Portuguese Republic may be entitled to indemnities against civil liability. The loss of any of REN's concession assets could have a material adverse effect on its results of operations and potentially on its financial condition.

***The termination of the partnerships entered into between REN and State Grid International Development Limited ("SGID") and Oman Oil Company S.A.O.C. ("OOC") may adversely affect REN capacity to implement its international strategy and financing***

REN has significant potential for growth through partnerships with SGID and OOC, particularly in Portuguese-speaking countries in Africa and Latin America, in China and the GCC countries (Gulf Cooperation Council, including Oman), as well as in the Iberian market interconnections of Europe and North Africa. In the event these partnerships are terminated, such potential for growth may be affected, in particular decreasing REN's ease of access to these markets and local know-how. Additionally, the termination of REN's partnership with SGID may impair its financing capacity, ending assistance by SGID to REN regarding financing from Chinese banks. Any termination of any partnership may materially adversely affect REN's business, financial condition and results of operations.

***Network construction project delays could materially adversely affect REN's business, financial condition and results of operations***

The large-scale network construction projects that REN undertakes present certain risks, such as shortages of materials and labour, increased costs of financing or inability to obtain financing delays in obtaining regulatory approvals, including environmental permits, opposition to energy infrastructure development by political or other groups, expiration and/or renewal of existing rights in real property, malfeasance by REN's contractors and subcontractors, insolvency of REN's contractors, subcontractors or other third-party suppliers and disruptions, either resulting from adverse weather conditions or from unforeseen technical or environmental problems. Any of these factors may cause delays in the completion of REN's construction projects or commencement of operations and may increase the cost of contemplated projects. An inability to recover the increased costs through higher tariffs on a timely basis could have a material adverse effect on REN's business, financial condition and results of operations.

### ***REN is subject to operational risks***

In the ordinary course of its business, REN is subject to certain operational risks, including interruptions of service, errors, fraud by third parties, and delays in providing services. REN continually monitors these risks by means of, among other things, administrative and information systems and insurance coverage in respect of certain operational risks. Any failure in its risk management systems and control policies with respect to operational risks could have a material adverse effect on its business, financial condition and results of operations.

### ***REN's operations may be exposed to significant health and safety incidents***

REN's operations present a number of health and safety risks and the potential for major accidents, causing property damage, personal injury or loss of life. Failure to comply with safety and operational procedures for equipment, in particular, could lead to such accidents. The occurrence of any such accidents and the resulting harm to people or property may expose REN to liability and damage to its reputation, potentially having a material adverse effect on its business, financial condition and results of operations.

### ***Information technology ("IT") system failures could adversely affect REN's operations***

REN's IT is critically important in supporting all of its business activities. Failures in REN's IT system could result from technical malfunctions, human error, lack of system capacity, security breaches or software for which it has acquired operating licences and over which it have no control. The introduction of new technologies and the development of new uses, such as social networking, expose REN to new threats. In addition, the cyber-attacks and hacking attempts to which companies may fall victim are increasingly targeted and carried out by specialists. Any failure or malfunctioning of REN's IT systems could result in breaches of confidentiality, delays or loss of data and have a material adverse effect on REN's business, financial condition, results of operations and reputation.

### ***REN may incur future costs related to its retirement, survivor and medical assistance pension plan***

REN contributes to retirement, early retirement and survivor pensions (the "**Pension Plan**") and offers to its retirees and pensioners a plan of medical care and other benefits on the same terms offered to its active employees (the "**Health Care Plan**"). As of 31 March 2014, REN's consolidated statement of financial position included amounts of EUR 90 million and EUR 36 million, respectively, in relation to its obligations under the Pension Plan and Health Care Plan. The Pension Plan is a defined benefit plan, with an established and adequately financed autonomous fund which is responsible for covering the liabilities which fall due in each period. The liabilities assumed by REN are estimated annually by independent actuaries according to the projected unit credit method. The liabilities assumed in relation to the Health Care Plan are not funded and are covered by a specific provision. The measurement and recognition of the liabilities relating to this plan are identical to those for the Pension Plan, except with respect to plan assets.

The actuarial assumptions used in the calculation of these post-employment benefits are those that REN and the specialised actuaries consider the best to meet the commitments made. However, REN cannot guarantee that there will be no changes in the future to the actuarial assumptions relating to those plans. Such changes in actuarial assumptions may lead to actuarial differences, may determine that the level of coverage of such liabilities becomes insufficient and may imply additional costs for REN. The most critical risks related to accounting for pensions are often related to the return of the pension plan assets, to the discount rate used to evaluate the present value of future payments and to the mortality tables and other demographic assumptions.

In addition, the value of the assets of REN's pension fund depends on the future evolution of capital markets. A sharp downturn in the capital markets may render the value of the assets in the portfolio insufficient to cover the liabilities assumed by the fund.

REN's obligations in relation to the Pension Plan and the Health Care Plan may have a significant impact on its cash flows, which could adversely affect its business, financial condition and results of operations.

***REN may face labour disruptions that could interfere with its operations and business***

As at 31 December 2013, approximately 46 per cent. of REN's employees were members of unions. REN believes it maintains satisfactory working relationships with its employees; however, REN remains subject to the risk of labour disputes and adverse employee relations that could disrupt its business operations and materially adversely affect such operations, its business and its financial condition. REN has not recently experienced any significant labour disputes or work stoppages, but its existing labour agreements may not prevent a strike or work stoppage at any of its facilities in the future. Furthermore, REN is in a process of negotiating a new labour agreement in relation to which it cannot guarantee that will reach an agreement. Any work stoppage could have a material adverse effect on REN's business, financial condition and results of operations.

***REN's success depends on having experienced and qualified management teams***

REN relies on an experienced and qualified management team and its ability to maintain its competitive position and execute its strategy depends to a large degree on the services performed by its management. Any inability to attract and retain management with sufficient qualifications could limit or delay REN's business development efforts. In addition, if any key member of REN's senior management were to leave his or her position and REN could not find a suitable replacement in a timely manner, its business, results of operations and financial condition may be materially adversely affected.

***REN is exposed to the uncertainty of the macroeconomic climate***

The global economy and the global financial system have experienced a period of significant turbulence and uncertainty, including a very severe dislocation of the financial markets and stress to the sovereign debt and economies of certain EU countries. This market dislocation has also been accompanied by recessionary conditions and trends in many economies throughout the EU, including Portugal, the market in which REN almost exclusively operates. REN is not able to predict how the economic cycle is likely to develop in the short term or the coming years or whether there will be a further deterioration in this recessive phase of the global and Portuguese economic cycle. Any further deterioration or continuation of the current economic situation in Portugal could have a material adverse effect on REN's business, financial condition, prospects or results of operations.

***REN is exposed to credit risk, which may be heightened by macroeconomic conditions***

REN's reliance on energy distribution and supply companies to collect tariffs from end consumers of electricity and natural gas and deliver to it the amounts collected in respect of the remuneration of its activities exposes REN to credit risk, which may increase during periods of difficult macroeconomic conditions. If such energy distribution and supply companies fail to collect tariffs effectively and deliver to REN the amounts collected in a timely manner, or at all, or if they ceased to operate or became subject to insolvency proceedings, REN's earnings and cash flow could be significantly reduced, which could have a material adverse effect on REN's business, financial condition and results of operations.

***REN's assets could be damaged by natural and man-made disasters and REN could face civil liabilities as a result thereof***

REN's assets include electricity towers and transmission lines, gas pipelines, compression and natural gas storage facilities and related infrastructures, buildings, vehicles and other equipment. These assets could be damaged by fire, earthquakes, acts of terrorism, pipeline ruptures, gas explosions or damages caused by ships in the transport of natural gas and other natural and/or man-made disasters. While REN seeks to take precautions against such disasters, maintain disaster recovery strategies and/or purchase levels of insurance coverage that it regards as commercially appropriate, should any damage occur and be substantial, REN could incur losses and damages not recoverable under insurance policies in force, which could have a material adverse effect on its business, financial condition and results of operations.

REN may also face civil liabilities or fines in the ordinary course of its business as a result of damages to third parties caused by the natural and man-made disasters mentioned above. These liabilities may require REN to make indemnification payments not covered by its insurance policies or that may exceed applicable insurance policy limits. Such payments could have a material adverse effect on its business, financial condition and results of operations.

***REN's operations are subject to extensive environmental regulation***

REN is subject to extensive environmental regulation under EU directives and Portuguese law, which, among other things, raises the possibility of fines and civil litigation in the event of non-compliance and requires REN to perform environmental impact studies on future projects, to obtain regulatory licences, permits and other approvals and to comply with the requirements of such licences, permits and regulations. REN is subject to the risks that:

- these environmental impact studies may not be approved by governmental authorities;
- public opposition may result in delays or modifications to any proposed project; or
- laws or regulations may change or be interpreted in a manner that increases the costs of REN's activities or require REN to change significantly its operations or its plans for the companies in which it has an investment.

In recent years, environmental requirements have become stricter in the EU and consequently in Portugal. Although REN has been making the necessary investments to comply with these requirements, the future evolution of environmental regulation may have a material adverse effect on its business, financial condition and results of operations.

REN's inability to comply with existing environmental regulations or requirements or changes in such regulations or requirements or the interpretation or enforcement thereof may have a material adverse effect on its business, financial condition and results of operations.

***REN relies on expropriation and rights of way over land in building its networks and storage facilities***

In order to build or extend its electricity and natural gas transmission networks in Portugal, REN can request the expropriation for public purposes of, or the establishment of easements for REN's benefit on, the land on which the network is to be constructed. This includes land used for electrical substations, overhead and underground transmission lines and land used for natural gas pipelines, dispatching centres, operation and maintenance centres and pipeline stations, as well as the necessary permits for the development of new salt cavity underground storage caverns. Objections by landowners and environmental and other groups may prevent REN from obtaining necessary expropriation or rights of way over the land, which may cause the process to be more expensive and may cause delays, any of which could adversely affect the expansion and upgrading of REN's electricity and natural gas transmission networks.

***REN may face public opposition or lack of public support from communities established in the vicinities of existing and/or projected electricity and natural gas transmission networks***

If the communities established in the vicinities of existing and/or projected electricity and natural gas transmission networks were to mobilise against existing transmission networks and/or against the construction of new transmission networks or mount legal challenges to the maintenance of existing transmission networks or the construction of new transmission networks, REN may find it to be more difficult, or even impossible, to maintain and/or obtain all necessary licences, permits and/or authorisations necessary to the maintenance and/or construction of such transmission networks, which could have a material adverse effect on REN's business, financial condition and results of operations.

REN has been in the past, and might be in the future, subject to local communities mobilisation against the construction of new transmission networks. Some of these mobilisations have evolved into legal proceedings that are still pending and that have stalled the construction of some of REN's projected transmission networks. These circumstances could have a material adverse effect on REN's business, financial condition and results of operations.

***Part of REN's real estate assets have not been registered in the land registry or with the tax authority***

A substantial portion of REN's real estate assets have not been registered in the land registry or with the tax authority. In regard to land registry the ownership of real estate assets is subject to mandatory registration, failing which ownership of such assets may be challenged by third parties.



Furthermore, there is a legal presumption that the land registry is correct and no rights over real estate may be transferred by REN to third parties if they are not registered in REN's name.

Consequently, if the entities in whose name the real estate assets are currently registered to the land registry were to sell or encumber those properties to third parties acting in good faith and the latter registers them in the real estate register prior to REN doing so, they would become the lawful owners of such real estate or encumbrances, as applicable. These circumstances could have a material adverse effect on REN's business, financial condition, results of operations and prospects.

***The Natural Gas Consumption Management Agreement that REN has entered into with Transgás, Sociedade Portuguesa de Gas Natural, S.A. ("Transgás") includes a provision which may be understood as a "most favoured nation clause" that may be considered to be in breach of competition rules***

Transgás has undertaken not to sell natural gas to third parties at better conditions and prices than those established by the Natural Gas Consumption Management Agreement entered into with REN. To the extent that this type of clause may have the effect of harmonisation of prices and other trading conditions, it may be argued that this agreement is in breach of competition rules.

Consequently, although REN participates in a regulated activity, certain clauses relating to pricing included in this agreement could possibly be considered to be in breach of applicable competition law due to a so-called "most favoured nation" clause which could result in these clauses of the agreement being declared void and allowing Transgás to compete with REN in the natural gas market and which could have a material adverse effect on REN's business, financial condition, results of operations and prospects.

#### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

***Notes issued by REN B.V. are not guaranteed by REN, and investors do not have any direct rights to enforce payment on the Notes against REN in case of default by REN B.V.***

Notes issued by REN B.V. are obligations of REN B.V. and not of REN. REN has no obligation to pay any amounts due under Notes issued by REN B.V. REN has entered into a Keep Well Agreement with REN B.V., which is not a guarantee. Under the Keep Well Agreement, REN has agreed that, for so long as REN B.V. has any Notes outstanding under the Programme, it will make available to REN B.V. funds sufficient to meet its payment obligations or repay borrowings then maturing to the extent that REN B.V.'s funds or other liquid assets are insufficient to meet its payment obligations or repay its borrowings. Although under the terms of the Keep Well Agreement the Trustee may, on behalf of holders of any Notes issued by REN B.V. under the Programme, enforce REN B.V.'s rights under the Keep Well Agreement against REN, Noteholders do not have any direct rights against REN.

#### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features.

#### ***Notes subject to optional redemption by the Issuers***

An optional redemption feature of Notes is likely to limit their market value. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### ***Inverse Floating Rate Notes***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the relevant Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

### ***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### ***As any Global Notes issued by REN B.V. under the Programme are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

Notes issued by REN B.V. under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or common safekeeper, as applicable, for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or paying agent (in the case of a New Global Note) for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holder of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

### ***Modification***

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Non-Book-Entry Notes also provide that the Trustee may, without the consent of Holders of Non-Book-Entry Notes and without regard to the interests of particular Holders of Non-Book-Entry Notes (1) agree to any modification of the Non-Book-Entry Notes, the Receipts, the Coupons or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Holders of such Non-Book-Entry Notes; (2) agree to any modification of the Non-Book-Entry Notes, the Receipts, the Coupons or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law; or (3) determine that any Event of Default (as defined in the Trust Deed) shall not be treated as such which, in any such case, is not, in the opinion of the Trustee, materially prejudicial to the interests of the Holders of Non-Book-Entry Notes, in the circumstances described in Condition 16 (*Meetings of Holders of Notes*) of the conditions of the Notes.

### ***Change of law***

Save for the form (*representação formal*) and transfer of the Book-Entry Notes, the creation (if any) of security over Book-Entry Notes and the Interbolsa procedures for the exercise of rights under such Notes, which are governed by Portuguese law in effect as at the date of this Base Prospectus, the terms and conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English or, as the case may be, Portuguese and/or Dutch law or administrative practice after the date of this Base Prospectus.

### ***Risks related to withholding tax***

Under Portuguese tax law, interest and other types of investment income derived from Notes issued by Portuguese resident entities are generally subject to Portuguese domestic withholding tax, currently assessed at the rate of 28 per cent. for individuals and 25 per cent. for corporate investors, irrespective of the beneficiaries being resident or non-resident. However, in the case of resident entities, as well as for non-resident investors holding a Portuguese permanent establishment to which the income is allocated, such withholding tax rate is withheld on account of the final income tax due, while in the case of non-residents without a Portuguese permanent establishment to which the income is allocated, such withholding tax will be deemed as final, unless a withholding tax exemption applies.

Interest and other types of investment income paid or made available to (i) individuals or companies domiciled in a "tax law jurisdiction" list approved by Ministerial Order no. 150/200, as amended, or (ii) accounts opened in the name of one or several accountholders acting on behalf of undisclosed third parties is subject to a withholding tax rate of 35 per cent., except where the beneficial owner(s) of such income is/are disclosed, in which case the general rules will apply.

Notwithstanding the above, said non-resident investors (both individual and corporate) without a Portuguese permanent establishment to which the income may be attributable, eligible for the debt securities special tax exemption regime which was approved by Decree-Law No. 193/2005, of 7 November (Decree-Law 193/2005), as amended from time to time, may benefit from an upfront withholding tax exemption, *provided that* certain formal procedures and requirements are met (see "*Taxation – Taxation in Portugal and eligibility for the Portuguese debt securities tax exemption regime*", for these formal procedures and certification requirements). Failure to comply with these procedures and certifications will result in the application of the standard Portuguese domestic withholding rate of 25 per cent., for corporate investors, and 28 per cent. for individuals investors (or the withholding tax rate of 35 per cent.) or, when applicable, in the application of reduced withholding tax rates, pursuant to tax treaties signed by Portugal, *provided that* the formal procedures and certification requirements established by the relevant treaties are complied with (see "*Taxation – Taxation in Portugal and eligibility for the Portuguese debt securities tax exemption regime*").

### ***Risks related to procedures for collection of Noteholders' details***

It is expected that the direct registering entities, the participants and the clearing systems will follow certain procedures to facilitate the collection from the Noteholders of the information referred to in "*Risks related to withholding tax*" above required to comply with the procedures and certifications required by Decree-Law 193/2005. Under the Decree-Law 193/2005, the obligation of collecting from the Noteholders proof of their non-Portuguese resident status and of the compliance with the other requirements for the exemption rests with the direct registering entities, the participants and the entities

managing the international clearing systems. A summary of those procedures is also set out in "*Taxation – Taxation in Portugal and eligibility for the Portuguese debt securities tax exemption regime*". Such procedures may be revised from time to time in accordance with applicable Portuguese laws and regulations, further to clarifications from the Portuguese tax authorities regarding such laws and regulations and the operational procedures of the clearing systems. While the Notes are registered by Interbolsa, Noteholders must rely on such procedures in order to receive payments under the Notes free of any withholding, if applicable.

Noteholders must seek their own advice to ensure that they comply with all applicable procedures and to ensure the correct tax treatment of their Notes. None of the Issuers, the Dealers, the Agent or the clearing systems assumes any responsibility.

### ***EU Savings Directive***

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in another Member State or to certain limited types of entities established in another Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover additional types of income payable on securities.

Portugal has implemented the above Directive on taxation of savings income into Portuguese law through Decree Law No. 62/2005, of 11 March, as amended by subsequent laws. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer, nor any Paying Agent, nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuers are required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

### **Payments on certain Notes may be subject to U.S. withholding tax under FATCA**

The United States has enacted rules, commonly referred to as "**FATCA**," that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with the Netherlands and has reached a Model 1 intergovernmental agreement, in substance, regarding the implementation of FATCA with Portugal (the "**IGAs**"). Under the IGAs, as currently drafted, the Issuer does not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain

unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

### **Risks related to the market generally**

Set out below is a brief description of the principal market risks, including uncertainty of macroeconomic climate, liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### ***The uncertainty of the macroeconomic climate***

The global economy and the global financial system have experienced a period of significant turbulence and uncertainty, including a very severe dislocation of the financial markets and stress to the sovereign debt and economies of certain EU countries. In addition, downgrades of the sovereign debt of Greece, Portugal, Spain, France and Italy (amongst others) have caused further volatility in the capital markets. This market dislocation has also been accompanied by recessionary conditions and trends in many economies throughout the EU, including Portugal.

REN is not able to predict how the economic cycle is likely to develop in the short term or the coming years or whether there will be a further deterioration in this recessive phase of the global and Portuguese economic cycle. Any further deterioration or continuation of the current economic situation in Portugal could have a negative impact on the business, prospects, financial condition and results of operations of REN and the Group.

#### ***The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

#### ***Exchange rate risks and exchange controls***

The Issuers will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### ***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

#### ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified ratings agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in the "*Recent Developments*" of this Base Prospectus and will be disclosed in the Final Terms.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and form part of, this Base Prospectus:

- (a) a direct and accurate English translation of the auditor's limited review report and unaudited consolidated financial statements of the Group for the three month period ended 31 March 2014, available for viewing at [http://www.ren.pt/investidores/resultados/relatorios\\_e\\_contas\\_trimestrais\\_semestrais/](http://www.ren.pt/investidores/resultados/relatorios_e_contas_trimestrais_semestrais/);
- (b) a direct and accurate English translation of the audited consolidated financial statements, the notes thereto and the auditors' report in respect thereof for the financial year ended 31 December 2013 contained on pages 111 to 258 of the audited consolidated annual report and accounts of the Group for the financial year ended 31 December 2013, available for viewing at [http://www.ren.pt/investidores/relatorio\\_anual/](http://www.ren.pt/investidores/relatorio_anual/);
- (c) a direct and accurate English translation of the audited consolidated financial statements, the notes thereto and the auditors' report in respect thereof for the financial year ended 31 December 2012 contained on pages 98 to 249 of the audited consolidated annual report and accounts of the Group for the financial year ended 31 December 2012, available for viewing at [http://www.ren.pt/investidores/relatorio\\_anual/](http://www.ren.pt/investidores/relatorio_anual/);
- (d) a direct and accurate English translation of the audited financial statements of REN Finance BV for the financial year ended 31 December 2013, available for viewing at <http://www.ren.pt/investidores/prospetos/>;
- (e) a direct and accurate English translation of the audited balance sheet of incorporation of REN B.V. as of its date of incorporation, 10 May 2013, available for viewing at <http://www.ren.pt/investidores/prospetos/>; and
- (f) the Terms and Conditions of the Notes contained in the Base Prospectus dated 9 September 2008, pages 34 to 52 (inclusive); the Base Prospectus dated 27 October 2009, pages 35 to 53 (inclusive); the Base Prospectus dated 9 November 2010, pages 33 to 51 (inclusive); the Base Prospectus dated 22 December 2011, pages 42 to 63 (inclusive); the Base Prospectus dated 26 June 2012, pages 60 to 81 (inclusive); and the Base Prospectus dated 30 July 2013, pages 52 to 81 (inclusive) prepared by REN and, in the case of the Base prospectus dated 30 July 2013, REN B.V., in connection with the Programme, each of which is available for viewing at <http://www.ren.pt/investidores/prospetos/?culture=en-GB>.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are covered elsewhere in the Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuers and from the specified offices of the Issue and Paying Agent, for the time being in London, and the Portuguese Paying Agent for the time being in Lisbon.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

The Issuers will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuers and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

## FORM OF THE NOTES, CLEARING SYSTEMS, EXERCISE OF RIGHTS AND LISTING

### Form of the Notes

The Notes of each Series issued by REN B.V. will be in either bearer form, with or without interest coupons ("**Coupons**") attached, or registered form, without Coupons attached. Bearer Notes and Registered Notes will be offered and sold outside the United States in offshore transactions to non-U.S. persons in reliance on Regulation S. When the Issuer is REN, the Notes will be issued in book-entry form.

### Bearer Global Notes issued by REN B.V. - Form and Exchange

- (1) TEFRA D or TEFRA C: The Final Terms shall specify whether U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA D Rules**") or U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA C Rules**") shall apply. Each Tranche of Bearer Notes is represented upon issue by a temporary global Note (a "**Temporary Global Note**"), unless the Final Terms specify otherwise and the TEFRA C Rules apply.

Where the Final Terms applicable to a Tranche of Bearer Notes specifies that the TEFRA C Rules apply, such Tranche is represented upon issue by a Permanent Global Note.

The Global Notes will:

- (i) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear and Clearstream, Luxembourg; and
- (ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depository for, Euroclear and Clearstream, Luxembourg.

Interests in a Temporary Global Note may be exchanged for:

- (i) interests in a permanent global Note (a "**Permanent Global Note**"); or
- (ii) if so specified in the Final Terms, definitive Notes in bearer form ("**Definitive Notes**") and/or (if so specified in the Final Terms) Registered Notes.

Exchanges of interests in a Temporary Global Note for Definitive Notes or, as the case may be, a Permanent Global Note will be made only on or after the Exchange Date (as specified in the Final Terms) and provided certification as to the non-U.S. beneficial ownership thereof as required by U.S. Treasury Regulations (in such form as is customarily issued in such circumstances by the relevant clearing system) has been received. An exchange for Registered Notes will be made at any time or from such date as may be specified in the Final Terms, in each case, without any requirement for certification.

- (2) *Limitation on entitlement under a Temporary Global Note after Exchange Date:* Holders of interests in any Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole but not in part only) for a Permanent Global Note or for delivery of Definitive Notes and/or Registered Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Notes represented by such Temporary Global Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.
- (3) *Certification of non-U.S. beneficial ownership:* Unless the Final Terms specify that the TEFRA C Rules are applicable to the Notes and subject to paragraph (2) above, if any date on which a payment of interest is due on the Notes of a Tranche occurs whilst any of the Notes of that



Tranche are represented by a Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the non-U.S. beneficial ownership thereof as required by U.S. Treasury Regulations (in such form as is customarily issued in such circumstances by the relevant clearing system) has been received by Euroclear or Clearstream, Luxembourg, or any other relevant clearing system which may be specified in the Final Terms. Payments of amounts due in respect of a Permanent Global Note or (subject to paragraph (2) above) a Temporary Global Note (if the Final Terms specify that the TEFRA C Rules are applicable to the Notes) will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.

- (4) *Exchange for Definitive Notes:* Interests in a Permanent Global Note will be exchanged (subject to the period allowed for delivery as set out in (i) below), in whole but not in part only and at the request of the holder of such Global Note, for Definitive Notes and/or (if so specified in the Final Terms) Registered Notes (a) if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available, or (b) an Event of Default (as defined in Condition 10 (*Events of Default*)) occurs or (c) on 60 days' notice given at any time on the request of the bearer, if so specified in the Final Terms. The circumstances described in (a) and (b) are each herein referred to as an "**Exchange Event**". Whenever a Permanent Global Note is to be exchanged for Definitive Notes and/or Registered Notes, REN B.V. as Issuer shall procure the prompt delivery of such Definitive Notes and/or Registered Notes, duly authenticated and where and to the extent applicable, with Coupons and Talons attached (each as defined in Condition 1.2 (*Form and Denomination – Coupons and Talons*)), in an aggregate nominal amount equal to the nominal amount of such Permanent Global Note to the Holder of the Permanent Global Note against its surrender at the specified office of the Issue and Paying Agent within 30 days of the Holder requesting such exchange.

#### **Registered Global Notes issued by REN B.V. - Form of Exchange**

- (1) *Registered Global Note:* Registered Notes held in Euroclear and/or Clearstream, Luxembourg (or other clearing system) will be represented by a Registered Global Note which will be deposited with a common depository or common safekeeper if the Registered Note is held under the NSS, as the case may be, for Euroclear and Clearstream, Luxembourg and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper if the Registered Notes are held under the NSS, as specified in the Final Terms (or registered in the name of a nominee of, and deposited with, a common depository for such other relevant clearing system).
- (2) *Exchange:* The Registered Global Note will become exchangeable in whole, but not in part, for individual Registered Notes if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and, in any such case no successor clearing system satisfactory to the Trustee is available (b) an Event of Default (as defined in Condition 10 (*Events of Default*)) occurs, or (c) on 60 days' notice given at any time at the request of the registered Noteholder, if so specified in the Final Terms. The circumstances described in (a) and (b) are each herein referred to as an "**Exchange Event**".

Whenever the Registered Global Note is to be exchanged for individual Registered Notes, such individual Registered Notes will be issued in an aggregate nominal amount equal to the nominal amount of the Registered Global Note within five business days of the delivery, by or on behalf of the registered Holder of the Registered Global Note, Euroclear and/or Clearstream, Luxembourg, to the Registrar or the Transfer Agent (as the case may be) of such information as is required to complete and deliver such individual Registered Notes (including, without limitation, the names and addresses of the persons in whose names the Registered Notes are to be registered and the nominal amount of each such person's holding) against the surrender of the Registered Global Note at the specified office of the Registrar or the Transfer Agent (as the case may be). Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Noteholder, but against such indemnity as the Registrar or the Transfer Agent (as the case may be) may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

## **Bearer and Registered Global Notes issued by REN B.V.**

### ***Initial Issue of Notes***

If the Global Notes or Registered Global Note are stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), on or prior to the original issue date of the Tranche the Global Notes or Registered Global Notes will be delivered to a Common Safekeeper and Euroclear and Clearstream, Luxembourg will be informed whether or not the Notes are intended to be held as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem ("**Eurosystem eligible collateral**").

Depositing the Global Notes or the Registered Global Notes intended to be held as Eurosystem eligible collateral with a Common Safekeeper does not necessarily mean that the Notes will be recognised as Eurosystem eligible collateral either upon issue, or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met. In the case of Notes issued in NGN form or to be held under the NSS (as the case may be) which are not intended to be held as Eurosystem eligible collateral as of their issue date, should the Eurosystem eligibility criteria be amended in the future so that such Notes are capable of meeting the eligibility criteria, such Notes may then be deposited with Euroclear or Clearstream, Luxembourg as Common Safekeeper.

### ***Relationship of Accountholders with Clearing Systems***

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note (which expression includes a Temporary Global Note and a Permanent Global Note) must look solely to Euroclear, Clearstream, Luxembourg or such other clearing system (as the case may be) for such person's share of each payment made by the Issuer (REN B.V.) to the bearer of such Global Note (or the registered holder of the Registered Global Note, as the case may be), and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuers in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Registered Global Note and such obligations of the Issuer (REN B.V.) will be discharged by payment to the bearer of such Global Note (or the registered holder of the Registered Global Note, as the case may be), in respect of each amount so paid. References in these provisions relating to the Notes in global form to "holder" or "accountholder" are to those persons shown in the records of the relevant clearing system as a holder of a Note.

### ***Amendment to Conditions of Registered and Bearer Global Notes***

The Temporary Global Notes, Permanent Global Notes and Registered Global Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

- (1) *Meetings:* The holder of a Permanent Global Note or the registered holder of a Registered Global Note shall (unless such Permanent Global Note or Registered Global Note represents only one Note) be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Global Note may be exchanged.
- (2) *Cancellation:* Cancellation of any Note represented by a Permanent Global Note or Registered Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note or Registered Global Note.
- (3) *Purchase:* Notes represented by a Permanent Global Note or Registered Global Note may only be purchased by REN B.V. as Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.
- (4) *Payments:* Payments of amounts (principal, interest or otherwise) due in respect of Registered Notes when in global form, shall be made at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date for such payment.

- (5) *Exercise of Call Options*: Any redemption at the option of the relevant Issuer provided for in the Conditions of the Notes while such Notes are represented by a Permanent Global Note or a Registered Global Note shall be exercised by REN B.V. as Issuer giving notice to the holders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of REN B.V. as Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).
- (6) *Exercise of Put Options*: Any redemption at the option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or a Registered Global Note may be exercised by the holder of such Permanent Global Note or Registered Global Note, giving notice to the Issue and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent (other than the Portuguese Paying Agent) or the Registrar, in the case of a Registered Global Note substantially in the form of the notice available from any Paying Agent (other than the Portuguese Paying Agent), or the Registrar (in the case of a Registered Global Note), except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting for notation the Permanent Global Note or the Registered Global Note to the Issue and Paying Agent, or to a Paying Agent acting on behalf of the Issue and Paying Agent, or the Registrar, in the case of a Registered Global Note.
- (7) *Notices*: Notwithstanding Condition 15 (*Notices*), so long as the Notes of any Series are represented by a Permanent Global Note or Registered Global Note and such Permanent Global Note or Registered Global Note is held on behalf of a clearing system (i) notices to the holders of that Series may be given by delivery of the relevant notice to the clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions and any such notice shall be deemed to have been given to the holders on the day after the date on which it is given to the clearing system and (ii) notices to be given by any holder of the Series may be given to the Issue and Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Issue and Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

### **Book-Entry Notes issued by REN**

Notes to be issued under the Programme by REN will be represented in dematerialised book-entry form (*forma escritural*) and can be either *nominativas* (in which case Interbolsa, at the Issuer's (REN) request, can ask the Affiliate Members of Interbolsa information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer (REN) of the identity of the Noteholders).

Book-Entry Notes will be tradable in integral multiples of their denomination and will be held through the accounts of affiliate members of the Portuguese central securities depository and the manager of the Portuguese settlement system *Interbolsa Sociedade Gestora de Sistemas de Liquidação de Sistemas Centralizados de Valores Mobiliários, S.A. ("Interbolsa")*, as operator and manager of CVM (*Central de Valores Mobiliários*).

### ***Clearing and Settlement***

CVM is the centralised system (*sistema centralizado*) for the registration and control of securities in Portugal, (the "**Book-Entry Registry**" and each entry a "**Book-Entry**"). CVM is composed of interconnected securities accounts, through which securities (and inherent rights) are created, held and transferred. This allows Interbolsa to control the amount of securities created, held and transferred. Issuers of securities, financial intermediaries which are Affiliate Members (Direct Registration Entities) of Interbolsa (as defined below) and the Bank of Portugal, all participate in this centralised system.

CVM provides for all the procedures which allow the owners of securities to exercise their rights.

In relation to each issue of securities, CVM comprises *inter alia*, (a) the issue account, opened by the relevant issuer in CVM and which reflects the full amount of securities issued; (b) the individual accounts, opened in the Affiliate Members of Interbolsa (as defined below) by their respective customers; and (c) the control accounts opened by each of the financial intermediaries which participate in Interbolsa's centralised system, and which reflect, at all times, the aggregate nominal amount of securities held in the individual securities accounts opened by holders of securities with each of the Affiliate Members of Interbolsa.

Each person shown in the records of an Affiliate Member of Interbolsa as having an interest in Book-Entry Notes shall be treated as the holder of the principal amount of the Book-Entry Notes recorded.

The expression "**Affiliate Member of Interbolsa**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purposes of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

Book-Entry Notes registered with Interbolsa will be attributed an International Securities Identification Number ("ISIN") code through Interbolsa's codification system and will be accepted for registration and clearing through the system operated at Interbolsa and settled by Interbolsa's settlement system.

### ***Exercise of Financial Rights***

Payment of principal and interest in respect of the Notes will be subject to Portuguese laws and regulations, notably the regulations from time to time issued and applied by the *Comissão do Mercado de Valores Mobiliários* (the Portuguese Securities Market Commission) and Interbolsa.

The Issuer (REN) must give Interbolsa advance notice of all payments and provide all necessary information for that purpose, notably the identity of the financial intermediary integrated in Interbolsa appointed by the Issuer to act as the paying agent in respect of the Notes responsible for the relevant payment.

Prior to any payment such paying agent shall provide Interbolsa with a statement of acceptance of its role of Paying Agent.

Interbolsa must notify such paying agent of the amounts to be settled, which will be determined by Interbolsa on the basis of the account balances of the accounts of the Affiliate Members of Interbolsa.

On the date on which any payment in respect of the Notes is to be made, the corresponding entries and counter-entries will be made by Interbolsa (i) in the Bank of Portugal current accounts held by such paying agent and by the Affiliate Members of Interbolsa in the case of payments in euro or (ii) in the Caixa Geral de Depósitos, S.A. ("**CGD**") current accounts held by such paying agent and by the Affiliate Members of Interbolsa in the case of payments in currencies accepted by Interbolsa other than euro.

Whilst the Notes are held through Interbolsa, payment of principal and interest in respect of the Notes will be (i) if made in euro (a) credited, according to the procedures and regulations of Interbolsa, by the Portuguese Paying Agent (acting on behalf of the Issuer (REN)) to the payment current accounts used by the Affiliate Members of Interbolsa for payments in respect of securities held through Interbolsa and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; or (ii) if made in currencies other than euro (a) transferred, on the payment date and according to the procedures and regulations of Interbolsa, from the account held by the Portuguese Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by CGD to the relevant accounts of the relevant Affiliate Members of Interbolsa and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the beneficial owners of Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

**Listing**

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to be admitted to trading on its regulated market. Notes may also be listed or admitted to trading, as the case may be, on Euronext Lisbon or by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the relevant Issuer.

**FORM OF FINAL TERMS – MINIMUM DENOMINATION OF LESS THAN EUR 100,000**

[Date]

**[REN – Redes Energéticas Nacionais, SGPS, S.A./REN Finance B.V.]**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the EUR 5,000,000,000  
Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS<sup>1</sup>**

[Any person making or intending to make an offer of the Notes may only do so]:

- (i) in those Public Offer Jurisdictions mentioned in Paragraph 8(vi) of Part B below, provided such person is a Dealer or Authorised Offeror (as such term is defined in the Base Prospectus) and that such offer is made during the Offer Period specified for such purpose therein and that any conditions relevant to the use of the Base Prospectus are complied with; or
- (ii) otherwise] in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU **provided, however, that** all references in this document to the "Prospectus Directive" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and include any relevant implementing measure in the relevant Member State.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 21 July 2014 [and the supplement to the Base Prospectus dated [•] (the "**Supplement**") which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [and the Supplement]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms [and] the Base Prospectus [and the Supplement]. The Base Prospectus [and the Supplement] [is/are] available for viewing [at [website]] [and] during normal business hours at [REN – Redes Energéticas Nacionais, SGPS, S.A., Avenida Estados Unidos da América, 55 1749-061 Lisbon] [REN Finance B.V., De Cuserstraat 93, Unit 205, 1081CN Amsterdam, The Netherlands] [and copies may be obtained from [address]]. A summary of this issue of Notes is annexed to these Final Terms. The Base Prospectus has been published in accordance with Article 14 of the Prospectus Directive on the website of the Central Bank of Ireland at:

www.centralbank.ie

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated [original date] [which are incorporated by reference in the Base Prospectus dated 21 July 2014]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 21 July 2014 [and the supplement to the Base Prospectus dated [•] (the "**Supplement**") which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are set forth in the base prospectus dated [original date] and are incorporated by reference in this Base

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<sup>1</sup> *When preparing Final Terms prepared in relation to an issuance of Notes to be listed on a non-regulated market, Prospectus Directive references are to be removed.*

Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms[,] [and] the Base Prospectus dated 21 July 2014 [and the Supplement]. Copies of such Base Prospectus are available for viewing [at *website*] [and] during normal business hours at [REN – Redes Energéticas Nacionais, SGPS, S.A., Avenida Estados Unidos da América, 55 1749-061 Lisbon] [REN Finance B.V., De Cuserstraat 93, Unit 205, 1081CN Amsterdam, The Netherlands] [and copies may be obtained from *address*]. A summary of this issue of Notes is annexed to these Final Terms. The Base Prospectus has been published in accordance with Article 14 of the Prospectus Directive on the website of the Central Bank of Ireland at:

www.centralbank.ie

1. (a) Issuer: [REN – Redes Energéticas Nacionais, SGPS, S.A./ REN Finance B.V.]
2. (a) Series Number: [ ]
- (b) Tranche Number: [ ]
- [(c) Date on which the Notes will be consolidated and form a single Series: [Not Applicable/The Notes will be consolidated, form a single series and be interchangeable for trading purposes with Tranche *identify earlier tranches* on *insert date*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [21] below [which is expected to occur on or about *insert date*]].]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
  - (a) Series: [ ]
  - (b) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *insert date*]
6. Specified Denominations: [ ]
7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [ /Issue Date/Not Applicable]
8. Maturity Date: [Fixed Rate – [ ]  
Floating Rate - Interest Payment Date falling in or nearest to [ ]]
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
(see paragraph 14/15/16 below)
10. Redemption/Payment Basis: [Instalment]  
  
[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ]/[100] per cent. of their nominal amount]
11. Change of Interest Basis or [ ] [Not Applicable]

Redemption/Payment Basis:

12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(see paragraph 17/18 below)] [Not Applicable]
13. Date Board approval for issuance of Notes obtained: [ ]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Rate(s) of Interest: [ ] per cent. per annum payable  
[annually/semi-annually/quarterly] in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date
- (c) Fixed Coupon Amount(s): [ ] per [ ]
- (d) Broken Amount(s): [[ ] per [ ], payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) [Determination Date(s): [[ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual(ICMA)*)]
15. Floating Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Specified Period(s) / Specified Interest Payment Dates: [ ]
- (b) First Interest Payment Date: [ ]
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
- (d) Additional Business Centre(s): [Not Applicable] [ ]
- (e) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]



- (f) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):  shall be the Calculation Agent
- (g) Screen Rate Determination:
- Reference Rate:  month [LIBOR/EURIBOR]
  - Interest Determination Date(s):
  - Relevant Screen Page:
- (h) ISDA Determination:
- Floating Rate Option:
  - Designated Maturity:
  - Reset Date:
- (i) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*).]
- (j) Margin(s):  per cent. per annum
- (k) Minimum Rate of Interest:  per cent. per annum
- (l) Maximum Rate of Interest:  per cent. per annum
- (m) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/Actual  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
360/360  
Bond Basis  
30E/360  
Eurobond Basis  
30E/360 (ISDA)]
16. Zero Coupon Note Provisions:  [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Accrual Yield:  per cent. per annum
- (b) Reference Price:

## PROVISIONS RELATING TO REDEMPTION

17. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount of each Note: [ ] per [ ]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
- (d) Notice period: [ ] days
18. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount of each Note: [ ] per [ ]
19. Final Redemption Amount: [ ] per [ ]/[Par]
20. Early Redemption Amount payable on redemption for taxation reasons or on event of default or other early redemption: [ ] per [ ]/[Par]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Bearer Notes and/or Registered Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for definitive Bearer Notes and/or Registered Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for definitive Bearer Notes and/or Registered Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Registered Global Note ([ ] nominal amount ( )) [registered in the name of a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]

exchangeable for Registered Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Book-entry form held through Interbolsa:

[Nominativas]/[Ao portador]]

22. New Global Note: [Yes/No]
23. Additional Financial Centre(s): [Not Applicable/give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest end dates, to which sub paragraph 15(d) relates]
24. Talons for future Coupons or Receipts to be attached to definitive Bearer Notes: [No. / [Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
25. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable][ ]
- (b) Instalment Date(s): [Not Applicable][ ]
26. Redenomination applicable: Redenomination [not] applicable

[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading.].

Signed on behalf of [REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A. / REN FINANCE B.V.]

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING** [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of [the Irish Stock Exchange with effect from [•]] [Euronext Lisbon with effect from [•]].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of [the Irish Stock Exchange with effect from [•]] [Euronext Lisbon with effect from [•]].]

[Not Applicable]

[Fungible Notes of the same Series admitted to trading on [•]]

2. **RATINGS**

[The Notes to be issued have not been specifically rated.]/[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

Ratings:

[Moody's: [ ]]

[Standard & Poor's: [ ]]

[Fitch: [ ]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below.)*

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.] [ ] *(Amend as appropriate if there are other interests.)*

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer: [ ]

*(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

[(ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii) Estimated total expenses: [ ]

*[Include breakdown of expenses]*

5. **YIELD (Fixed Rate Notes only)**

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. **[Floating Rate Notes only - HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters / [ ]].

7. **OPERATIONAL INFORMATION**

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme and/or Interbolsa-Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. as operator of the Central de Valores Mobiliários [and the relevant identification number(s)]: [Not Applicable] [ ]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): [ ]

(vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

*[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [include this text for registered notes]] and does not necessarily*

mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [*include this text for registered notes*]]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## 8. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
- (A) Names and addresses of Dealers and underwriting commitments / quotas: [Not Applicable/*give names, addresses and underwriting commitments*]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Dealers)*
- (B) Date of [Subscription] Agreement: [ ]
- (C) Stabilisation Manager(s) if any: [Not Applicable/*give name*]
- (iii) If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
- (iv) Indication of the overall amount of the underwriting commission and of the placing commission: [ ] per cent of the Aggregate Nominal Amount
- (v) U.S. Selling Restrictions: [Reg. S Compliance Category [1/2]; TEFRA D/TEFRA C/TEFRA not applicable]]
- (vi) Public Offer: [Applicable][Not Applicable]  
*(If not applicable, delete the remaining*

*placeholders of this sub-paragraph (vi) and also paragraph 9 below)*

Offer period: [Specify date] until [specify date]

Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the conditions in it: [Insert names and addresses of financial intermediaries receiving consent (specific consent)]

General Consent: [Not Applicable][Applicable]

Other Authorised Offeror Terms: [Not Applicable][Add here any other Authorised Offeror Terms]

*(Authorised Offeror Terms should only be included here where General Consent is Applicable)*

## 9. TERMS AND CONDITIONS OF THE OFFER

Offer Price: [Issue Price] [ ]

Conditions to which the offer is subject: [Not applicable/give details]

Description of the application process: [Not applicable/give details]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not applicable/give details]

Details of the minimum and/or maximum amount of application: [Not applicable/give details]

Details of the method and time limits for paying up and delivering the Notes: [Not applicable/give details]

Manner in and date on which results of the offer are to be made public: [Not applicable/give details]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not applicable/give details]

Whether tranche(s) have been reserved for certain countries: [Not applicable/give details]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not applicable/give details]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not applicable/give details]

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [None/give details]

## **SUMMARY OF THE ISSUE**

*This summary relates to [insert description of Notes] described in the final terms (the "**Final Terms**") to which this summary is annexed. This summary contains that information from the summary set out in the Base Prospectus which is relevant to the Notes together with the relevant information from the Final Terms. Words and expressions defined in the Final Terms and the Base Prospectus have the same meanings in this summary.*

*[Insert completed summary by completing the summary of the base prospectus as appropriate to the terms of the specific issue].*



**FORM OF FINAL TERMS – MINIMUM DENOMINATION OF AT LEAST EUR 100,000**

[Date]

**[REN – Redes Energéticas Nacionais, SGPS, S.A./REN Finance B.V.]**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the EUR 5,000,000,000  
Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS<sup>2</sup>**

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 21 July 2014 [and the supplement to the Base Prospectus dated [•] (the "**Supplement**") which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [and the Supplement]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms [and] the Base Prospectus [and the Supplement]. The Base Prospectus [and the Supplement] [is/are] available for viewing [at [website]] [and] during normal business hours at [REN – Redes Energéticas Nacionais, SGPS, S.A., Avenida Estados Unidos da América, 55 1749-061 Lisbon] [REN Finance B.V., De Cuserstraat 93, Unit 205, 1081CN Amsterdam, The Netherlands] [and copies may be obtained from [address]]. The Base Prospectus has been published in accordance with Article 14 of the Prospectus Directive on the website of the Central Bank of Ireland at:

www.centralbank.ie

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated [original date] [which are incorporated by reference in the Base Prospectus dated 21 July 2014]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 21 July 2014 [and the supplement to the Base Prospectus dated [•] (the "**Supplement**") which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are set forth in the base prospectus dated [original date] and are incorporated by reference in this Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms[,] [and] the Base Prospectus dated 21 July 2014 [and the Supplement]. Copies of such Base Prospectuses are available for viewing [at [website]] [and] during normal business hours at [REN – Redes Energéticas Nacionais, SGPS, S.A., Avenida Estados Unidos da América, 55 1749-061 Lisbon] [REN Finance B.V., De Cuserstraat 93, Unit 205, 1081CN Amsterdam, The Netherlands] [and copies may be obtained from [address]].] The Base Prospectus has been published in accordance with Article 14 of the Prospectus Directive on the website of the Central Bank of Ireland at:

www.centralbank.ie

1. Issuer: [REN – Redes Energéticas Nacionais, SGPS, S.A./REN Finance B.V.]
2. (a) Series Number: [ ]
- (b) Tranche Number: [ ]

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<sup>2</sup> When preparing Final Terms prepared in relation to an issuance of Notes to be listed on a non-regulated market, Prospectus Directive references are to be removed.

- [ (c) Date on which the Notes will be consolidated and form a single Series: [Not Applicable/The Notes will be consolidated, form a single series and be interchangeable for trading purposes with Tranche *[identify earlier tranches]* on *[insert date]*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [21] below [which is expected to occur on or about *[insert date]*]].]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
- (a) Series: [ ]
- (b) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]*]
6. Specified Denominations: [ ]
7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [ /Issue Date/Not Applicable]
8. Maturity Date: [Fixed Rate [ ]  
Floating Rate — Interest Payment Date falling in or nearest to [ ]]
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
(see paragraph 14/15/16 below)
10. Redemption/Payment Basis: [Instalment]  
[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ]/[100] per cent. of their nominal amount]
11. Change of Interest Basis or Redemption/Payment Basis: [ ] [Not Applicable]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(see paragraph 17/18 below)] [Not Applicable]
13. Date Board approval for issuance of Notes obtained: [ ]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [ ] per cent. per annum payable [annually/semi-annually/quarterly] in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]
- (c) Fixed Coupon Amount(s): [ ] per [ ]
- (d) Broken Amount(s): [[ ] per [ ], payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) [Determination Date(s): [[ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual(ICMA))*]]
15. Floating Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (b) First Interest Payment Date: [ ]
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (d) Additional Business Centre(s): [Not Applicable] [ ]
- (e) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (f) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ] shall be the Calculation Agent
- (g) Screen Rate Determination:
- Reference Rate: [ ] month [LIBOR/EURIBOR]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]

- (h) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (i) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (j) Margin(s): [ + ]/[ + / - ] [ ] per cent. per annum
- (k) Minimum Rate of Interest: [ ] per cent. per annum
- (l) Maximum Rate of Interest: [ ] per cent. per annum
- (m) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/Actual  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
360/360  
Bond Basis  
30E/360  
Eurobond Basis  
30E/360 (ISDA)]

16. Zero Coupon Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]

#### PROVISIONS RELATING TO REDEMPTION

17. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount of each Note: [ ] per [ ]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [ ]

- (ii) Maximum Redemption Amount: [ ]
- (d) Notice period: [ ] days
18. Investor Put: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount of each Note: [ ] per [ ]
19. Final Redemption Amount: [ ] per [ ]/[Par]
20. Early Redemption Amount payable on redemption for taxation reasons or on event of default or other early redemption: [ ] per [ ]/[Par]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Bearer Notes and/or Registered Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for definitive Bearer Notes and/or Registered Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for definitive Bearer Notes and/or Registered Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Registered Global Note ([ ] nominal amount ([ ])) [registered in the name of a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Registered Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Book-entry form held through Interbolsa:
- [Nominativas]/[Ao portador]]
22. New Global Note: [Yes/No]
23. Additional Financial Centre(s): [Not Applicable/give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(d) relates]

24. Talons for future Coupons or Receipts to be attached to definitive Bearer Notes: [No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
25. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable][ ]
- (b) Instalment Date(s): [Not Applicable][ ]
26. Redenomination applicable: Redenomination [not] applicable

[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading].

Signed on behalf of [REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A./REN FINANCE B.V.]

By: .....  
Duly Authorised

By: .....  
Duly Authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of [the Irish Stock Exchange with effect from [•]] [Euronext Lisbon with effect from [•]].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of [the Irish Stock Exchange with effect from [•]] [Euronext Lisbon with effect from [•]].]
- [Not Applicable]
- [Fungible Notes of the same Series admitted to trading on [•]]
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

[The Notes to be issued have not been specifically rated.]/[ [The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

Ratings:

[Moody's: [ ]]

[Standard & Poor's: [ ]]

[Fitch: [ ]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)*

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.] [ ] *(Amend as appropriate if there are other interests.)*

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

4. **YIELD (Fixed Rate Notes Only)**

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. **OPERATIONAL INFORMATION**

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme and/or Interbolsa-Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. as operator of the Central de Valores Mobiliários [and the relevant identification number(s)]: [Not Applicable] [ ]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): [ ]

(vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [include this text for registered notes]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [include this text for registered notes]]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by



the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

6. **DISTRIBUTION**

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
  - (A) Names of Dealers: [Not Applicable/*give names*]
  - (B) Stabilisation Manager(s) (if any): [Not Applicable/*give names*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/*give names*]
- (iv) U.S. Selling Restrictions: [Reg. S Compliance Category [1/2]; TEFRA D/TEFRA C/TEFRA not applicable]]

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be applicable to each Note (as defined below) and agreed by the relevant Issuer and the relevant Dealer at the time of issue. The applicable Final Terms in relation to any Tranche of Notes will complete the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be applicable to each Note. Reference should be made to "Form of Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

Each Note is one of a Series (as defined below) of Notes issued by an Issuer (the "**Issuer**") which will be, as specified in the Final Terms (as defined below), either REN-Redes Energéticas Nacionais, SGPS, S.A. ("**REN**") or REN Finance B.V. ("**REN B.V.**") and (except in the case of Notes issued by REN in book-entry form ("**Book-Entry Notes**")) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated on or around 30 July 2013 made between REN B.V., REN and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include any successor as Trustee). Book-Entry Notes are integrated in the Interbolsa book-entry system and governed by these conditions and a deed poll given by REN in favour of the Book-Entry Noteholders dated on or around 21 July 2014 (the "**Interbolsa Instrument**"). REN will only issue Book-Entry Notes.

References herein to the Notes shall be references to the Notes of this Series.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 21 July 2014 and made and agreed between the Issuers, Deutsche Bank AG, London Branch as issue and paying agent in respect of Non-Book-Entry Notes and agent bank (the "**Issue and Paying Agent**", which expression shall include any successor agent), Deutsche Bank Luxembourg, S.A. as registrar and transfer agent in respect of Notes in registered form and as paying agent (the "**Registrar**" and "**Transfer Agent**", which expression shall include any additional or successor registrar and/or transfer agents, as applicable), Caixa – Banco de Investimento, S.A. as the paying agent in Portugal in respect of Book-Entry Notes (the "**Portuguese Paying Agent**" and, together with the Issue and Paying Agent and the other paying agents named in the Agency Agreement, unless the context otherwise requires, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and the Trustee.

The final terms for each Note (or the relevant provisions thereof) complete these Terms and Conditions. References to the "applicable Final Terms" are to Part A of the Final Terms (or the relevant provisions thereof), in the case of Non-Book-Entry Notes, attached to or endorsed on the Note.

In respect of Notes issued by REN B.V., REN B.V. has the benefit of a Keep Well Agreement (the "**Keep Well Agreement**") dated 21 July 2014 made between REN and REN B.V.

The Trustee acts for the benefit of the holders of the Bearer Notes (as defined below) for the time being of the Note, of the Receipts (as defined below) and of the Coupons (as defined below) (which expression shall, unless the context otherwise requires, include the holders of the Talons (as defined below)) and of the holders of the Registered Notes (as defined below), all in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed, the Agency Agreement and the Keep Well Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee (being at 21 July 2014 at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom) and at the specified office of each of the Paying Agents, other than the Portuguese Paying Agent. Copies of the Agency Agreement and the Interbolsa Instrument are available for inspection during normal business

hours at the specified office of the Portuguese Paying Agent. Copies of the applicable Final Terms in respect of the Non-Book-Entry Notes are obtainable during normal business hours at the specified office of the Paying Agents, other than the Portuguese Paying Agent. Copies of the applicable Final Terms in respect of the Book-Entry Notes are obtainable during normal business hours at the specified office of the Portuguese Paying Agent. The Non-Book-Entry Noteholders are deemed to have notice of, and are entitled to the benefit of, all the applicable provisions of the Trust Deed, the Agency Agreement, the Keep Well Agreement and the applicable Final Terms. The Book-Entry Noteholders are deemed to have notice of, and are entitled to the benefit of, all the applicable provisions of the Agency Agreement, the Interbolsa Instrument and the applicable Final Terms. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed (in the case of Non-Book-Entry Notes) or the Interbolsa Instrument (in the case of Book-Entry Notes).

Words and expressions defined in the Trust Deed, the Interbolsa Instrument or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and *provided that*, (i) in the case of Non-Book-Entry Notes, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and in the event of inconsistency between the Trust Deed, the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail; and (ii) in the case of Book-Entry Notes, in the event of inconsistency between the Interbolsa Instrument and the Agency Agreement, the Interbolsa Instrument will prevail and in the event of inconsistency between the Interbolsa Instrument, the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## 1. FORM AND DENOMINATION

### *Non-Book-Entry Notes*

- 1.1 *Form:* Non-Book-Entry Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"), as specified in the Final Terms and are serially numbered. Registered Notes are not exchangeable for Bearer Notes.
- 1.2 *Coupons and Talons:* Interest-bearing Bearer Notes have attached thereto, at the time of their initial delivery, coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. In addition, if so specified in the Final Terms, such Notes which have more than 27 Coupon payments have attached thereto, at the time of their initial delivery, a talon ("**Talon**") for further coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.
- 1.3 *Interest Basis:* Each Non-Book-Entry Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.
- 1.4 *Redemption/Payment Basis:* Each Non-Book-Entry Note may be an Instalment Note, if so specified in the applicable Final Terms. "**Instalment Note**" means a Note, the principal amount of which is repayable by instalments.
- 1.5 *Instalment Notes:* Bearer Notes which are Instalment Notes have attached thereto, at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.
- 1.6 *Denomination of Bearer Notes:* Bearer Notes are in the Specified Denomination or Denominations (each of which denominations is integrally divisible by each smaller denomination) specified in the applicable Final Terms *provided that* the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR 1,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). Bearer Notes of one denomination may not be exchanged for Bearer Notes of any other denomination.
- 1.7 *Specified Denomination of Registered Notes:* Registered Notes are in the minimum Specified Denomination specified in the applicable Final Terms or integral multiples thereof *provided that*

the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR 1,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

- 1.8 *Currency of Notes:* The Non-Book-Entry Notes are denominated in such Specified Currency as may be specified in the applicable Final Terms. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

#### *Book-Entry Notes*

- 1.9 *Form:* The Book-Entry Notes are held through Interbolsa in book-entry form (*forma escritural*) and can either be *nominativas* (in which case Interbolsa, at the Issuer's request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer of the identity of the Noteholders).

- 1.10 *Registration:* The Book-Entry Notes will be registered by Interbolsa as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) ("**CVM**"). Each person shown in the relevant individual securities accounts held with an Affiliate Member of Interbolsa as having an interest in Book-Entry Notes shall be treated as the Holder of the principal amount of the Book-Entry Notes recorded therein. One or more certificates in relation to the Book-Entry Notes (each a "**Certificate**") will be delivered by the relevant Affiliate Member of Interbolsa in respect of its holding of Notes upon the request by the relevant Noteholder and in accordance with that Affiliate Member of Interbolsa's procedures and pursuant to article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários*).

- 1.11 *Interest Basis:* Each Book-Entry Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

- 1.12 *Redemption/Payment Basis:* Each Book-Entry Note may be an Instalment Note, if so specified in the applicable Final Terms.

- 1.13 *Denomination of Book-Entry Notes:* Book-Entry Notes are in the Specified Denomination or Denominations specified in the applicable Final Terms *provided that* the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR 1,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). Book-Entry Notes of one denomination may not be exchanged for Book-Entry Notes of any other denomination.

- 1.14 *Currency of Notes:* The Book-Entry Notes will be denominated in euro or in such other currency as can be settled through Interbolsa, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

## **2. TITLE AND TRANSFERS OF NOTES**

- 2.1 *Title to Bearer Notes:* Title to Bearer Notes, Receipts and Coupons is transferred by delivery.

- 2.2 *Title to Registered Notes:* Title to Registered Notes is transferred by registration in the register which the Issuer shall procure to be kept by the Registrar (the "**Register**").

- 2.3 *Holder as Owner:* The Holder of any Bearer Note, Receipt, Coupon or Registered Note will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

- 2.4 *Transfer of Registered Notes:* A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only (*provided that* such part is, or is an integral multiple of, the minimum Specified Denomination) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.
- 2.5 *Exchange of Bearer Notes:* If so specified in the applicable Final Terms, a Holder of Bearer Notes may exchange the same for the same aggregate nominal amount of Registered Notes upon the terms and subject to the conditions set forth in the Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Registrar or of any Transfer Agent together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Receipts and Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 2.6) where the exchange date would, but for the provisions of Condition 2.6, occur between the Record Date (as defined in Condition 6.4) for such payment of interest and the date on which such payment of interest falls due.
- 2.6 *New Registered Notes:* Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within five Relevant Banking Days of the transfer date or, as the case may be, the exchange date, be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar or a Transfer Agent after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or a Transfer Agent until the day following the due date for such payment. For the purposes of these Terms and Conditions:
- (a) "**Relevant Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to a Transfer Agent, in the place where the specified office of such Transfer Agent is located;
  - (b) the "**exchange date**" shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with Condition 2.5; and
  - (c) the "**transfer date**" shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.4.
- 2.7 *No Charges upon Transfer or Exchange:* The issue of new Registered Notes on transfer or on the exchange of Bearer Notes for Registered Notes will be effected without charge by or on behalf of the Issuer, the Registrar or Transfer Agent, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Registrar or such Transfer Agent may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.
- 2.8 *Transfer of Book-Entry Notes:* Title to the Book-Entry Notes is transferred upon registration in the relevant individual securities accounts held with an Affiliate Member of Interbolsa. Any Book-Entry Noteholder will (except as otherwise required by law) be treated as its absolute owner for all purposes and no person will be liable for so treating the Book-Entry Noteholder.

Any reference herein to Interbolsa, Euroclear or Clearstream, Luxembourg shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing

system specified in the applicable Final Terms. The Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. **STATUS OF THE NOTES**

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the relevant Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured (subject to the provisions of Condition 4 (*Negative Pledge*)) and unsubordinated obligations of such Issuer from time to time outstanding.

4. **NEGATIVE PLEDGE**

So long as any of the Notes remain outstanding (as defined in the Agency Agreement) neither the Issuer nor, if REN B.V. is the Issuer, REN will create, save by operation of law, or have outstanding any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") other than any Permitted Security, as defined below, upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer or, if the Issuer is REN B.V., REN, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by the Issuer under the Notes and, if applicable, REN's obligations under the Keep Well Agreement, are secured by the Security Interest equally and rateably with the Relevant Indebtedness (in the case of Non-Book-Entry Notes, to the satisfaction of the Trustee); or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as the Trustee, in the case of Non-Book-Entry Notes, shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or, in the case of both Book-Entry and Non-Book-Entry Notes, which shall be approved by an Extraordinary Resolution (as defined in the Trust Deed in relation to Non-Book-Entry Notes and as defined in the Interbolsa Instrument in relation to Book-Entry Notes) of the Noteholders.

In these Terms and Conditions:

"**Relevant Indebtedness**" means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities (not including for the avoidance of doubt, preference shares or other equity securities) which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness.

"**Permitted Security**" means:

- (i) in the case of a consolidation or merger of REN with or into another company (the "**Combining Company**") any Security Interest over assets of REN if it is the surviving company or the company (if other than REN) surviving or formed by such consolidation or merger *provided that*: (i) such Security Interest was created by the Combining Company over assets owned by it, (ii) such Security Interest is existing at the time of such consolidation or merger, (iii) such Security Interest was not created in contemplation of such consolidation or merger and (iv) the amount secured by such Security Interest is not increased thereafter; or
- (ii) any Security Interest on or with respect to assets (including but not limited to receivables) of the Issuer or, if the Issuer is REN B.V., REN, which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the indebtedness secured by such Security Interest or the indebtedness in

respect of any guarantee or indemnity which is secured by such Security Interest is limited to the value of such assets; or

- (iii) any Security Interest securing any indebtedness incurred in relation to any asset for the purpose of financing the whole or any part of the acquisition, creation, construction, improvement or development of such asset where the financial institutions to whom such indebtedness is owed have recourse solely to the applicable project borrower (where such project borrower is formed solely or principally for the purpose of the relevant project) and/ or such asset (or any derivative asset thereof) and/or the shares held in such project borrower.

## 5. INTEREST

### 5.1 *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount set out in the applicable Final Terms. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

In these Terms and Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction specified in the Final Terms, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these Terms and Conditions, "**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

- (i) if Actual/Actual (ICMA) is specified in the applicable Final Terms:
  - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the Accrual Period) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - 1. the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - 2. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

- (ii) if 30/360 is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

**"Determination Period"** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**"sub-unit"** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## 5.2 ***Interest on Floating Rate Notes***

### (A) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an Interest Payment Date) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (i) in any case where Specified Periods are specified in accordance with Condition 5.2(A)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (ii) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (iii) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would



thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (iv) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions:

**"Additional Business Centre"** means the city or cities specified as such in the relevant Final Terms.

**"Book-Entry Noteholders"** shall mean the holders of the Book-Entry Notes;

**"Business Day"** means a day which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Lisbon and any Additional Business Centre(s) specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and Lisbon and any Additional Business Centre(s)) and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **"TARGET2 System"**) is open.

**"Non-Book-Entry Noteholders"** shall mean the holders of the Non-Book-Entry Notes;

**"Non-Book-Entry Notes"** shall mean the Bearer Notes and the Registered Notes; and

**"Noteholders"** or **"Holders"** shall mean:

- (i) in the case of Bearer Notes, the holders of the Bearer Notes;
- (ii) in the case of Registered Notes, the persons in whose name the Registered Notes are registered;
- (iii) in the case of Book-Entry Notes, the person in whose name a Book-Entry Note is registered in the relevant individual securities accounts held with an Affiliate Member of Interbolsa (as defined in Condition 21 (*Definitions*)) in accordance with Portuguese law and the relevant Interbolsa procedures and, for the purposes of Condition 8 (*Taxation*), the effective beneficiary of the income attributable thereto;

and **"holder"** and **"holder of Notes"** and related expressions shall (where appropriate) be construed accordingly,

(B) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

- (i) ISDA Determination for Floating Rate Notes:

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated

in the applicable Final Terms) the Margin (if any). For the purposes of this Condition, "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Issue and Paying Agent (or other person specified in the applicable Final Terms) under an interest rate swap transaction if the Issue and Paying Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

1. the Floating Rate Option is as specified in the applicable Final Terms;
2. the Designated Maturity is the period specified in the applicable Final Terms;
3. the relevant Reset Date is the first day of that Interest Period; and
4. if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, Linear Interpolation is specified to be applicable in respect of that period for the swap transaction *provided, however, that* if there is no rate available for a period of time next shorter or, as the case may be, next longer, than such period the Calculation Agent shall determine the Floating Rate for such period at such time and by reference to such sources as it determines appropriate.

For the purposes of this Condition 5.2(B), Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity, Linear Interpolation and Reset Date have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

In these Terms and Conditions:

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor).

"**LIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor).

(ii) Screen Rate Determination for Floating Rate Notes:

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

1. the offered quotation; or

2. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (EURIBOR or LIBOR as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page specified in the applicable Final Terms (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR (the "**Specified Time**")) on the Interest Determination Date specified in the applicable Final Terms in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes) or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Issue and Paying Agent, the Portuguese Paying Agent or Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) or, as applicable, the relevant Calculation Agent, of such offered quotations.

If the Relevant Screen Page is not available, or if no offered quotation appears or fewer than three offered quotations appear, in each case as at the Specified Time, the Issue and Paying Agent or the Portuguese Paying Agent or, as applicable, the relevant Calculation Agent, shall request each of the Reference Banks to provide the Issue and Paying Agent or the Portuguese Paying Agent or, as applicable, the relevant Calculation Agent, with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issue and Paying Agent the Portuguese Paying Agent or, as applicable, the relevant Calculation Agent, with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Issue and Paying Agent the Portuguese Paying Agent or, as applicable, the relevant Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Issue and Paying Agent, the Portuguese Paying Agent or, as applicable the relevant Calculation Agent, with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Issue and Paying Agent, the Portuguese Paying Agent, or, as applicable, the relevant Calculation Agent, determines as being the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Issue and Paying Agent the Portuguese Paying Agent or as applicable, the relevant Calculation Agent, by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issue and Paying Agent, the Portuguese Paying Agent or, as applicable, the relevant Calculation Agent, with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in

the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the relevant Issuer suitable for the purpose) informs the Issue and Paying Agent, the Portuguese Paying Agent or, as applicable, the relevant Calculation Agent, it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In these Terms and Conditions:

**"Reference Banks"** means, in the case of a determination of LIBOR, the principal London offices of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone offices of four major banks in the Euro-zone inter-bank market, in each case selected by the Issue and Paying Agent, the Calculation Agent or the Portuguese Paying Agent, as the case may be

(iii) Linear Interpolation:

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and Linear Interpolation is specified in the applicable Final Terms as applicable in respect of an Interest Period, the Rate of Interest for that Interest Period shall be calculated by the Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes) or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified, by straight-line linear interpolation by reference to two rates (each determined in the same manner as set out above for the Reference Rate) which appear on the Relevant Screen Page specified in the applicable Final Terms as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date specified in the applicable Final Terms, where:

- (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period,

plus or minus (as indicated in the applicable Final Terms) the Margin (if any), **provided, however, that** if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(C) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5.2 above is less than such Minimum Rate

of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5.2 above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(D) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes) or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Calculation Agent, if any, will notify the Issue and Paying Agent or the Portuguese Paying Agent, as applicable, of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes) or, where the applicable Final Terms specify a Calculation Agent, the Calculation Agent so specified, will calculate the amount of interest payable on the Floating Rate Notes in respect of each Specified Denomination (each an Interest Amount) for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if Actual/Actual (ISDA) or Actual/Actual is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if Actual/365 (Fixed) is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if Actual/365 (Sterling) is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if Actual/360 is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if 30/360, 360/360 or Bond Basis is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$Y_1$  is the year, expressed as a number, in which the first day of the Interest Period falls;

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$M_1$  is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$M_2$  is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$D_1$  is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case  $D_1$  will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and  $D_1$  is greater than 29, in which case  $D_2$  will be 30;

- (vi) if 30E/360 or Eurobond Basis is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$Y_1$  is the year, expressed as a number, in which the first day of the Interest Period falls;

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$M_1$  is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$M_2$  is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$D_1$  is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case  $D_1$  will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case  $D_2$  will be 30;

- (vii) if 30E/360 (ISDA) is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$Y_1$  is the year, expressed as a number, in which the first day of the Interest Period falls;

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$M_1$  is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$M_2$  is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$D_1$  is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case  $D_1$  will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case  $D_2$  will be 30.

(E) *Notification of Rate of Interest and Interest Amounts*

The Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes), or where the applicable Final Terms specify a Calculation Agent for this purpose, the Calculation Agent so specified, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee (in the case of Non-Book-Entry Notes), and to any Stock Exchange or other relevant competent listing authority or quotation system on which the relevant Floating Rate Notes are for the time being listed, quoted and/or traded (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the fourth Lisbon Business Day thereafter in the case of Book-Entry Notes or, in the case of Non-Book-Entry Notes, the fourth Lisbon and London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to each Stock Exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing or trading and to the Noteholders in accordance with Condition 15 (*Notices*). For the purposes of this paragraph, the expression Lisbon Business Day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Lisbon; and the expression London Business Day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(F) *Determination or calculation by Trustee*

In the case of Non-Book-Entry Notes, if for any reason at any time the Issue and Paying Agent or the Calculation Agent (as applicable) defaults in its obligations to determine the Rate of Interest or in its obligation to calculate any Interest Amount in accordance with the provisions of this Condition, as the case may be, and in each case, in accordance with paragraph (D) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum or Maximum Rate of Interest specified in the Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Issue and Paying Agent or the Calculation Agent (as applicable).

(G) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes), the Calculation Agent or the Trustee (if applicable) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, REN (if the Issuer is REN B.V.), the Trustee and the Issue and Paying Agent (in the case of Non-Book-Entry Notes), the Portuguese Paying Agent (in the case of Book-Entry Notes), the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer, REN (if the Issuer is REN B.V.) or the Noteholders shall attach to the Issue and Paying Agent, the Portuguese Paying Agent or, if applicable, the Calculation Agent or the Trustee, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, if applicable, or, in the case of a Book-Entry Note presentation of the relevant Certificate in respect thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed (in relation to Non-Book-Entry Notes) and as provided in the Interbolsa Instrument (in relation to Book-Entry Notes).

6. **PAYMENTS**

6.1 *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in US dollars will be made by a transfer to a US dollar account maintained by the payee with a bank outside the United States (which expression as used in this Condition 6 (*Payments*), means the United States of America which includes the States, and the District of Columbia, and its possessions or by cheque drawn on a US bank). In no event will payment be made by a cheque mailed to an address in the United States. All payments of interest will be made to accounts outside the United States except as may be permitted by US tax law in effect at the time of such payment without detriment to the Issuer.

Payments will be subject in all cases to any clearing system regulations, fiscal or other laws and regulations applicable thereto in the place of payment and neither of the Issuers will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements, but without prejudice to the provisions of Condition 8 (*Taxation*).

6.2 *Payments in relation to Book-Entry Notes*

Payments of principal and interest in respect of Book-Entry Notes may only be made in euro, U.S. dollars, Sterling, Japanese Yen and Swiss francs until such date as Interbolsa accepts registration and clearing of securities denominated in other currencies.



Whilst the Book-Entry Notes are held through Interbolsa, payment of principal and interest in respect of the Notes will be (i) if made in euro (a) credited, according to the procedures and regulations of Interbolsa, by the Portuguese Paying Agent (acting on behalf of the Issuer) to the payment current-accounts used by the Affiliate Members of Interbolsa for payments in respect of securities held through Interbolsa and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current-accounts to the accounts of the beneficial owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; or (ii) if made in currencies other than euro (a) transferred, on the payment date and according to the procedures and regulations of Interbolsa, from the account held by the Portuguese Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by the CGD to the relevant accounts of the relevant Affiliate Members of Interbolsa and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the beneficial owners of Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the owners of Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

### 6.3 ***Payments in relation to Bearer Notes, Receipts and Coupons***

Payments of principal in respect of Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only, where applicable, against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Bearer Notes, and payments of interest in respect of Bearer Notes will (subject as provided below) be made as aforesaid only, where applicable, against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent (other than the Portuguese Paying Agent) outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in bearer form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from and including the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Bearer Note.

#### 6.4 ***Payments in relation to Registered Notes***

Payments of amounts (including accrued interest) due on the final redemption of Registered Notes will be made against presentation and, save in the case of a partial redemption, surrender of the relevant Registered Notes at the specified office of the Registrar.

Payments of amounts (whether principal, interest or otherwise) due in respect of Registered Notes will be paid to the Holders thereof (or, in the case of joint Holders, the first-named) as appearing in the Register as at opening of business (Luxembourg time) on the Luxembourg business day (the "**Record Date**") before the due date for such payment *provided that* the amounts due in respect of Registered Notes under Condition 10 (*Events of Default*) will be paid to the Holders thereof (or, in the case of joint Holders, the first-named) as appearing in the Register as at opening of business (Luxembourg time) on the date on which such payment is made.

#### 6.5 ***Payment Day***

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the Holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, Payment Day means any day which (subject to Condition 9 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) Lisbon and London; and
  - (B) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

#### 6.6 ***Interpretation of principal and interest***

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*);
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;

- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts (as set out in the applicable Final Terms);
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*) or (in the case of Non-Book-Entry Notes) under any undertakings or covenants given in addition thereto or in substitution thereof pursuant to the Trust Deed.

## 7. REDEMPTION AND PURCHASE

### 7.1 *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms, in the relevant Specified Currency on the Maturity Date.

### 7.2 *Redemption for Tax Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Issue and Paying Agent (in the case of Non-Book-Entry Notes), or to the Portuguese Paying Agent (in the case of Book-Entry Notes), and in each case, in accordance with Condition 15 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

and, in the case of Non-Book-Entry Notes, the Issuer satisfies the Trustee immediately prior to giving such notice that the requirement referred to in (i) above will apply and cannot be so avoided, *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (in the case of Non-Book-Entry Notes) or to the Portuguese Paying Agent (in the case of Book-Entry Notes) (a) a certificate signed by two Directors of REN stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the requirement referred to in (i) above will apply and cannot be avoided by the Issuer taking reasonable measures available to it, and (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in which event they shall be conclusive and binding on the Non-Book-Entry Noteholders.

Notes redeemed pursuant to this Condition 7.2 (*Redemption and Purchase – Redemption for Tax Reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 7.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**7.3 *Redemption at the option of the Issuer (Issuer Call Option)***

If Issuer Call Option is specified in the applicable Final Terms, the Issuer may, having given (unless otherwise specified, in the applicable Final Terms) not less than 15 nor more than 30 days' notice to the Issue and Paying Agent and the Trustee (in the case of Non-Book-Entry Notes) or the Portuguese Paying Agent (in the case of Non-Book-Entry Notes), and in each case in accordance with Condition 15 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) redeem all or some only (as specified in the applicable Final Terms) of the Notes then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the nominal amount of all outstanding Notes will be reduced proportionally.

**7.4 *Redemption at the option of the Holders of Notes (Investor Put)***

If Investor Put Option is specified in the applicable Final Terms, upon the Holder of any Note giving to the Issuer in accordance with Condition 15 (*Notices*) not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount as specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the Holder of this Note must deliver (1) (in the case of Non-Book-Entry Notes in definitive form) to the specified office of any Paying Agent (other than the Portuguese Paying Agent) at any time during normal business hours of such Paying Agent falling within the notice period a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (other than the Portuguese Paying Agent); or (2) (in all other cases) in the case of Non-Book-Entry Notes, a notice to the Issue and Paying Agent or Transfer Agent or Registrar (as the case may be); or, in the case of Book-Entry Notes, a notice to the Portuguese Paying Agent, in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and/or Interbolsa (as applicable) or any common depositary or custodian for them stating the principal amount of the Notes in respect of which such option is exercised (a "**Put Notice**") in which the Holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition together in the case of Bearer Notes with the Notes. Any Put Notice given by a Holder of any Note pursuant to this paragraph shall be irrevocable. No deposit of Notes will be required in respect of Book-Entry Notes. For Book-Entry Notes held through Interbolsa, the right to require redemption will be exercised directly against the Issuer, through the Portuguese Paying Agent.

**7.5 *Early Redemption Amounts***

For the purpose of Condition 7.2 above and Condition 10 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price of the first Tranche of the Series, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or

- (iii) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"**RP**" means the Reference Price; and

"**AY**" means the Accrual Yield expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360.

#### 7.6 **Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7.5.

#### 7.7 **Purchases**

Subject to applicable provisions of Portuguese or Dutch law, as applicable, the relevant Issuer and, if the Issuer is REN B.V., REN or any subsidiary of REN may at any time purchase or otherwise acquire Notes (*provided that*, in the case of Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the relevant Issuer and, if the Issuer is REN, B.V., REN or the relevant subsidiary (as the case may be), cancelled.

#### 7.8 **Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes (together with all unmatured Receipts, Coupons and Talons cancelled therewith) purchased and cancelled pursuant to Condition 7.7 above shall be cancelled by Interbolsa (in the case of Book-Entry Notes) or the Issue and Paying Agent (in the case of Non-Book-Entry Notes) and cannot be held, reissued or resold.

#### 7.9 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note, upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Issue and Paying Agent or the Trustee (in the case of Non-Book-Entry Notes) or the Portuguese Paying Agent (in the case of Book-Entry Notes), and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

## 8. TAXATION

### 8.1 *Payment of interest without Withholding*

All payments in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature ("**Taxes**") imposed or levied by or on behalf of any of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the holders of Notes, Receipts or Coupons after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note, Receipt or Coupon:

- (i) to, or to a third party on behalf of, a holder who is liable to the Taxes in respect of the Note, Receipt or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or
- (ii) presented for payment in the case of a Bearer Note, in the Relevant Jurisdiction; or
- (iii) presented for payment in the case of Bearer Notes more than 30 days after the Relevant Date (as defined below) except to the extent that the Holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6 (*Payments*)); or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) to, or to a third party on behalf of, a holder of Notes, Receipts or Coupons that may qualify for the application of Decree Law No. 193/2005, of 7 November, as amended from time to time, and in respect of whom the information (which may include certificates) required in order to comply with the said Decree-Law No. 193/2005 of 7 November, and any implementing legislation, is not received or which does not comply with the formalities in order to benefit from tax treaty benefits, when applicable; or
- (vi) to, or to a third party on behalf of, a holder of Notes, Receipts or Coupons resident for tax purposes in the Relevant Jurisdiction, or a resident in a country, territory or region subject to a clearly more favourable tax regime (a tax haven jurisdiction) as defined in the Ministerial Order ("**Portaria**") No. 150/2004, of 13 February, as amended from time to time, with the exception of central banks and governmental agencies located in those black-listed jurisdictions; or
- (vii) to, or to a third party on behalf of (i) a Portuguese resident legal entity subject to Portuguese corporation tax with the exception of entities that benefit from an exemption of Portuguese withholding tax or from Portuguese income tax exemptions, or (ii) a legal entity not resident in Portugal with a permanent establishment in Portugal to which the income or gains obtained from the Notes, Receipts or Coupons are attributable; or
- (viii) presented for payment by or on behalf of a holder of Notes, Receipts or Coupons who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (ix) presented for payment by or on behalf of a holder of Notes, Receipts or Coupons who would not be liable for or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority.

Notwithstanding anything to the contrary in the preceding paragraph, none of the Issuers, any paying agent or any other person shall be required to pay any additional amounts with respect to any withholding or deduction imposed on or in respect of any Note pursuant to Section 1471 to 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**"), any treaty, law, regulation or other official guidance implementing FATCA, or any agreement between the Issuer, a paying agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA.

For the purposes of this Condition 8:

- (i) **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Issue and Paying Agent or the Trustee (in the case of Non-Book-Entry Notes) or the Portuguese Paying Agent (in the case of Book-Entry Notes), on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders of Notes in accordance with Condition 15 (*Notices*); and
- (ii) **Relevant Jurisdiction** means, where REN is the Issuer, the Republic of Portugal or any political subdivision or any authority thereof or therein having power to tax, and where REN B.V. is the Issuer, The Netherlands or any political subdivision or any authority thereof or therein having power to tax or, in each case, any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which REN or, as the case may be, REN B.V., becomes subject in respect of payments made by it of principal and interest on the Notes, Receipts or Coupons.

## 8.2 ***Additional Amounts***

Any reference in these Terms and Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

## 9. **PRESCRIPTION**

The Notes, Receipts and Coupons will become void unless presented for payment within 10 years (in the case of principal) and 5 years (in the case of interest) in each case from the date on which such payment first becomes due, subject in each case to the provisions of Condition 6 (*Payments*).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6 (*Payments*) or any Talon which would be void pursuant to Condition 6 (*Payments*).

## 10. **EVENTS OF DEFAULT**

### 10.1 ***Events of Default***

If any one or more of the following events (each an "**Event of Default**") shall occur and be continuing:

- (i) default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or
- (ii) the Issuer (and, if the Issuer is REN B.V., REN) fails to perform or observe any of its other obligations under these Terms and Conditions, the Trust Deed and (in the case of Book-Entry Notes only) the Interbolsa Instrument, and, (A) in the case of Non-Book-Entry Notes (a) such failure is, in the opinion of the Trustee, incapable of remedy or in respect of which, in the opinion of the Trustee, remedial action satisfactory to the Trustee cannot be taken, or (b) such failure is, in the opinion of the Trustee capable of remedy or in respect of which, in the opinion of the Trustee, such remedial action can be taken and the failure continues for the period of 30 days (or such longer period as the Trustee may permit) after the Trustee has given written notice to the Issuer requiring

the same to be remedied; or (B) in the case of Book-Entry Notes, the failure continues for the period of 30 days following the service by a Noteholder on REN of notice requiring the same to be remedied, except in any case where the failure is incapable of remedy when no such continuation or notice will be required; or

- (iii) (a) any Indebtedness for Borrowed Money (as defined below) of REN B.V. (if REN B.V. is the Issuer) or REN or any of its Material Subsidiaries is declared due and repayable prematurely by reason of an event of default (however described); or (b) REN B.V. (if REN B.V. is the Issuer) or REN fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment and the failure continues for 5 days in case of principal and 10 days in case of interest; or (c) any security given by REN B.V. (if REN B.V. is the Issuer) or REN for any Indebtedness for Borrowed Money becomes enforceable; or (d) default is made by REN B.V. (if REN B.V. is the Issuer) or REN in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person *provided that* the aggregate amount of Indebtedness for Borrowed Money in respect of which one or more of the events listed in (a) to (d) of this paragraph have occurred equals or exceeds EUR 40,000,000 or its equivalent; or
- (iv) any order is made by any competent court or resolution passed for the winding up or dissolution of REN B.V. (if REN B.V. is the Issuer), REN or any of its Material Subsidiaries, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution or any operation falling within the definition of Permitted Reorganisation, (as defined below); or
- (v) REN B.V. (if REN B.V. is the Issuer), REN or any of its Material Subsidiaries ceases to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution or any operation falling within the definition of Permitted Reorganisation, (as defined below); or REN B.V. (if REN B.V. is the Issuer), REN or any of its Material Subsidiaries stops payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (vi) proceedings are initiated against REN B.V. (if REN B.V. is the Issuer), REN or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to REN B.V. (if REN B.V. is the Issuer), REN or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrance takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them, unless (other than in the case of the appointment of an administrator) (A) such proceedings or applications are frivolous or vexatious and contested in good faith and appropriately by REN B.V. (if REN B.V. is the Issuer) or REN having been advised by recognised independent legal advisers of good repute that it is reasonable to do so, and/or (B) are discharged within 60 days; or
- (vii) REN B.V. (if REN B.V. is the Issuer), REN or any of its Material Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors); or



- (viii) it is or will become unlawful for REN B.V. (if REN B.V. is the Issuer) or REN to perform or comply with any of its material obligations under or in respect of the Notes; or
- (ix) any regulation, decree, consent, approval, licence or other authority necessary to enable REN B.V. (if REN B.V. is the Issuer) or REN to perform its obligations under the Notes, or for the validity or enforceability thereof expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified in a manner which materially impairs the ability of REN B.V. (if REN B.V. is the Issuer) or REN to comply with its obligations under the Notes, the Trust Deed or the Keep Well Agreement (as applicable), or is materially prejudicial to the interests of the Noteholders; or
- (x) any of the concessions previously awarded to REN is suspended, terminated or revoked and such suspension, termination or revocation has, as a direct result, a material adverse effect on the business or results of operations of REN or any of its Material Subsidiaries and continues for a period of 30 days; or
- (xi) except in the context of a reorganisation of the Group, all of the assets of any Material Subsidiary are transferred, sold, assigned or contributed to a third party or parties (whether associated or not) otherwise than for full consideration received by REN or the Material Subsidiary on an arm's length basis and such transfer, sale, assignment or contribution has a material adverse effect on the financial condition, assets or liabilities of the Group; or
- (xii) except in the context of a reorganisation of the Group, REN ceases to control or have power to control, whether by ownership of share capital or voting rights, contract, the power to appoint or remove members of the governing body or otherwise, any of its Material Subsidiaries; or
- (xiii) any event occurs which, under the laws of the Republic of Portugal or, in the case of Notes issued by REN B.V., the laws of The Netherlands, has or may have, an analogous effect to any of the events referred to in subparagraphs (iv) to (vii) above; or
- (xiv) the Keep Well Agreement is terminated or any provision of the Keep Well Agreement is amended or waived in circumstances where such amendment or waiver would be, in the opinion of the Trustee, materially prejudicial to the interests of the Non-Book-Entry Noteholders or is not enforced in a timely manner by REN B.V. or is breached by REN *provided that* in the case of such non-enforcement or breach this would be, in the opinion of the Trustee, materially prejudicial to the interests of the Non-Book-Entry Noteholders,

then

- (a) in respect of Non-Book-Entry Notes, the Trustee at its discretion may, and if so requested in writing by the Holders of at least one-quarter in nominal amount of the Non-Book-Entry Notes then outstanding or if so directed by an Extraordinary Resolution of the Non-Book-Entry Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give written notice to the Issuer that the Non-Book-Entry Notes are, and they shall accordingly thereupon immediately become, due and repayable at the Early Redemption Amount, together with accrued interest (if any) as provided in the Trust Deed *provided that*, in the case of any Event of Default other than those described in paragraphs (i), (iv) (in the case of a winding up or dissolution of REN B.V. (if REN B.V. is the Issuer) or REN, (ix), (xii) and (xiv) above, the Trustee shall have certified to the Issuer that, in its opinion, such Event of Default is materially prejudicial to the interests of the Noteholders; and
- (b) in respect of Book-Entry Notes, any Book-Entry Noteholder may give notice to REN and to the Portuguese Paying Agent at their respective specified offices, effective upon the date of receipt thereof by the Portuguese Paying Agent, that the Book-Entry Notes held by such Book-Entry Noteholders are, and they shall accordingly thereby forthwith

become, immediately due and repayable at their Early Redemption Amount, together with accrued interest (as provided in the Interbolsa Instrument).

## 10.2 **Interpretation**

For the purposes of this Condition 10:

"**Group**" means REN and its Subsidiaries;

"**IFRS**" means International Financial Reporting Standards adopted by the International Accounting Standards Board (IASB);

"**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any bank loan or acceptance or acceptance credit;

"**Material Subsidiary**" means at any time any Subsidiary of REN:

- (a) whose total assets or revenues (consolidated in the case of a company which itself has subsidiaries) represent not less than 10 per cent. of the consolidated total assets or consolidated revenues of the Group taken as a whole, all as calculated by reference to the then most recent financial statements and in accordance with IFRS (consolidated or, as the case may be, unconsolidated) of that Subsidiary and the most recent consolidated financial statements of the Group; or
- (b) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which, immediately prior to such transfer, is a Material Subsidiary;

"**Permitted Reorganisation**" means a reorganisation, reconstruction, amalgamation, merger, consolidation or transfer of assets and/or activities between or among REN and its Subsidiaries (a "**Reorganisation**"), in each case where:

- (a) such Reorganisation does not result in any change to the legal status of REN as a limited liability company ("*Sociedade Anónima*" under the laws of the Portuguese Republic) or, in the case of Notes issued by REN B.V., any change to the legal status of REN B.V. (a private company with limited liability under the laws of The Netherlands (*besloten vennootschap met beperkte aansprakelijkheid*));
- (b) the aggregate amount of the assets of the Group owned, controlled or otherwise held, directly or indirectly, by REN, as determined by reference to the last publicly available audited consolidated financial statements of REN prior to the date of the first public announcement of such Reorganisation, is no less than the corresponding amount of assets owned, controlled or otherwise held, directly or indirectly, by REN following the date of completion of such Reorganisation; and
- (c) no internationally recognised rating agency has made any announcement or issued any notice to REN or REN B.V. or any other party to the effect that, as a result of the Reorganisation, it will downgrade, or is contemplating the possibility of downgrading, the rating it has previously assigned to the Notes (including the Notes being placed on a negative rating watch or a negative outlook being applied to the Notes) or REN; and

"**Subsidiary**" means an entity from time to time in respect of which REN (a) has the right to appoint the majority of the members of the board of directors or similar board or (b) owns directly or indirectly more than 50 per cent. of (i) the share capital or similar right of ownership or (ii) voting rights (by contract or otherwise).

## 10.3 **Reports**

A report by two Directors of REN whether or not addressed to the Trustee that in their opinion a Subsidiary of REN is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without further enquiry

or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

In respect of Non-Book-Entry Notes, in connection with Condition 10.1(iv) and (v) above, the Trustee shall be entitled to accept without any further enquiry (i) an opinion of independent legal advisers of recognised standing procured by the relevant Issuer to the effect that paragraph (a) of the definition of Permitted Reorganisation is satisfied and (ii) a certificate signed by two directors of the relevant Issuer confirming that paragraphs (b) and (c) of the definition of Permitted Reorganisation are satisfied as sufficient evidence that any operation falls within the definition of Permitted Reorganisation, in which event it shall be conclusive and binding on the Non-Book-Entry Noteholders.

## 11. **ENFORCEMENT**

### 11.1 *Enforcement by the Trustee*

In the case of Non-Book-Entry Notes, the Trustee may, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under the Trust Deed and the Non-Book-Entry Notes and any related Receipts or Coupons or the obligations of REN under the Keep Well Agreement, but it shall not be bound to take any such proceedings or any other action unless (a) it shall have been so directed by an Extraordinary Resolution of the Non-Book-Entry Noteholders or so requested in writing by the Holders of at least one-quarter in nominal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

### 11.2 *Limitation on Trustee actions*

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or, if in its opinion based on such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

### 11.3 *Enforcement by Book-Entry Noteholders*

The Trustee may not, but the Book-Entry Noteholders may, at any time, take such proceedings against REN as they may think fit to enforce the provisions of the Book-Entry Notes and/or the Interbolsa Instrument.

### 11.4 *Enforcement by the Non-Book-Entry Noteholders*

Non-Book-Entry Noteholders shall not be entitled to proceed directly against REN B.V. or REN unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure is continuing.

## 12. **REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

Should any Non-Book-Entry Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying Agent (other than the Portuguese Paying Agent) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Non-Book-Entry Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 13. **PAYING AGENTS**

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled (in the case of Non-Book-Entry Notes, with the prior written approval of the Trustee) to vary or terminate the appointment of any Paying Agent and/or appoint additional

or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, *provided that*:

- (i) in the case of Non-Book-Entry Notes there will at all times be an Issue and Paying Agent and, in respect of Registered Notes, a Registrar;
- (ii) in the case of Book-Entry Notes, there will at all times be a Portuguese Paying Agent;
- (iii) so long as any of the Book-Entry Notes are registered with Interbolsa there will at all times be a Paying Agent having a specified office in such place of registration and complying with any requirements that may be imposed by the rules and regulations of Interbolsa;
- (iv) so long as any of the Notes are listed on any Stock Exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant Stock Exchange or as the case may be, other relevant authority; and
- (v) there will at all times be a Paying Agent in a member state of the EU that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in the case of Non-Book-Entry Notes, in certain limited circumstances, of the Trustee, and in all cases do not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

#### 14. **EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent (other than the Portuguese Paying Agent) in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

#### 15. **NOTICES**

All notices regarding the Notes will be deemed to be validly given if published in accordance with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading.

All notices regarding Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the Register, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day.

The Issuer shall comply with disclosure obligations applicable to listed companies under Portuguese law in respect of Notices relating to the Book-Entry Notes, which are integrated in and held through Interbolsa in dematerialised form.

Any notice shall be deemed to have been given on the date of publication or, if so published more than once or on different dates, on the date of the first publication. In the case of Non-Book-Entry Notes, if publication as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Notices to be given by any Noteholder shall be in writing and given by lodging the same either with the Issuer or with the Issue and Paying Agent in the case of Non-Book-Entry Notes, or the Portuguese Paying Agent in the case of Book-Entry Notes.

## 16. MEETINGS OF HOLDERS OF NOTES

### *Book-Entry Notes*

The Interbolsa Instrument contains provisions for convening meetings of the Book-Entry Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Terms and Conditions or any of the provisions of the Interbolsa Instrument.

The quorum at any meeting convened to vote on: (i) a resolution not regarding a Reserved Matter will be any person or persons holding or representing whatever the nominal amount of the Book-Entry Notes so held or represented; or (ii) an Extraordinary Resolution regarding a Reserved Matter of the Book-Entry Notes, will be any person or persons holding or representing at least 50 per cent. in nominal amount of the Book-Entry Notes for the time being outstanding or, at any adjourned meeting, any person being or representing whatever the nominal amount of the Book-Entry Notes so held or represented. Each Book-Entry Note grants its holder one vote.

The majorities required to approve a resolution at any meeting convened in accordance with the applicable rules shall be: (i) if in respect to a resolution not regarding a Reserved Matter, the majority of the votes cast at the relevant meeting; or (ii) if in respect to an Extraordinary Resolution regarding a Reserved Matter, at least 50 per cent. in nominal amount of the Book-Entry Notes for the time being outstanding or, at any adjourned meeting 2/3 of the votes cast at the relevant meeting.

For the purposes of these Terms and Conditions, a "**Reserved Matter**" means any proposal: (i) to change any date fixed for payment of principal or interest in respect of the Book-Entry Notes of all or of a given Series, (ii) to reduce the amount of principal or interest due on any date in respect of the Book-Entry Notes of all or of a given Series or to alter the method of calculating the amount of any payment in respect of the Book-Entry Notes of all or of a given Series on redemption or maturity; (iii) to effect the exchange, conversion or substitution of the Book-Entry Notes of all or of a given Series into, shares, bonds or other obligations or securities of REN or any other person or body corporate formed or to be formed; (iv) to change the currency in which amounts due in respect of the Book-Entry Notes of all or of a given Series are payable; (v) to alter the priority of payment of interest or principal in respect of the Book-Entry Notes of all or of a given Series; (vi) to amend this definition; and (vii) any other changes to the conditions of the credits held by the Book-Entry Noteholders.

- (A) A resolution approved at any meeting of the Book-Entry Noteholders of a Series shall, be binding on all the Book-Entry Noteholders of such Series, whether or not they are present at the meeting.
- (B) Any such meeting to consider a resolution may be convened by the Chairman of the General Meeting of Shareholders of REN, by a common representative (if appointed by the Noteholders) or if the Chairman of the General Meeting of Shareholders of REN refuses to convene the meeting, then 5 per cent. of the Book-Entry Noteholders of any Series may petition the court to order a meeting to be convened.
- (C) A resolution approved at any meeting of the Book-Entry Noteholders of all Series shall be binding on all Book-Entry Noteholders of all Series, whether or not they are present at the meeting.
- (D) In connection with any meeting of the Book-Entry Noteholders of more than one Series where such Book-Entry Notes are not denominated in euro, the nominal amount of the Book-Entry Notes of any Series not denominated in euro shall be converted into euro at the relevant exchange rate at the date of the meeting.

### *Non-Book-Entry Notes*

The Trust Deed contains provisions for convening meetings of the holders of Non-Book-Entry Notes to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Non-Book-Entry Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by REN B.V. or the Trustee and shall be convened by REN B.V. if required in writing by holders of Non-Book-Entry Notes holding not less than 10 per cent. in nominal amount of the Non-Book-Entry Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Non-Book-Entry Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing holders of Non-Book-Entry Notes whatever the nominal amount of the Non-Book-Entry Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Non-Book-Entry Notes, the Receipts, the Coupons or the Trust Deed (including modifying any date of payment, reducing or cancelling the amount of principal or the rate of interest payable in respect of Non-Book-Entry Notes or altering the currency of payment of the Non-Book-Entry Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Non-Book-Entry Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Non-Book-Entry Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in nominal amount of the Non-Book-Entry Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed at any meeting of the holders of Non-Book-Entry Notes shall be binding on all the holders of Non-Book-Entry Notes, whether or not they are present at the meeting and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the holders of Non-Book-Entry Notes, to:

- (A) any modification of the Non-Book-Entry Notes, the Receipts, the Coupons or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the holders of Non-Book-Entry Notes; or
- (B) any modification of the Non-Book-Entry Notes, the Receipts, the Coupons or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

The Trustee may also, without any consent as aforesaid, waive or authorise any breach or proposed breach by REN B.V. of any of the covenants or provisions contained in the Trust Deed, or determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such which, in any such case, is not in the opinion of the Trustee, materially prejudicial to the interests of the holders of Non-Book-Entry Notes.

Any such modification, waiver, authorisation or determination shall be binding on the holders of Non-Book-Entry Notes and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the holders of Non-Book-Entry Notes as a class but shall not have regard to any interests arising from circumstances particular to individual holders of Non-Book-Entry Notes (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual holders of Non-Book-Entry Notes (whatever their number) resulting from their being for any purpose

domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from REN B.V. any indemnification or payment in respect of any tax consequence of any such exercise upon individual holders of Non-Book-Entry Notes except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

17. **FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date on which interest starts to accrue, and so that the same shall be consolidated and form a single Series with the outstanding Notes of such Series. In relation to Non-Book-Entry Notes, the Trust Deed and, in relation to Book-Entry Notes, the Interbolsa Instrument, contain provisions for convening a single meeting of the Noteholders and the Holders of Notes of other series in certain circumstances where, in the case of Non-Book-Entry Notes, the Trustee so decides.

18. **INDEMNIFICATION OF TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from any obligation to take proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security. The Trustee may enter into business transactions with the Issuer or any person or body corporate associated with the Issuer without accounting for any profit made or benefit received.

19. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

20.1 ***Governing law***

The Trust Deed, the Interbolsa Instrument, the Agency Agreement, the Keep Well Agreement, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Interbolsa Instrument, the Agency Agreement, the Keep Well Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law save that, with respect to Book-Entry Notes only, the form (*representação formal*) and transfer of the Book-Entry Notes, creation of security (if any) over the Book-Entry Notes, the Interbolsa procedures for the exercise of rights under the Book-Entry Notes and the procedures for meetings of Book-Entry Noteholders are governed by, and shall be construed in accordance with, Portuguese law.

20.2 ***Submission to jurisdiction***

Each of REN B.V. and REN has in the Trust Deed and, in the case of REN, the Interbolsa Instrument, irrevocably and unconditionally agreed, for the benefit of the Trustee and the Noteholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Interbolsa Instrument, the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Interbolsa Instrument, the

Notes, the Receipts and/or the Coupons) and accordingly submits to the exclusive jurisdiction of the English courts.

Each of REN B.V. and REN waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Noteholders may take any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Notes against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

To the extent permitted by applicable law, REN irrevocably and unconditionally waives with respect to the Notes any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

### 20.3 *Appointment of Process Agent*

Each of REN B.V. and REN appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London, EC2V 7EX, United Kingdom, as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## 21. **DEFINITIONS**

In these Terms and Conditions, the following defined terms have the meanings set out below:

"**Affiliate Member of Interbolsa**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg, for the purposes of holding accounts on behalf of Euroclear and Clearstream, Luxembourg;

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme;

"**CMVM**" means the Comissão do Mercado de Valores Mobiliários, the Portuguese Securities Market Commission;

"**Euro**", "**€**" or "**euro**" means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty;

"**Euroclear**" means Euroclear Bank S.A./N.V.;

"**Final Terms**" means, in relation to each Tranche, the applicable final terms attached to, or endorsed on, such Notes;

"**Interbolsa**" means Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., as operator of the Central de Valores Mobiliários;

"**Portuguese Securities Code**" means the Código dos Valores Mobiliários approved by Decree Law 486/99 of 13 November as amended;

"**Prospectus Directive**" means Directive 2003/71/EC, as amended;

"**Resolution**" means a resolution adopted at a duly convened meeting of Noteholders and approved in accordance with the applicable provisions;

"**Stock Exchange**" means the Irish Stock Exchange or any other stock exchange where Notes may be listed as per the relevant Final Terms;



**"Terms and Conditions"** means in relation to the Notes, the terms and conditions applicable to the Notes and any reference to a particular numbered Condition shall be construed in relation to the Notes accordingly; and

**"Treaty"** means the treaty establishing the European Communities, as amended by the Treaty on European Union.

## **USE OF PROCEEDS**

The net proceeds resulting from each issue of Notes will be applied by REN for general corporate purposes. The proceeds of Notes issued by REN Finance B.V. will be on-lent to, or invested in, Group companies.

## RELATIONSHIP OF REN FINANCE B.V. WITH REN

REN has entered into a Keep Well Agreement dated 21 July 2014 with REN Finance B.V. (the "**Keep Well Agreement**") governed by English law. The following is the text of the Keep Well Agreement:

This Keep Well Agreement (the "**Deed**") is executed by way of deed poll and is made on 21 July 2014 by and between:

- (1) REN – Redes Energéticas Nacionais, SGPS, S.A. ("**REN**"); and
- (2) REN FINANCE B.V. ("**REN B.V.**").

### WHEREAS:

- (A) REN B.V. is a direct wholly-owned subsidiary of REN;
- (B) Deutsche Trustee Company Limited (the "**Trustee**", which expression shall, wherever the context so admits include any successor as trustee for holders of the Notes as defined below), REN and REN B.V. (each an "**Issuer**" and together the "**Issuers**") have entered into a trust deed dated 30 July 2013 (as amended and/or restated and/or supplemented from time to time) (the "**Trust Deed**") relating to the EUR 5,000,000,000 Euro Medium Term Note Programme (the "**Programme**");
- (C) REN B.V. may issue Notes after the date hereof pursuant to the Programme (the "**Notes**", which expression as used herein shall include Notes either in global or definitive form (and any receipts, coupons or talons appertaining to such Notes), which will be constituted by the Trust Deed as modified and/or supplemented and/or restated from time to time;
- (D) REN B.V. may also hereafter assume from time to time obligations under swap agreements which will be related to the Notes issued by REN B.V. (any obligation of REN B.V. in respect of each swap agreement entered into by REN B.V. and any Notes issued by REN B.V. under the Programme being herein referred to as a "**Debt Obligation**" and such obligations together being herein referred to as "**Debt Obligations**"); and
- (E) REN B.V. entered into the Programme as Issuer for its own benefit and also for the benefit of REN.

### INTERPRETATION

In this Deed, unless the contrary intention appears, a reference to:

- (A) an amendment includes a supplement, restatement or novation and amended is to be construed accordingly;
- (B) a provision of a law is a reference to that provision as extended, amended or re-enacted;
- (C) a person includes its successors and assigns; and
- (D) a document is a reference to that document as amended from time to time.

NOW, THEREFORE, REN and REN B.V. hereby covenant and agree as follows:

1. REN shall own, directly or indirectly, all of the issued and outstanding share capital of REN B.V. and will control the composition of the board of directors of REN B.V. so long as any Debt Obligation is outstanding and shall not pledge, grant a security interest in, encumber or dispose of any of such share capital.
2. For so long as REN B.V. has outstanding Notes under the Programme, REN shall, with effect on and from the date of this Deed, cause REN B.V. to maintain a Tangible Net Worth (as hereinafter defined), as determined in accordance with generally accepted accounting principles in The Netherlands applied on a consistent basis, of at least one euro.

**"Tangible Net Worth"** shall mean the total assets of REN B.V. less the sum of intangible assets and total liabilities of REN B.V. A certificate of the auditors of REN B.V. as to the amount of Tangible Net Worth shall, in the absence of manifest error, be final and conclusive.

3. For so long as REN B.V. has outstanding Notes under the Programme, if REN B.V. at anytime shall have insufficient funds or other liquid assets to meet its payment obligations (including in respect of any Debt Obligations) or to repay borrowings then maturing or subsequently to mature, upon receipt of notice from REN B.V. to such effect, REN shall make, or have made, available to REN B.V., before the due date of such payment obligations or borrowings, funds sufficient to enable REN B.V. to meet such payment obligations or to repay such borrowings, as the case may be, in full as they fall due. REN B.V. shall use the funds made available to it by REN hereunder solely for the fulfilment of its payment obligations and the repayment at maturity of its borrowings.
4. Any and all funds from time to time provided by REN to REN B.V. pursuant to Clause 3 above shall, at the option of REN, be either (i) by way of subscription for and payment of share capital (other than redeemable share capital) of REN B.V., or (ii) by way of subordinated loan, i.e., a loan which, and interest on which, is not permitted to be, and is not capable of being, repaid or paid unless all other debt of REN B.V. has been fully satisfied and is subordinated on a winding-up of REN B.V. to all of the unsecured and unpreferred creditors of REN B.V. other than REN.
5. REN warrants and agrees that its payment obligations which may arise hereunder constitute unsecured and unsubordinated obligations of REN and rank *pari passu* with all other unsecured and unsubordinated obligations of REN other than those obligations which are preferred by law.
6. This Deed is not, and nothing herein contained and nothing done by REN pursuant hereto shall be deemed to constitute, a guarantee, direct or indirect, by REN of any Debt Obligation or any other debt of REN B.V. (or of any subsidiary of REN B.V.) or of any instrument issued by REN B.V. or of any subsidiary of REN B.V.
7. If REN B.V. shall be in liquidation, administration or receivership or other analogous proceedings (including if REN B.V. is declared bankrupt ("*faillissement*") or is granted a moratorium of payment ("*surséance van betaling*") or enters into winding-up proceedings ("*ontbinding*"), and REN shall be in default of its obligations hereunder, REN shall be liable to REN B.V. by way of liquidated damages for such default in an amount equal to the sum that REN would have paid had it performed in full all of its obligations hereunder, and REN B.V. and any liquidator, administrator or receiver of REN B.V. or other analogous officer or official shall be entitled to claim accordingly.
8. This Deed may be modified, amended or terminated only by the written agreement of REN and REN B.V. provided, however, that no such modification, amendment or termination shall be made which may be materially prejudicial to the interests of the holders of any Debt Obligation while such Debt Obligation is outstanding.
9. REN and REN B.V. each hereby covenant and agree as follows:
  - (i) it will not consent, either orally or in writing, to any modification, amendment or termination of this Deed which may be materially prejudicial to the interests of the holders of the Notes issued by REN B.V. or the holders of any other Debt Obligation taken as a whole while any Notes issued by REN B.V. or other Debt Obligation remains outstanding;
  - (ii) it will give written notice to the Trustee on behalf of the holders of the Notes issued by REN B.V. and to the holders of any other Debt Obligation at least 30 days prior to any proposed modification, amendment or termination of this Deed;
  - (iii) it will fully and promptly perform its obligations and exercise its rights under this Deed and, in the case of REN B.V. (without limitation to the foregoing) exercise its right to enforce performance of the terms of this Deed by REN; and
  - (iv) it will consent to the giving of an order of specific performance or similar relief by any court of competent jurisdiction in the event that any action is brought in respect of this Deed.

10. This Deed:
- (i) shall take effect for the benefit of the Trustee on behalf of the holders of the Notes issued by REN B.V., and the holders of any other Debt Obligation. Apart from the parties to this Deed, the Trustee and the holders of any Debt Obligation, no other person, firm, company or association (unincorporated or incorporated) shall be entitled to any benefit under this Deed whatsoever, and has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed. REN and REN B.V. hereby further acknowledge and covenant that, in accordance with the terms of the Trust Deed, the Trustee shall be entitled on behalf of the holders of the Notes, and the holder of any Debt Obligation other than any Note shall be entitled on behalf of itself, to enforce the obligations set out in this Deed against REN and REN B.V., if and only insofar as at the time the proceedings for such enforcement are instituted, any Notes or the other relevant Debt Obligation, as the case may be, which have become due and payable remain unpaid in whole or in part.
  - (ii) shall be deposited with and held by the Trustee for so long as the Trust Deed is in force and, if thereafter, any other Debt Obligation remains outstanding it will be deposited with and held by a reputable financial institution on behalf of the holder(s) of such other Debt Obligation. Both REN and REN B.V. hereby acknowledge the right of the holder of any Debt Obligation to obtain from either party a copy of this Deed.
  - (iii) The term "holder" herein has the same meaning in relation to each Note as the term "Holder" in the Terms and Conditions of such Note.
11. This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.
12. This Deed and any non-contractual obligations arising out of or in connection with this Deed shall be governed by, and construed in accordance with, the English law.
13. Each of REN and REN B.V. irrevocably agrees that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Deed (including a dispute relating to any non-contractual obligations arising out of or in connection with this Deed) and accordingly submit to the exclusive jurisdiction of the English courts.
14. Each of REN and REN B.V. waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.
15. Nothing contained herein shall limit any right to take any suit, action or proceeding (together referred to as "**Proceedings**") arising out of or in connection with this Deed (including any Proceedings relating to any non-contractual obligations arising out of or in connection with this Deed) in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.
16. Each of REN and REN B.V. appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London, EC2V 7EX, United Kingdom, as its agent for service of process and agrees that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing in this clause shall affect the right to serve process in any other manner permitted by law.
17. If REN B.V. is represented by an attorney or attorneys in connection with the signing and/or execution and/or delivery of this Deed or any agreement or document referred to herein or made pursuant hereto and the relevant power or powers of attorney is or are expressed to be governed by the laws The Netherlands, it is hereby expressly acknowledged and accepted by the other parties hereto that Netherlands law shall govern the existence and extent of such attorney's or attorney' authority and the effects of the exercise thereof.
18. To the extent permitted by applicable law, REN irrevocably and unconditionally waives with respect to this Deed any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution

against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

**IN WITNESS** whereof this Deed has been executed as a deed poll by REN and REN B.V. and entered into and delivered on the day and year above written.

**EXECUTED** as a **DEED** by

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

acting by ) .....  
acting under the authority of that company in the ) .....  
presence of: ) .....

Witness' Signature:

Witness' Name:

Address:

**EXECUTED** as a **DEED** by

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

acting by ) .....  
acting under the authority of that company in the ) .....  
presence of: ) .....

Witness' Signature:

Witness' Name:

Address:

**EXECUTED** as a **DEED** by

**REN FINANCE B.V.**

acting by ) .....  
acting under the authority of that company in the ) .....  
presence of: ) .....

Witness' Signature:

Witness' Name:

Address:

**EXECUTED** as a **DEED** by

**REN FINANCE B.V.**

acting by ) .....  
acting under the authority of that company in the ) .....  
presence of: ) .....

Witness' Signature:

Witness' Name:

Address:

## REN FINANCE B.V.

REN Finance B.V. ("**REN B.V.**"), a wholly-owned subsidiary of REN, was incorporated under Dutch law as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) in Amsterdam, The Netherlands, on 10 May 2013, for an unlimited period of time.

REN B.V. has its registered office at De Cuserstraat 93, Unit 205, 1081CN Amsterdam, The Netherlands (telephone number +31 20 521 4777), and its corporate seat is in Amsterdam, The Netherlands. REN B.V. is registered in the Commercial Register of the Chamber of Commerce for Amsterdam under file number: 57903093.

The main objective is to assist REN and the Group in raising funds and on-lending monies to companies within the Group.

REN B.V.'s issued capital amounts to twenty thousand euro (EUR 20,000) divided into twenty thousand (20,000) shares, issued at par and fully paid-up in cash.

### Management

The management of REN B.V. is conducted by a management board that may consist of one or more members. Members of the management board are elected by the general meeting of the shareholders of REN B.V. and may be recalled from this position at any time.

The current management board is composed of four members: Gonalo Joo Figueira Morais Soares, Nuno Miguel da Silva Alves do Rosrio, Marieke Hut and Laura Isabelle da Asceno, each elected in 2013.

The details of the individual directors of REN B.V. are as follows:

<u>Name</u>	<u>Age</u>	<u>Function</u>
Gonalo Joo Figueira Morais Soares	43	Managing Director A
Nuno Miguel da Silva Alves do Rosrio	41	Managing Director A
Marieke Hut	37	Managing Director B
Laura Isabelle da Asceno	34	Managing Director B

REN B.V. may be legally represented by the management board or by one Managing Director A and by one Managing Director B acting jointly.

The members of the management board of REN B.V. do not have any conflicts, or any potential conflicts, between their duties to REN B.V. and their private interest or other duties. Each of the members of the management board exercises his management functions at REN B.V.'s head office at De Cuserstraat 93, Unit 205, 1081CN Amsterdam, The Netherlands.

The Audit Committee of REN acts as audit committee for REN B.V., and REN B.V. complies with the corporate governance code of The Netherlands.

### Annual General Meeting of the Shareholders

During each financial year, at least one general meeting of shareholders shall be held in Amsterdam, The Netherlands (where REN B.V. has its corporate seat). Each outstanding share is entitled to one vote.

### Financial statements and the distribution of profits

REN B.V.'s fiscal year coincides with the calendar year. The management board is authorised to reserve the profits, or a part thereof, as these appear from the adopted annual accounts. Subsequently the general meeting is authorised to resolve to distribute or to reserve the remainder of the profits, or a part thereof.

## Statement of Profit and Loss

	<b>Audited information</b>
	<b>Year ended 31</b>
	<b>December 2013</b>
	<i>(thousands of euro)</i>
Interest income gross	5,022
<b>Total interest income</b> .....	<b>5,022</b>
Interest expense	(4,405)
<b>Gross margin</b> .....	<b>617</b>
Other income	764
Other expenses	(1,231)
<b>Profit before taxation</b> .....	<b>148</b>
Income tax	(29)
<b>Net profit for the year</b> .....	<b>551,765</b>

## Statement of financial position

	<b>Audited information as</b>
	<b>of 31 December 2013</b>
	<i>(thousands of euro)</i>
<b>ASSETS</b>	
Non-current assets	510,000
Current assets	41,765
<b>Total assets</b> .....	<b>551,765</b>
<b>EQUITY AND LIABILITIES</b>	
<b>EQUITY</b>	
Shareholders' equity	40,938
<b>Total equity</b> .....	<b>40,938</b>
<b>LIABILITIES</b>	
Non-current liabilities	506,123
Current liabilities	4,704
<b>Total liabilities</b> .....	<b>510,827</b>
<b>Total equity and liabilities</b> .....	<b>551,765</b>

## Statement of Cash flows

	<b>Audited information</b>
	<b>Year ended 31</b>
	<b>December 2013</b>
	<i>(thousands of euro)</i>
Net cash flows from operating activities	(40,548)
Net cash flows used in/from financing activities	40,820
<b>Net increase/(decrease) in cash and cash equivalents</b> .....	<b>272</b>
Cash and cash equivalents at the beginning of the period	-
<b>Cash and cash equivalents at the end of the period</b> .....	<b>272</b>



## REN – REDES ENERGÉTICAS NACIONAIS, SGPS, S.A.

REN – Redes Energéticas Nacionais, SGPS, S.A. ("**REN**") is a listed company organised as a "*Sociedade Gestora de Participações Sociais*" and a "*Sociedade Anónima*" under the laws of the Portuguese Republic. REN has its registered office at Avenida Estados Unidos da América, no. 55, Lisbon, Portugal (Telephone: +351 21 001 35 00) and is registered at the Lisbon Commercial Registry Office of Lisbon under taxpayer and commercial registration number 503.264.032. As per article 3 of its articles of association, REN's purpose consists of the management of shareholdings in other companies which carry out activities in the areas of transmission of electricity, transmission and storage of natural gas and of reception, storage and regasification of liquefied natural gas and other related activities. Being a holding company (*Sociedade Gestora de Participações Sociais*), REN does not directly perform operational activities.

REN was incorporated on 18 August 1994 under the name of REN – Rede Eléctrica Nacional, S.A. ("**REN Rede Eléctrica**") as a result of the spin-off of a business unit of EDP – Energias de Portugal, S.A. ("**EDP**"). In November 2000, the Portuguese State acquired a 70 per cent. stake in REN from EDP as part of the liberalisation of the domestic energy market, which required the legal separation of electricity transmission, distribution and generation companies. Until September 2006, REN's core business was the operation and technical management of the National Electricity Transmission Grid in Portugal (the "**RNT**"), acting also as a sole purchaser of electricity, through the long-term power purchase agreements ("**PPAs**") executed between 1993 and 1996 with the hydro and thermal electricity generation plants in mainland Portugal. In September 2006, REN acquired certain assets and companies relating to the transportation and underground storage of natural gas and the liquefied natural gas ("**LNG**") terminal and regasification facility in Sines from Transgás as defined above.

On 5 January 2007, REN changed its by-laws to reorganise the group (the "**Group**"), becoming a holding company that operates electricity and gas businesses through its subsidiaries. It also changed its name to REN – Redes Energéticas Nacionais, SGPS, S.A.

On 1 July 2007, the majority of the PPAs were terminated early and REN's activity as sole purchaser of electricity was replaced with a new trading activity in the context of a market environment, involving the two PPAs that were kept in force.

The diagram below sets out the structure of the Group as at the date of this Base Prospectus:



\* Incorporated in the Netherlands.

In July 2007 two new companies were incorporated by REN: REN Trading, S.A. ("**REN Trading**"), which manages the two remaining PPAs (entered into with Turbogás – Produtora Energética, S.A. ("**Turbogás**") and Tejo Energia, S.A. ("**Tejo Energia**")) and sells the energy acquired pursuant to those PPAs in the market (operating since 1 July 2007); and REN Serviços, S.A. ("**REN Serviços**"), which provides back office services to the Group.

In October 2010, a new company Enondas, Energia das Ondas, S.A. ("**Enondas**"), whose share capital is fully owned by REN, was incorporated for the operation of a pilot zone for the generation of electric energy from sea waves, under a concession agreement entered into on 20 October 2010 with the Portuguese Republic for a duration of 45 years.

REN Gás, S.A. ("**REN Gás**") of which 100 per cent. is held by REN Serviços, was incorporated in March 2011. REN Gás holds, as at the date of this Base Prospectus, the entire share capital of REN Gasodutos, S.A. and REN Armazenagem, and is expected to hold in the near future the entire share capital of REN Atlântico, Terminal GNL, S.A. ("**REN Atlântico**"). This was the result of a corporate restructuring, which aimed to rationalise the organisation's structure and improve flexibility. The corporate restructuring placed particular emphasis on the organisation of the Group's main business areas and on the reinforcement of the Group's institutional image. The restructuring did not affect the substance of the Group's main activities nor the ownership of its assets and main holdings.

In May 2012, the Portuguese Republic concluded the sale of 40 per cent. of REN's share capital to two strategic international partners, State Grid International Development ("**SGID**") (25 per cent.) and Oman Oil Company ("**OOC**") (15 per cent.).

In July 2012, REN completed the acquisition of 7.5 per cent. of the share capital and voting rights of Hidroelétrica de Cahora Bassa, S.A. ("**HCB**") in Mozambique.

In May 2013, REN incorporated its wholly owned subsidiary, REN Finance B.V., for the purpose of raising funds in the capital markets and financing the companies within the Group.

In June 2014, the Portuguese Republic concluded the sale of 11 per cent. of REN's share capital in the market through a public offering in Portugal of 11,748,000 shares to retail investors and by way of a private placement of 46,992,000 shares to institutional investors within and outside of Portugal in reliance on Regulation S under the U.S. Securities Act of 1933, as amended.

## **Business Overview**

REN engages in two principal lines of business: (i) electricity transmission and system operation where it operates the RNT (; and (ii) natural gas, where it is engaged in the operation of the national high-pressure natural gas transportation network, reception, storage and regasification of LNG, and underground storage of natural gas. REN holds concession rights to the entire infrastructure operated under public concessions relating to electricity transmission and natural gas transportation in Portugal until the end of each relevant concession period.

REN's businesses are the result of the liberalisation of the electricity and natural gas industries in Portugal. This involved, in the case of electricity, the unbundling of certain regulated functions previously carried out by EDP (the vertically integrated electricity company in Portugal) into separate companies. In the case of natural gas, the regulated activities of Transgás (a former subsidiary of GALP Energia, S.A. ("**GALP**")) were split up under a reorganisation that included, among other things, the segregation of the natural gas regulated infrastructure for transport, underground storage and reception, storage and regasification of LNG.

REN's electricity transmission business is conducted through its subsidiary REN Rede Eléctrica, which holds a concession to operate the electricity transmission network in Portugal (renewed for a 50-year period commencing on 15 June 2007). Pursuant to this concession, REN provides a public utility service in Portugal, which includes planning, constructing, operating and maintaining the electricity transmission network and managing the technical aspects of the national electricity system.

REN's natural gas business comprises the ownership and operation of (i) the high-pressure natural gas transportation network in Portugal; (ii) the LNG terminal in Sines, which is engaged in the reception, storage and regasification of LNG; and (iii) the underground storage and related facilities in Carriço. REN

operates these businesses through 40-year concessions, granted by the Portuguese Republic on 26 September 2006.

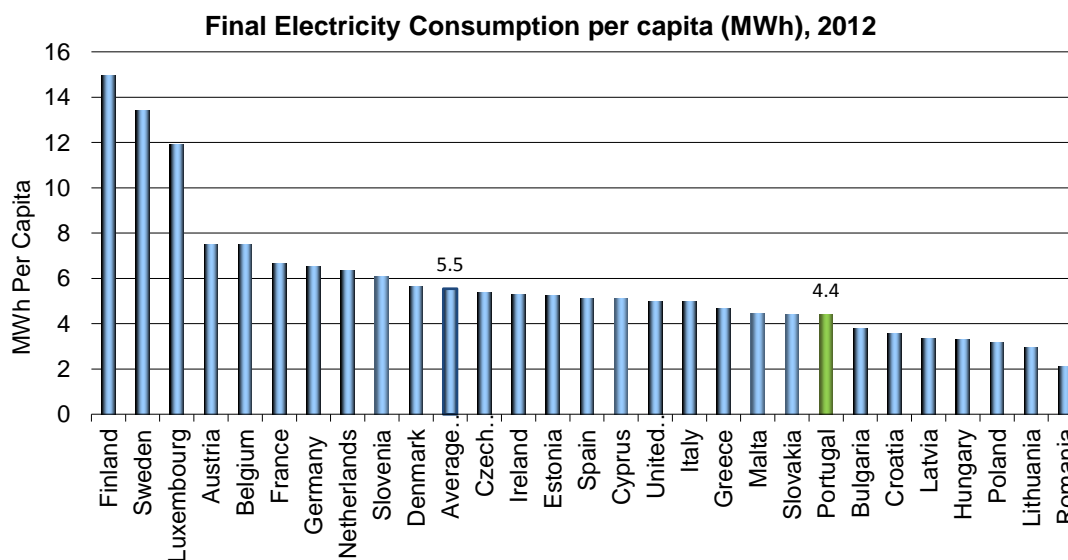
REN also operates certain other businesses that complement its core electricity and natural gas businesses: a telecommunications business which markets the excess telecommunications capacity of its electricity and natural gas networks, an energy trading business for the two remaining PPAs, a business piloting the production of electricity from sea waves and a business providing engineering and advisory services to third parties through REN Serviços. Additionally, REN holds strategic stakes in companies such as Red Eléctrica de España, S.A. ("**REE**") (1 per cent.) and Hidroeléctrica de Cahora Bassa, S.A. (7.5 per cent.), Operador do Mercado Ibérico de Energia – Pólo Espanhol, S.A. (10 per cent.) and Medgrid, S.A.S (5.45 per cent.). Profits from these strategic stakes amounted to EUR 7.6 million for the year ended 31 December 2013.

For the year ended 31 December 2013, REN's total operating income, total operating results and net profit were EUR 788.9 million, EUR 320.3 million and EUR 121.3 million, respectively, in comparison to figures of EUR 811.3 million, EUR 314.6 million and EUR 123.9 million for the year ended 31 December 2012.

## ELECTRICITY INDUSTRY

Despite the consistent growth experienced in the past, electricity consumption in Portugal has decreased in recent years as a consequence of the financial and economic crisis. According to REN's internal estimates, in 2011 and 2012, electricity consumption declined by 3.3 per cent. and 2.8 per cent., respectively, but throughout the course of 2013, electricity consumption increased by 0.2 per cent. compared to 2012 with a recovery in consumption in the second half of the year, compared to a drop of 1.7 per cent. in the first half of 2013.

Portugal has one of the lowest consumption per capita in the EU. The graph below indicates the final electricity consumption per capita in the EU countries listed below:



Source: Eurostat

In 2012, the electricity consumption per capita in Portugal was 4.4 MWh, compared with 5.1 MWh in Spain and across all other EU countries. Between 2002 and 2012, the compound annual growth rate of the electricity consumption per capita was 1.0 per cent. in Portugal, 0.2 per cent. in Spain and 0.3 per cent. in the EU countries.

The table below illustrates the growth in annual electricity consumption by source in Portugal between 2004 and 2013:

Consumption by source (TWh)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Coal .....	13.9	14.3	14.1	11.7	10.4	11.9	6.6	9.1	12.1	11.0
Hydro .....	8.8	3.9	9.5	9.0	5.8	7.0	14.4	10.1	4.4	11.8
Gas.....	9.8	11.5	9.9	10.5	12.6	11.5	10.7	10.3	5.6	1.5
Fuel.....	2.0	4.8	1.5	1.3	0.8	0.3	0.0	0.0	0.0	0.0
SRG (*)-Wind.....	0.8	1.7	2.9	4.0	5.7	7.5	9.0	9.0	10.0	11.8
SRG (*)-Others.....	3.7	4.8	5.9	6.2	5.9	6.9	8.9	9.2	8.9	10.3
Imports.....	6.5	6.8	5.4	7.5	9.4	4.8	2.6	2.8	7.9	2.8
<b>TOTAL .....</b>	<b>45.5</b>	<b>47.9</b>	<b>49.2</b>	<b>50.1</b>	<b>50.6</b>	<b>49.9</b>	<b>52.2</b>	<b>50.5</b>	<b>49.1</b>	<b>49.2</b>

(\*) Special Regime Generators  
Source: REN

Portugal has experienced an increase in the diversification of its energy sources, reducing its dependence on any single source. Coal-fired and hydroelectric plants remain significant contributors to electricity

production and whilst there has been no growth in the installed capacity of coal-fired power plants, significant reinforcements have been made to hydroelectric power plants already in service.

There has been a strong increase in special regime generation, mainly renewable resources and, in particular, wind power and large natural gas co-generation.

Electricity is produced using a variety of primary energy sources and technologies (namely coal, gas, water, wind, biomass and solar). The main electricity generators in Portugal are currently EDP – Gestão da Produção de Energia, S.A., Tejo Energia and Turbogás. REN Rede Eléctrica operates the transmission grid connecting generators and distributors to consumers and matching supply with demand. As of the date of this Base Prospectus, REN is the only electricity transmission company in mainland Portugal.

Electricity transmission and distribution are activities carried out under public service concessions. Electricity distribution companies distribute electricity received from the RNT directly to consumers.

EDP Distribuição Energia, S.A. ("**EDP Distribuição**"), a subsidiary of EDP is, as at the date of this Base Prospectus, the sole high and medium voltage distribution concessionaire in Portugal and the largest low voltage distribution company.

Electricity supply companies are responsible for managing relationships with customers, including billing and customer service.

### **The current national electricity system**

Under the current electricity industry framework, the national electricity system of Portugal (the "**SEN**") is divided into five major activities: generation, transmission, distribution, supply and operation of the electricity market.

Each of these activities have to comply with the unbundling criteria established according to market structure models, as per EU Directive 2009/72/EC of the Parliament and the Council, 13 July 2009 (the "**Electricity Directive**"). The Transmission System Operator ("**TSO**") of the SEN was unbundled from EDP and from any other company carrying out generation, transmission, distribution or supply activities in the SEN or in the National Natural Gas System ("**SNGN**"). Strict unbundling criteria between transmission and generation and supply are set forth in the current electricity framework. Further limits regarding the holding of direct or indirect participations in the TSO of the SEN were set by the industry's legal framework. Distribution activity is unbundled from a legal, accounting and decision making standpoint. Generation and supply activities are also unbundled from a legal and accounting standpoint.

### **Electricity generation**

Electricity generation is, as of the date of this Base Prospectus, fully open to competition, subject to only obtaining the mandatory licences and approvals for the implementation of the project and carrying out the activity.

Electricity generation is divided into two regimes: (i) the ordinary regime generation, referring to the generation of electricity through traditional thermal non-renewable sources (and including large hydroelectric plants); and (ii) the special regime generation, covering cogeneration and generation of electricity from alternative endogenous and renewable sources (including small hydroelectric power plants). Special regime generation is subject to different licensing requirements and benefits from special feed-in tariffs pursuant to the type of renewable source used.

Under the current electricity framework, the Last Resort Supplier of the SEN (currently EDP Serviço Universal S.A. or "**EDP Serviço Universal**") to most of mainland Portugal, with the exception of a few specific locations and in respect of a limited number of consumers is obliged to purchase all electricity generated by special regime generation, although renewable source electricity generators may now choose to sell their electricity in the market, at market prices, in which case no "feed-in" tariff is applied.

Under the current electricity framework, centralised planning of power generators has been replaced by the influence of market forces and of the private sector, with intervention of the electricity system manager only coming into play to ensure the continuity of the electricity supply.

As mentioned above, electricity supply in Portugal is produced from a number of thermal sources, including coal and natural gas from hydroelectric and other renewable sources, mainly wind. In addition, depending on market conditions, electricity may be exported and imported through the interconnections with Spain.

The base load in Portugal in 2013 was mainly provided by coal-fired and natural gas-fired plants, which met 25 per cent. of total consumption in 2013, according to REN's internal estimates. The remaining demand was met by large hydroelectric and renewable sources (including the large hydroelectric plants), and co-generation. Hydroelectric power generation has low operating costs and offers a quick solution when needed; however hydroelectric supply depends greatly on meteorological conditions and therefore fluctuates widely based on the availability and amount of available water storage capacity.

In general, 2013 saw conditions which particularly favoured renewable energy production. With 11 months of above average generation, wind energy experienced the most favourable conditions seen to date on SEN. Under these conditions, production from renewable sources (including large hydroelectric power plants) accounted for approximately 30 per cent. of total consumption in 2013, compared to 27 per cent. in 2012, a year with very unfavourable conditions. Natural gas-fired and coal-fired plants, as well as plants fired by co-generation with fossil fuel (mainly natural gas), represented 37 per cent. of total consumption in 2013, large hydro-electric power plants represented 27 per cent. and imported energy accounted for the remaining 6 per cent.

### **Electricity transmission**

Electricity transmission activities are carried out through the RNT, by means of an exclusive concession granted by the Portuguese Republic to REN Rede Eléctrica, a wholly owned subsidiary of REN, on 15 June 2007 for a 50-year period. The activities carried out under this concession are described below in greater detail.

### **Electricity distribution**

Electricity distribution is carried out through the operation of the national distribution grid, consisting of a medium and high voltage network, and through the operation of the low voltage distribution grids. The national distribution grid is operated through an exclusive public service concession granted by the Portuguese Republic.

Currently, the exclusive concession for the activity of electricity distribution in high and medium voltage is awarded to EDP Distribuição, as a result of the conversion into a concession agreement of the former licence held by this company. The low voltage distribution grids continue to be operated under concession agreements awarded by municipalities. The existing concession agreements have been amended to comply with the unbundling criteria set forth under the new regime, as applicable and described in more detail in "Regulation". EDP is also the major low voltage distributor in Portugal, together with a limited number of local low voltage distributors.

### **Electricity supply**

The supply of electricity is open to competition, subject only to a prior registration regime. Suppliers may openly buy and sell electricity. For this purpose they have the right of access to the transmission and distribution grids upon payment of access charges set by the sector's regulator, the ERSE. Under the current electricity framework, consumers are free to choose their supplier, and may switch suppliers without incurring any additional charges.

Suppliers are subject to certain commercial service standards in respect of the quality of service and are required to provide access to information in simple and understandable terms.

In addition, SEN's Last Resort Supplier, which is subject to regulation by ERSE, has been undertaken by EDP Serviço Universal and by a limited number of local low voltage distribution concessionaires. EDP Serviço Universal is responsible for the general supply of electricity for so long as the regulated tariffs and the transitory tariffs set forth by law are in place and, once these are eliminated, will also supply electricity to economically vulnerable consumers.

## Operation of the organised electricity markets

The Iberian electricity market ("**MIBEL**"), a joint initiative of the Portuguese and Spanish states, is fully operational, with the launching of the spot market (day-ahead and intraday). It also has a forwards market making daily transactions on derivatives contracts available to market agents.

The objective of MIBEL is to develop a competitive and efficient market for the benefit of consumers. MIBEL has, as at the date of this Base Prospectus, two market operators incorporated respectively, in Spain and in Portugal.

## Activities and Tariffs

Electricity tariffs are uniform across mainland Portugal and are set "ex-ante" by ERSE, on an annual basis, based on estimated investments by the regulated companies of the electricity sector (such as SEN's TSO and Distribution System Operators ("**DSOSs**")), incentives for generation, and quantity forecasts, according to the rules set out in the Tariff Regulation of the SEN.

On 1 July 2007, with the beginning of the Iberian electricity spot market, the majority of the PPAs were subject to early termination, except for two long-term PPAs, which are still effective.

As a consequence, REN (through the RNT concessionaire, REN Rede Eléctrica) ceased acting as a "single buyer" of electricity and focused on its regulated activities, as follows:

- electricity transmission activity, which ensures:
  - the transmission of electricity through the RNT for delivery to the distributors in medium and high voltage, to the consumers connected to the RNT and to very high voltage networks to which the RNT is connected;
  - the planning, design, construction, operation and maintenance of all the RNT infrastructures and of the interconnections to the international networks with which it is connected; with the aims of safety, reliability and quality of service; and
  - the maintenance of the RNT in mainland Portugal to ensure safety, reliability and quality of service.
- the global use of the system activity, under which REN:
  - manages electricity flows within the network, ensuring interoperability with the networks to which it is connected;
  - contracts services through efficient, transparent and competitive mechanisms for operational reserve of the system and remuneration and compensation of electricity production and consumption deviations;
  - receives from market agents information in relation to both the materialisation of bilateral agreements established and of the quantities traded by each participant in the organised markets;
  - settlement system services;
  - calculates adjustments to the maintenance costs for the contractual balance related to the PPAs ("**CMEC**");
  - monitors the security of supply; and
  - pays the global costs included in the tariff for the global use of the system.

In electricity, REN's regulated activities recover allowed revenues through the application of the transmission grid tariff ("**URT**") and of the overall system ("**UGS**"). The legislation and the Tariff Regulation of the SEN establish the allowed revenues applicable to REN, in its role of TSO. Likewise, they set out the level of compensation for the activities carried out by REN Trading as "commercial

agent" under the two remaining PPAs. The mechanisms to incentivise the efficient optimisation of the management of these agreements have given REN Trading revenues up to an amount of EUR 3.3 million.

The mechanisms to incentivise the efficient optimisation of the management of these agreements may give REN trading revenues in 2014 of up to an amount of EUR 3.3 million.

## **REN's Electricity Transmission Business**

### **Overview**

As mentioned above, the exclusive concession for electricity transmission in mainland Portugal was granted to REN Rede Eléctrica by the Portuguese Republic, under a public service and exclusivity regime, as per the concession agreement entered into on 15 June 2007 for a 50-year period. Under number 4 of Article 34 of Decree-Law no. 172/2006 of 23 August which was reviewed by Decree-Law no. 78/2011, of 20 June and reviewed republished by Decree-Law no. 215-B/2012, of 8 October, the concession assets are owned by REN Rede Eléctrica until the concession reverts to the Portuguese Republic in exchange for the net book value of the assets.

The concession includes the planning, design, construction, operation, maintenance and decommissioning of the RNT and the global technical management of the SEN, to ensure the coordination of electricity generation, distribution and electricity transmission infrastructures, together with the management of the transnational interconnections, such as those with the Spanish transmission grid, to protect the continuity and security of supply and ensure the integrated and efficient operation of the SEN.

As the concessionaire for the RNT, REN Rede Eléctrica is obliged to ensure the security of electricity, supply, meeting operational, quality and safety standards established in national and European laws and regulations. ERSE has recently approved a revision of the Quality-of-Service Regulation for the Electricity Sector that seeks to enhance the quality of service provided by agents within the SEN, in which REN Rede Eléctrica plays a role.

REN Rede Eléctrica is a member of the European and Mediterranean associations of Transmission System Operators, the European Network of Transmission System Operators and the Mediterranean Transmission System Operators (respectively "ENTSO-E" and "MED-TSO").

### **The RNT**

The RNT covers Portugal's mainland and is interconnected with the Spanish electricity system (managed by REE) by means of ten high and very high voltage lines, including six at 400 kV (Minho and Galicia (2), Douro International, Tejo International, Alentejo e Estremadura and Douro International), three at 220 kV (Douro International) and one at 130 kV (Minho and Galicia).

Interconnection capacity depends on a variety of factors related to the real operation conditions of the network. REN/REE average interconnection capacity for commercial purposes in 2013 was approximately 1,700 and 1,800 MW (exporting and importing average capacity during working days). This interconnection capacity is expected to grow further as a result of entering into operation of a new 400 kV (2014) interconnection line, and a new 400kV switching station together with a new 400kV axis, and a planned new 400kV line (2016).

As at 31 December 2013, the RNT consisted of 2,434 km kilometres of 400 kV power lines, 3,565 km kilometres of 220 kV power lines and 2,734 km kilometres of 150 kV power lines, totalling 8,733 km kilometres of power lines and a total transformation capacity of 34,984 MVA, of which 13,410 MVA is auto-transformation.

The very high voltage grid is based on 400 kV lines running in a north-south direction near the coast, from the Alto Lindoso power plant in the north of Portugal, to the Tavira substation in the south. Starting from this axis, the other 400 kV lines run from west to east into Spain: the Alto Lindoso-Cartelle double circuit interconnection; the diagonally spanning branch from Paraimo (close to the Anadia municipality, 30 km inland) connecting Vermoim (Porto) to Armamar via Recarei and from Armamar to Spain through the Lagoaça-Aldeadavila interconnection; the lines from Rio Maior and Batalha entering Spain through the Falagueira-Cedillo interconnection; the line from Sines entering Spain through the Alqueva-Brovaes interconnection; the line from Portimão to Tavira; and the line from Tavira to the Spanish border for the forthcoming Tavira-Andaluzia interconnection. This 400 kV transmission network structure is



complemented by 220 kV lines, mainly between Lisbon and Oporto, and diagonally from Pereiros (close to the city of Coimbra) to the Miranda power plant (close to the municipality of Miranda do Douro). The 150 kV lines grid is distributed through scattered centres interconnected with the 220 and 400 kV network, providing further coverage to the very high voltage grid, in the northwest in a small area in central Portugal and in the south supporting Setúbal, Alentejo and Algarve's regions. In 2013, REN completed and began operating (a) the Armamar-Recarei and Recarei-Vermoin III 400 kV overhead lines and the Valpaços-V.P. Aguiar 220 kV line in the north of Portugal, (b) the amplification to 400 kV of the substation of Vermoin in Maia and of the new 400/60 kV substation of Feira in the region south of Oporto, (c) the new Falagueira-Castelo Branco 400/150 kV line in central Portugal and (d) the 220 kV underground cable between the substations of Alto de Mira and Sete Rios in the Lisbon metropolitan area.

As of 31 December 2013, the RNT had 67 transformer substations and 13 step down switching and sectioning posts. These substations and switching stations connect the different parts of the RNT and provide the entry and exit points at which the power stations, distributors and some large consumers are connected to the RNT.

The majority of RNT equipment has an average estimated useful lifespan of between 30 and 40 years from initial operation date. The expansion of the RNT started during early 1950s and has been subject to a continuous process of monitoring, regular maintenance and upgrading, including the systematic upgrading of all of REN's oldest transmission lines. Most of these lines have been replaced since their initial construction.

In 2013, REN's electricity average RAB was composed of electricity average RAB with premium of EUR 892 million; electricity average RAB without premium of EUR 1,175 million; and hydro plants land average RAB of EUR 308 million.

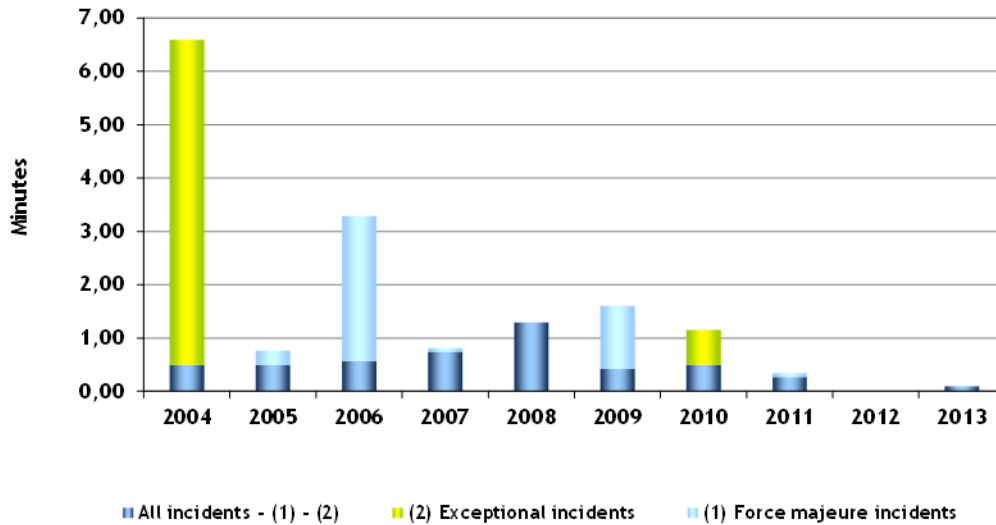
#### **Quality of service of the national transmission network**

During the course of 2013, REN recorded three service interruptions exceeding three minutes. This is in line with the recent improvement in the service provided by the RNT.

The equivalent interruption time ("**EIT**"), the global performance indicator commonly used by electric utility providers, was 0.09 minutes, which is the second-best result ever achieved by REN, corresponding to energy not supplied of 8.6 MWh.

In 2013, the values recorded by three of the five general continuity of service indicators of service indicators established in the Quality of Service Regulation (ENS – Energy not Supplied, AIT – Average Interruption Time and SARI – System Average Restoration Index) were the second-best ever achieved by REN, and the other two indicators (SAIFI - System Average Interruption Frequency Index and SAIDI – System Average Interruption Duration Index) achieved the third-best performance ever by REN.

The following chart shows the average interruption time in the RNT for the period from 2003 to 2012, including a generic separation of the causes of such interruptions:



Source: REN

249 incidents occurred in relation to the overall performance of substations, equipment and systems in 2013, eight of which (3.2 per cent. of the total) had an impact on supply of power to end users, while three of caused outages lasting more than three minutes. As a consequence of the current RNT development, as well as at suitable policies and strategies of operation and maintenance, the availability rates reached high values in 2013. The combined availability rate, introduced in 2009 by the ERSE, reached its highest recorded value in 2013 (98.89 per cent. in comparison to 98.49 per cent. in 2012, 98.06 per cent. in 2011, and 97.78 per cent. in 2010, and 97.84 per cent. in 2009) above ERSE's reference of 97.5 per cent.

In 2013, the rate of availability was 99.02 per cent. for line circuits (overhead lines and underground cables), and 98.48 per cent. for power transformers (99.74 per cent. and 99.29 per cent., respectively, when taking into account unavailability solely due to maintenance reasons).

### Quality of the voltage wave

REN has set up and implemented a monitoring plan to evaluate the quality of the voltage wave, under which tests are carried out on a continuous basis to measure harmonic content, three-phase system imbalance, deviation effective value of voltage and frequency in the busbars of 54 substations and RNT interconnection points, which covers all the delivery points where measurement is feasible.

In 2013, the completion rate of the monitoring plan was 92 per cent., an improvement from the 76 per cent. recorded in 2012. The few deviations from the plan were due to anomalies in systems operations.

In general, the average values of the disturbances are relatively low and the (indicative) regulatory limits were fulfilled, except in a few cases in which there were slight and non-continuous deviations from the market standards.

### Significant Dependencies

REN depends on the regulatory environment in which it acts, particularly on concession agreements and on the applicable legislative and regulatory framework. Investments in REN's electricity transmission network in the three months ended 31 March 2014, amounted to EUR 7.0 million in electricity transmission infrastructure, as compared to EUR 16.5 million in the three months ended 31 March 2013.

The following are the significant investments made in the three months ended 31 March 2014:

- investment in the Vieira do Minho Sectioning Station to add 400 kV connections to the hydroelectric plants in Cávado; and
- investment in construction of a new and 150/60 kV substation in Fafe.

The following is a list of significant investments made by REN in 2013, with a total value of EUR 157.6 million:

- completion of a new line in the Trás-os-Montes region to complete the 220kV circuit between Lagoaça and Valdigem;
- investment in the Douro axis, adding a 400kV connection between Armamar and Recarei and between Recarei and Vermoim, where the new 400 kV sector began operating, with the purpose of improving the interconnection capacity and the safety and reliability of supply in the Greater Porto region;
- addition of a 150kV overhead line between Falagueira and Castelo Branco on the central region;
- completion of the construction of a new 400/60kV substation at Feira;
- investment in the greater Lisbon area to reinforce supply to customers with the construction of a new 220kV underground circuit and the addition of a 400kV level at an existing substation on the south bank of the Tejo; and
- instalment of seven new transformers, increasing total power by 1,069 MW.

#### **Upgrading and expansion of the RNT**

REN Rede Eléctrica aims to upgrade, modernise and expand the RNT in response to concession contract requirements, assuring the transmission grid conditions to meet the continuous balance between production and demand, whilst accounting for its dynamics. The following are the main drivers for its current expansion and modernisation plans for the RNT:

- *increasing transmission capacity in pace with growing electricity consumption*: Despite the uncertain international economic situation and the reduction of national demand in the past years, REN believes that long-term growth in electricity consumption in Portugal will recover, bringing Portugal closer to the average European consumption standards. Furthermore, demand varies greatly across the entire transmission grid, and while total annual demand may have decreased in past years, demand has increased in many specific areas and its patterns have changed, in some cases requiring reinforcements of the transmission grid. This growth will require increases in REN Rede Eléctrica's electricity transmission capacity and the opening of new transmission to distribution substations, driving growth in its regulated asset base.
- *facilitating connections to new power plants, namely "special regime (feed-in tariff)" generators*: The EU and national goals for renewable energy could lead to the integration of a growing number of new generators using renewable sources, especially the endogenous ones, which have a rather dispersed geographical distribution, demanding new transmissions grid axis to developed. Installed electricity production capacity from renewable sources in Portugal is expected to increase from 10,913MW in 2013 (of which 5,652MW consisted of hydro and 4,368 MW consisted of wind generation), according to REN's internal estimates, to circa 15,800 MW by 2020 (of which it is predicted that 8,900 MW will consist of hydro and 5,300 MW will consist of wind generation) (*source*: National Plan of Action for the Renewable Energies for the period 2013-2020, Strategy for the Renewable Energies – PNAER 2020 (*Plano Nacional de Acção para as Energias Renováveis para o período 2013-2020, Estratégia para as Energias Renováveis – PNAER 2020*), approved by Resolution of the Council of Ministers no. 20/2013, of 10 April)).
- *preparation of the required infrastructure framework that will be needed to respond to changes in the European power grid driven by EU energy policies and grid codes*: One of the main goals will be the development of conditions to match supply-side volatility inherent to some renewable energy, with demand-side flexibility.

- *increasing interconnection capacity with the Spanish transmission grid, aiming for an integrated Iberian market with fewer constraints and ultimately, an integrated European market for electricity:* As at the date of this Base Prospectus, REN Rede Eléctrica is planning to put into operation two further 400 kV interconnections with Spain. The first interconnection is currently expected to be in operation in 2014, and the second in 2016. According to REN's internal estimates, these new interconnections are expected to increase the interconnection capacity from the current value approximately 2,000 MW to 3,000 MW, which complies with the agreement between Portugal and Spain, and with the conclusions of the European Council of 21 March 2014, as it will result in a net transfer capacity above 10 per cent. of the installed electricity generation capacity.
- *improving the current social and environmental impact of the existing network, namely in the metropolitan areas of Lisbon and Oporto, in order to achieve better integration of electrical infrastructure in consolidated urban areas and non-urban zones in UNESCO protected areas:* The planned investment programmes cover the integration of renewable energy generation (including hydro and wind power) and reinforcement of the configuration. The possible impact on REN remains unknown and there has also been input from interested parties prior to the date of this Base Prospectus connected to the distribution and very high voltage consumers, network, reinforcement of interconnection capacity, internal grid reinforcement, improvement of environmental impact and refurbishment of older assets.

### **Global technical management of the SEN**

In addition to managing the construction and operation of the RNT, REN Rede Eléctrica is also the system operator of the SEN.

In Portugal, this role involves analysing and validating the programming of electricity generation in order to ensure that the balance between supply and demand remains within safe operational limits and controlling the RNT and the available system services in real time so as to correct any dynamic imbalances which may result from a variety of factors and agents, along with the distribution and transmission network operators from Spain. As part of managing the RNT, REN Rede Eléctrica is also responsible for controlling the programming of imports and exports from and to Spain as defined by the market, and it manages, together with REE, the mechanisms to cope with interconnection congestions.

### **NATURAL GAS INDUSTRY**

#### **Industry Overview**

The first supplies of natural gas to Portugal arrived in January 1997 from Algeria through Morocco via the Europe–Maghreb pipeline. As a result, Portugal was one of the latest EU Member States to receive natural gas with its gas market being one of the newest in the European Union, reflected in the regulatory framework, which places no emphasis on pre-existing competition.

The natural gas industry in mainland Portugal supplied approximately 49.9 TWh of energy in 2013. Demand for natural gas in mainland Portugal can be divided into two main market segments:

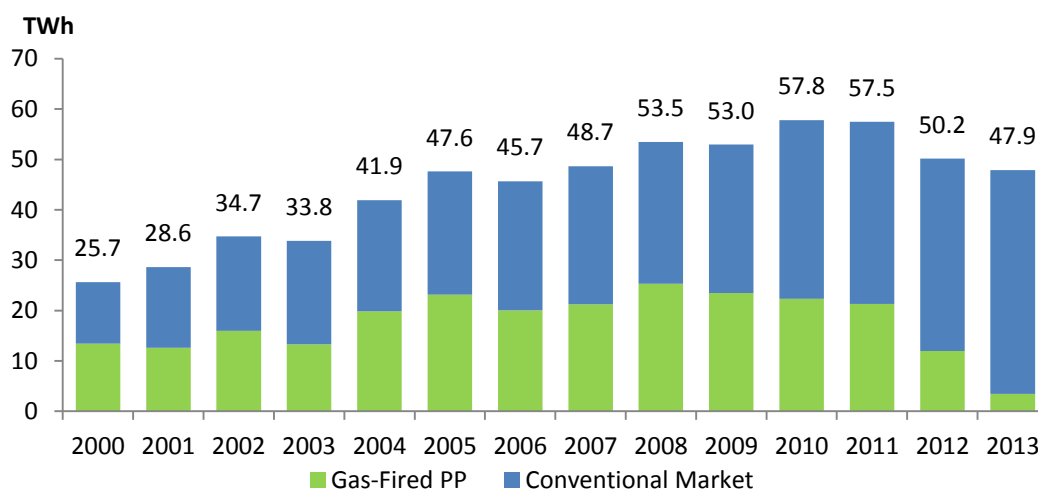
- combined cycle power plants, under a standardised regime, and
- the conventional market segment, which comprises large industrial consumers connected directly to the high pressure network and customers from the industrial, services and residential sectors connected through the regional distribution networks.

The supply of natural gas to large combined cycle gas-fired electricity power plants was approximately 3.4 TWh (about 7 per cent. of the market) in 2013, the lowest figure recorded since 1998, according to REN's internal estimates. Natural gas demand for this segment varies from year to year depending on the availability of other generating sources, particularly hydroelectric and wind power, and is also influenced by the international price of coal vis-à-vis natural gas and carbon pricing on the Emissions Trading Scheme (EU-ETS), as these prices impact the competitiveness of coal-fired power generation.

In 2013, the four major combined cycle plants saw a 71 per cent. fall in production compared to 2012, due to a lack of competitiveness compared to coal, and the exceptional conditions seen in the production of both hydro and wind power.

Natural gas use in the conventional market segment comprised approximately 44.5 TWh (93 per cent.) of demand in 2013.

The table below illustrates the growth in demand for natural gas in mainland Portugal from 2000 to 2013:



Source: REN

The development of electricity generation using natural gas combined cycle gas turbine power plants ("CCGT") is of particular importance to the growth in demand for natural gas. This technology consists of utilising natural gas combustion in a gas turbine cycle combined with a "Rankine" cycle, which uses the steam produced by heat of the exhaust gases of the gas turbine to generate additional electricity in the steam turbine. These two processes are complementary and enable high efficiency levels to be reached as energy is extracted from the fuel in two stages, expanding the potential of both cycles. Electricity generation using CCGT is therefore both efficient and has minimal environmental impact. It is the main technology used for large-scale electricity generation projects currently being implemented in developed countries due to its low initial costs, high efficiency and low carbon dioxide emissions as compared to other fuels.

Due to the increasing share of Portugal's energy supply provided by renewable energy sources, low coal prices, and the failure of the EU Emissions Trading System to value CO<sub>2</sub> emissions at an adequate level, the role of CCGT power plants in the country's electricity supply mix has changed rapidly over the two years prior to the date of this Base Prospectus. CCGTs are now regarded as a secure back-up for periods of drought or no wind, are valued for their ability to quickly respond to the ancillary system needs of the power grid and are no longer the main source of gas consumption. As at the date of this Base Prospectus, they represent no more than 10 per cent. of Portugal's demand for gas, according to REN's internal estimates. However, despite this development, CCGTs still require the same gas transmission capacity to be available to the power grid when operating. This change in paradigm has been accompanied by an increase in electricity generation by a few large combined heat and power projects that are connected to the country's largest industrial consumers, such as Portugal's two oil refineries and the major paper pulp producers.

The domestic use of natural gas (conventional market) continues to grow as the gas distribution companies connect more users to the distribution grids, particularly in newly developed urban areas.

As is the case for many European countries, Portugal is not a producer of natural gas. Natural gas is purchased from other countries pursuant to long-term supply contracts. Natural gas is fed into Portugal through three entry points in the RNTGN: the Campo Maior entry point, which receives natural gas from Spain; the LNG terminal located at Sines, which receives shipments of LNG from methane tankers, and the Valença do Minho entry point, which also receives a negligible amount of natural gas from Spain.

### **The national natural gas system (the "SNGS")**

With regard to SNGN activities, REN is an unbundled TSO, global system manager ("SO"), underground storage operator and LNG terminal operator and, therefore, an independent provider of third party access to the gas network, from a legal, functional and financial point of view. This assists with the implementation of a true gas market in the Iberian Peninsula, as stated by both the Spanish and Portuguese governments in the creation of the "MIBGÁS" (the Iberian Gas Market).

The SNGS is divided into six major activities: reception, storage and regasification of LNG; underground storage of natural gas; transportation of natural gas; distribution of natural gas; supply of natural gas; and operation of the natural gas market. As with electricity, each of these functions must be operated under the EU unbundling criteria, as transposed into Portuguese legislation.

In much the same manner as the national electricity system, an integrated SNGS has been established, in which the supply of natural gas and management of the organised markets are open to competition, subject to obtaining the required applicable licences and authorisations.

Activities relating to the reception, storage and regasification of LNG and the transportation and underground storage of natural gas are carried out under 40-year period public service concessions granted by the Portuguese Republic and are subject to the public service regime pursuant to Decree-Law no. 140/2006, of 26 July (as subsequently amended). REN's natural gas activities are identified below in greater detail.

These concessions incorporate the Portuguese high pressure natural gas infrastructure and provide third party access at regulated tariffs applicable to all eligible consumers, that directly request access, gross energy traders and supply companies within the Portuguese natural gas system. Tariffs must be applied objectively without discrimination to all system users, without prejudice to entering into any long-term supply contracts in compliance with competition law provisions.

REN's regulated activities are remunerated through four tariffs related to the use of the infrastructure:

- the tariff for the use of the reception, storage and regasification terminal, applied to its users by Ren Atlântico as the LNG terminal operator, which should provide the allowed revenues for the activity of reception, storage and regasification of LNG;
- the tariff for the use of underground storage is applied by Ren Armazenagem and Transgás (the latter is not part of the REN group) as operators of the underground storage facilities in different locations around the country, which shall provide the allowed revenues for this activity;
- the global system use tariff is applied by the transmission grid TSO (REN) to all gas supplied to distribution grid operators, licensed operators, privately-owned LNG client plants (autonomous gas units or "UAGs"), and clients directly connected to the transmission grid. This tariff provides the allowed revenues for the activity of global technical management of the national natural gas sector; and
- the tariff for the use of the transmission network is applied by the grid's TSO to all gas input into the network at all connecting points and international deliveries, as well as high pressure and LNG deliveries to the distribution networks, deliveries of client-owned UAGs, and backflow deliveries to the LNG reception, storage and regasification terminal and, ultimately, to international interconnections. This tariff provides the allowed revenue for the natural gas TSO.

### **Reception, storage and regasification of LNG**

In the Sines terminal, LNG is offloaded from LNG tankers and sent to storage tanks at a low temperature, where it remains until a nomination or programmed gas flow is requested by the respective gas owner to the terminal operator. LNG undergoes regasification prior to being injected in the high-pressure RNTGN. The Sines terminal also has the appropriate facilities to fill up calorifugated LNG tanker trucks which supply satellite autonomous regasification units.

### **Underground storage of natural gas**

Natural gas can be stored for future use. Underground storage in Portugal involves natural gas compression and injection into underground salt gas caverns, where the compressed gas is stored until it is reintroduced into the RNTGN upon user request. These types of caverns have a high deliverability to stored volume ratio and allow for a quick response to market requirements. This provides increased flexibility and storage capacity for users to manage their trade business.

### **Transportation of natural gas**

Natural gas is transported through various high pressure pipelines forming the RNTGN, which is connected to medium and lower pressure pipelines operated by distribution companies for distribution to end users.

### **Distribution of natural gas**

The distribution of natural gas through medium and low-pressure pipelines is carried out through concessions or licences granted by the Portuguese Republic by public tender. The entities operating the natural gas distribution grid at the date of enactment of Decree-Law no. 30/2006, of 15 February, as subsequently amended, have maintained their right to operate the natural gas distribution grid as concessionaires or licensed entities under an exclusive public service regime with territorial delimitation.

Third party access to the natural gas distribution network must be ensured by the relevant concessionaires based on published tariffs applicable to all eligible customers, that request access, as well as to supply companies, and applied objectively without discrimination among system users.

Certain local distributors also carry out regasification in cryogenic facilities with limited capacity, the autonomous gas units (the "UAGs"). In this context, LNG is transported by truck and delivered in those UAGs to supply customers who are not connected to the national natural gas transportation grid.

### **Supply of natural gas**

The natural gas supply activity is open to competition and is subject to a prior registration regime.

The liberalisation of the natural gas supply began in 2007 (with respect to power plants) and was extended to consumers of over one million cubic metres of natural gas per year in 2008, and to consumers of over ten thousand cubic metres of natural gas per year in 2009. Since 1 January 2010, every consumer is free to choose his own natural gas supplier in an open market environment.

As is the case with electricity, the regulated tariffs published by ERSE regarding to the natural gas sector are set annually by the ERSE directives.

Gas suppliers are subject to certain public service obligations and are required to ensure the quality and continuous supply of natural gas. In addition, the role of the "Last Resort Supplier" has been created and will be in place until the liberalised market is fully efficient. This new role has been assumed by a wholly-owned subsidiary of GALP Energia for wholesale customers and by all other present concessionaires or licensed natural gas distributors within their area of coverage for retail customers, subject to licensing requirements.

Under market conditions, consumers are free to choose their natural gas supplier and are exempt from any payment when switching suppliers. In order to manage the process of switching suppliers, a specific logistics operator for this purpose is being created. This entity will have to be independent in a legal and functional sense, from the other entities in the SNGS and will be subject to ERSE regulation.

Legislation applicable to this activity is yet to be developed. Nevertheless, until the incorporation of such an entity, ERSE has determined that the management of the process of switching natural gas suppliers should be conducted by the operator holding the concession for the transportation of natural gas, which is currently REN Gasodutos, S.A. ("**REN Gasodutos**").

## **Operation of the natural gas markets**

The natural gas markets in Portugal are operated on an open market basis, subject to authorisations to be jointly granted by the Minister of Finance and by the Minister responsible for the energy sector.

The entity managing the organised market is also subject to authorisation granted by the Minister responsible for the energy sector and, whenever required by law, the Minister of Finance.

### **REN's Natural Gas Business**

REN is the concessionaire of the RNTGN for 40 years (until 2046), when, according to the concession agreement, REN will have the right to receive the net accounting value of the assets covered by the concession. REN acquired the assets associated with its natural gas activities in 2006 with the restructuring of the natural gas business.

In 2006, the natural gas business was restructured: reception, storage and regasification of LNG, underground storage of natural gas and natural gas transport are now carried out by three entities fully owned by REN under three different concessions:

- as mentioned above, REN Gasodutos holds the concession for transportation of natural gas through its high pressure grid. This concession also includes the technical global management of the SNGS and the coordination of the natural gas distribution and natural gas transportation infrastructure, in order to ensure the continuity and security requirements of supply, the integrated and efficient operation and development of the SNGS;
- REN Atlântico holds the concession for the reception, storage and regasification of LNG at Sines LNG terminal; and
- REN Armazenagem holds a concession for the underground storage of natural gas in Carriço, in the municipality of Pombal.

The agreements for these three concessions were entered into on 26 September 2006 between the Portuguese Republic and the relevant concessionaires, each for 40-year terms.

For the purpose of calculating the remuneration of for the gas RAB, the relevant net average RAB in 2013 amounted to approximately EUR 1,114 million, in comparison to EUR 1,087 million in 2012 and EUR 1,045 million in 2011.

### **Transportation of natural gas**

The RNTGN concession includes the transportation of high pressure natural gas through the network, including:

- the reception, transportation and delivery of natural gas through the network;
- the construction, operation and maintenance of the RNTGN infrastructure, its connections to networks and the premises necessary for such operation;
- the planning, development, expansion and technical management of the RNTGN;
- the operation and maintenance of the connections between the RNTGN and the international natural gas pipelines, underground storage infrastructure and LNG terminals;
- the infrastructure planning of the national LNG reception, storage and regasification facilities;
- global technical management of the SNGN; and
- the monitoring of natural gas safety strategic security reserves.

The RNTGN consists of high pressure pipelines totalling 1,375 kilometres, which is divided into eight route sections, with pipes ranging from a nominal size of 150 mm to 800 mm in diameter, of which more than half are 700 mm in diameter. In 2013, the RNTGN transported 48.9 TWh of natural gas, including



the net gas intake of the underground storage as measured by the difference between total injection and withdrawal of gas. The RNTGN includes 202 pipeline stations, which consist of 46 block valve stations, 65 junction stations for branched derivation, 5 T-branch connection stations, 84 gas regulating and metering stations, and 2 custody transfer stations. The RNTGN's main dispatching centre is located in Bucelas (Loures) and it also has a redundant emergency dispatching centre in Pombal, which functions as a standby for the first centre and is located in a different seismic zone to the main dispatching centre. There are also 4 operation and maintenance centres located on the grid at Sandim (Vila Nova de Gaia), Pombal, Portalegre and Bucelas (Loures), which support the field activities carried out by the technical staff of REN Gasodutos.

As the construction of the RNTGN only started in 1994, it is one of the newest grids in Europe and accordingly incorporates the latest technology, including cathodic corrosion protection, double-block-and-bleed ball valves, a supervisory control and data acquisition system, a transmission system simulator with a built-in leak detection system, and a redundant telecommunications system.

The RNTGN was launched in January 1997, with a total length of 649 kilometres. As of 31 December 2013, its total length was 1,375 kilometres.

In 2013, REN was able to maintain a good service level with no supply interruptions recorded and all the natural gas indicators, as described below, were within the limits set out in the applicable service quality regulations.

The indicator for the frequency of incident occurrence per year per 1,000 km of high-pressure transportation infrastructure currently stands at 0.052, based on the total exposure time of the infrastructure. Considering only the last period from 2009 through 2013, it is 0.154. The value of the same indicator published by the European Gas Pipeline Incident Data Group, which collects and disseminates safety-related data on gas pipeline related incidents ("EGIG"), for all transmission system operators participating in the initiative is 0.162 for the period from 2009 through 2013. REN Gasodutos is a member of the EGIG.

### **Reception, storage and regasification of LNG**

REN operates the reception, storage and regasification concession for LNG, subject to the public service regime. This concession involves the reception, storage, regasification and delivery of LNG to the RNTGN. REN Atlântico, under the terms of the concession, also performs the activities of loading and dispatching tanker trucks, marine tankers and also the construction, operation, maintenance and expansion of its own infrastructure.

The Sines LNG terminal entered the first phase of its commercial operation in January 2004. Today, the LNG terminal consists a jetty suitable for docking methane carriers with capacities ranging from 40,000 cubic metre up to 216,000 cubic metre LNG, with an average unloading time of 19 hours for a 140,000 cubic metre LNG shipment and the three storage tanks, two of which with a capacity of 120,000 cubic metres each, and the third tank with a capacity of 150,000 cubic metres. The LNG terminal has a guaranteed nominal send out capacity of natural gas into the RNTGN of 1,125,000 normal cubic metres per hour, equivalent to 7.6 billion cubic metres per year (considering a load factor of 0,77), with a peak technical send out capacity of 1,350,000 normal cubic metres per hour, and is able to load up to 4,500 LNG tanker trucks per year (equivalent to 0.11 billion cubic metres of natural gas per year).

### **Underground storage of natural gas**

REN operates an underground storage site, comprising (as of the date of this Base Prospectus) of three caverns in operation, with a maximum working volume of 1.6 TWh of natural gas. Subject to the Portuguese Republic's authorisation, REN has the right to build and acquire additional natural gas caverns for the expansion of the system. As at the date of this Base Prospectus, REN is in the process of constructing a fourth underground cavern (REN C6), which is anticipated will be completed before the end of 2014. REN Armazenagem holds these rights. REN Armazenagem's underground storage concession includes:

- the injection of gas from the RNTGN, the underground storage of natural gas in the gas caverns and the withdrawal, treatment and delivery of natural gas to the RNTGN; and

- the construction, operation, maintenance and expansion of the facilities and infrastructure related to the natural gas storage.

The gas caverns are constructed by leaching salt out of a naturally occurring salt formation at a depth of more than 1,000 metres. Fresh or salt water is pumped through a well lined with concentric steel piping for in-depth saturation which dissolves the salt in a controlled manner over time, gradually generating a cavern as the salt is dissolved (the resulting brine is removed via the same well). Typically, 8 cubic meters of fresh water are required for each cubic meter of dissolved salt. The cavern undergoes a leakage test after the leaching phase and an inner pipe string is lowered into the cavern to remove as much brine as possible. Finally, a subsurface safety valve is installed at a depth of approximately 50 metres in order to prevent unintentional gas release out of the cavern.

### **Control systems**

As mentioned above, REN's natural gas infrastructure was recently constructed using the latest technology. It is monitored by modern systems employing fibre-optic based telecommunication technology connecting the remote stations in the pipeline to the dispatch centres of the infrastructure, as well as the LNG terminal in Sines and the underground storage facilities in Carriço (Pombal).

REN Gasodutos relies on the Supervisory Control and Data Acquisition ("**SCADA**") system and onsite maintenance teams to keep the pipelines and the remote stations secure. The SCADA system, which has available redundancy, allows for early problem diagnosis and quick response to any malfunctions. The onsite maintenance teams regularly inspect the corridor along which the pipeline stretches and the existing stations that ensure its compliance with safety requirements, minimising the risk of interference with, or damage to, the infrastructure. Data is electronically collected, reducing the margin for human error, and recorded both on the remote terminal units in the stations and centrally, on the SCADA database, allowing analyses to be conducted at a later stage on equipment performance to detect malfunction trends and to anticipate problems. REN Atlântico and REN Armazenagem have both developed automated monitoring and control systems specific to their facilities (namely distributed control systems). For example, the truck loading bay at the LNG terminal of REN Atlântico is fully automated.

### **Technical global management of SNGN**

The technical global management of the SNGS involves the systematic coordination of the functioning and usage of the different infrastructure of the national transport and infrastructure network (*Rede Nacional de Transporte, Infraestruturas de Armazenamento e Terminais*) ("**RNTIAT**") to ensure free and non-discriminatory access to the infrastructure, as well as monitoring capacity, planning and the management of the SNGN in order to avoid congestion occurrences and to ensure the reliable performance of the infrastructure.

As technical manager of the system of the SNGN, REN Gasodutos is responsible for overseeing the third party access process to the of gas infrastructure in its different cycles, including managing the nominating process and gas metering for each user, with the view to promoting an efficient and cost-effective use of the network.

From a technical perspective, REN Gasodutos must ensure that the pipelines have enough capacity to meet user demand, managing the varying pressures and flows in order to maintain the responsiveness and availability of the network, managing the balance between inflows and outflows of gas on the RNTGN. In addition, REN is also responsible for monitoring the compliance of participants operating in the SNGS with legal and operational obligations in relation to the security of supply.

### **Investments in natural gas infrastructure**

In the three months ended 31 March 2014, REN invested a total of EUR 2.5 million in natural gas infrastructure, compared to a total of EUR 3.8 million in the three months ended 31 March 2013. The most significant investments made in the three months ended 31 March 2014 were in the construction of the REN-C6 cavity for underground storage of natural gas.

In 2013 REN invested a total of EUR 29.9 million to improve its natural gas infrastructure. The following are the most significant investments made in 2013:

- investment in REN Gasodutos to reinforce the security of the supply, to construct 76km of pipeline connecting Mangualde to Celorico da Beira, (the first stage of the third connection to Spain) and to Guarda, connecting the RNTGN in a loop in the Beira Alta region, including the construction of four new stations and the technological upgrading of the SCADA system; and
- investment in REN Armazenagem to continue construction of a fourth cavern (REN-C6), complete the licensing process for the cavern project which was initiated in 2012 (REN-C8), make improvements to the high pressure pump system at the leaching plant to improve energy efficiency, and upgrade the fire suppression system at the gas station.

Only minor investments were made in REN Atlântico in 2013.

## **Tariffs**

The regulatory gas year for tariff purposes starts on 1 July of each year and ends on 30 June of the following year. The regulatory period lasts three years and tariffs are reviewed annually. The regulatory system allows for the use of gas infrastructures by market participants holding a valid contract. Different tariff arrangements may apply, but they are all defined and published by the regulator. The settlement of physical or contractual congestion is accomplished through auctions. Tariffs are set ex-ante and deviations are corrected ex-post after two years. A tariff "smoothing system" until 2017 will be set out for REN Atlântico and is described in greater detail below.

Tariffs are calculated based on the allowed revenues for the period for each activity and function and then divided by the estimate of the variables that measure its use.

As the most recently ended regulatory period expired on 30 June 2013, the new Tariff regulation for the SNGN was subject to public discussion, and on 1 July 2013, the tariff code for the next regulatory period (2013 – 2016) was published by ERSE. To ease audited financial reporting to ERSE, the revenues are calculated on a fiscal year basis (January to December) in accordance with guidelines published by the regulator for each semester of that year. As the tariffs still apply to the gas year, their calculation is based on an average of two consecutive semesters from each relevant fiscal year. Tariffs for the 2013 – 2014 gas year are based on the allowed revenues of the second semester of 2013 and the first semester of 2014 forecasts.

In general, the allowed revenues for a given fiscal year are calculated by adding the forecasted allowed operational costs to the remuneration of the RAB, net of accumulated regulatory amortisations and subsidies, at a previously approved rate of return, plus the amortisations of the regulated asset for the year, net of subsidies. This value deducted from the allowed operational costs is referred to by ERSE as the "cost with capital" for that year. The relevant RAB for the year is the average of the RAB values at the beginning and end of that year.

In the context of remuneration for the activities carried out by the operator of the Sines LNG terminal, a "smoothing mechanism" of the profits associated with the tariff for use of the reception, storage and regasification LNG terminal ("**UTRAR**") has been in force since 2007 and continues until 2017. According to this mechanism, the tariff variations which would be necessary to recover the RAB remuneration in each year (reflecting amortisations and incremental investments), are standardised in the remainder period, while ensuring that all profits are recovered in this period. The tariff changes are, therefore, distributed periodically with a discount rate associated with profits recovered in each year.

Any deviation between projected return and actual return is transferred to the calculations of the allowed revenues for the consecutive year.

In this new three-year regulatory period, an efficiency incentive was applied to the underground storage activity (carried out by REN Armazenagem), in addition to the requirements in place for the reception, storage and regasification of LNG (by REN Atlântico), and for the natural gas transportation (by REN Gasodutos).

## **OTHER BUSINESSES**

### ***Telecommunications***

REN established RENTELECOM – Comunicações, S.A. ("**RENTELECOM**") in 2002 as a wholly-owned subsidiary to manage the commercial exploitation of the surplus capacity available on the telecommunications safety network. RENTELECOM focuses on providing telecommunications carrier services within the public telecommunications grid as a licensed operator. In 2006, that capacity was increased with the integration of the fibre optic network of the national natural gas transportation grid.

RENTELECOM revenues, which are external to the Group, have grown from EUR 1.9 million in 2004 to EUR 5.4 million in 2013.

### ***Management of the PPAs***

In connection with the phasing out of the PPAs, the Portuguese Republic has stipulated that PPAs not terminated when the single buyer was abolished would be managed by REN Trading, incorporated by REN in July 2007, until the expiration of their respective terms.

REN Trading was incorporated to manage the two remaining PPAs, one entered into with Tejo Energia, in relation to the 600 MW coal fired power plant in Pego with a termination date in 2021, and the other with Turbogás, in relation to the 990 MW natural gas combined cycle power plant in Tapada do Outeiro with a termination date in 2024.

As the PPA is an agreement which determines the remuneration of the generator, the benefits or losses of implementing the agreement's terms are transferred to the system. REN Trading works, therefore, as an intermediary, aiming to minimise costs and to maximise the revenues from selling energy on the energy markets. In the regulated part of this business, the benefits obtained through this activity are divided between REN Trading and the consumers, according to ERSE Directive no. 2/2014, of 3 January.

This sharing translates into regulated revenues, which correspond to capped incentives based on performance targets defined by ERSE, which compensates maximisation of profit from the sale of the plants power in the market. In 2013, REN Trading obtained maximum incentives of EUR 3 million from ERSE in connection with the two PPAs.

### ***ENONDAS***

ENONDAS was created in 2010 and a concession was granted to REN by the Portuguese Republic in the same year. ENONDAS is a public service company, holding a 45-year pilot area concession to support the development of energy production from ocean waves, manage the marine area between Figueira da Foz and Nazaré, and promote the necessary infrastructures for the development of marine energy.

### ***Consultancy and Commercial Services***

In addition to providing support and back office services to the Group's concessions, REN also provides engineering and advisory services to third parties, taking advantage of the Group's experience and expertise, through REN Serviços. This business segment is strategically oriented for international growth.

REN Serviços is responsible for identifying and establishing business cooperation agreements with other Portuguese and international companies for public electricity and gas services. In 2013, consultancy and commercial services revenues more than doubled when compared to 2012, reaching EUR 3 million.

### ***Electricity Derivatives Trading Platform***

In 2003, REN established OMIP, the Portuguese marketplace for the exchange of Iberian electricity derivatives, following the approval of the Despacho No. 12596/2003 of the Ministry of Economy. As referred to above, the Portuguese and the Spanish governments plan to merge OMIP with OMEL, the Spanish branch of MIBEL, and have established limitations on the share capital of OMIP. REN currently holds a 40 per cent. stake in OMIP and intends to reduce its holding to an equivalent 10 per cent. stake in MIBEL, in line with what has been established by the Portuguese and Spanish governments.

In 2004, OMIClear, a company fully owned by OMIP, was incorporated to be the clearing agent and central counterparty for operations entered into in the electricity market.

## **EMPLOYEES**

In 2012, the number of employees decreased by 0.14 per cent. in comparison to 2011 to 733 (in comparison to 734 in 2011) as a result of the departure of 34 employees and the admission of 33 new employees. After a 52 per cent. reduction in the number of employees in 2010, there was still a minor increase in 2012 in the overall rotation rate, from 4,1 per cent. in 2011 to 4,6 per cent. in 2012, associated with a rejuvenation strategy. In 2009 and 2010 there were high rotation rates because a significant number of employees left REN due to retirement and early retirement, as well as a result of new employees joining the company.

In relation to the nature of employment contracts, 94.4 per cent. of REN's employees had a permanent employment contract in 2012, and of these, 60.7 per cent. were covered by a collective bargaining agreement (in Portuguese, ACT). 56 per cent. of the employees have a high level of education.

Management believes that REN maintains good relations with the workers committee, which meets regularly with the Executive Committee. Meetings are also held with unions, either through REN's initiative or upon the request of the unions, which represent 48 per cent. of REN's employees.

On 23 November 2012, REN terminated the Collective Bargain Agreement ("CBA") which had been in place since 2000, and presented to the unions a proposal that extends a new CBA to the employees of 9 of REN's companies (99 per cent. of the total employees).

## **ENVIRONMENTAL**

REN regularly reviews the environmental impact of its business and seeks to minimise the environmental consequences of its activities by promoting the rational use of natural resources, preventing pollution and supporting the development of renewable energy sources. In fulfilling its mission of providing a public service in the Portuguese energy sector, the Board of Directors of REN considers that the creation of value for shareholders and society cannot be dissociated from real environmental protection.

REN's environmental actions include a continuous monitoring of compliance with current environmental laws, the identification and minimisation of environmental impact and setting environmental improvement goals. REN's work to protect the environment is integrated with other areas of social corporate responsibility such as the occupational health and safety components of quality and safety management, and the prevention of serious accidents. As a corollary of work in these areas, the scope of the quality, environment and safety certification of the REN SGPS management systems (which included REN – Rede Eléctrica Nacional, REN Serviços and REN Trading) was extended to REN Gasodutos and REN Atlântico in May 2009 and to REN Armazenagem and RENTELECOM in December 2009.

In 2013, under the applicable law, the environmental assessment report resulting from the new PDIRT was submitted for public consultation jointly with PDIRT. The contributions received were considered and, whenever relevant, integrated accordingly into the final version of PDIRT.

REN participates in multiple energy associations at the national and international level that focus on issues relevant to the energy sector, including several international groups specifically focused on climate change. REN is also subject to legal compliance at both national and European levels in matters related to climate change, specifically in regard to use of fluorinated greenhouse gases in its high-voltage switchgears and refrigeration gases used in the refrigeration and fire extinguishing systems at several of its facilities. In response, REN introduced stricter technical specifications on new equipment and services ordered and set an internal maintenance policy for its high-voltage equipment to reduce sulphur hexafluoride leakage. REN is also subject to the EU Emissions Trading Scheme ("EU-ETS") as a result of its participation in REN Trading. Until the end of the second phase of the EU-ETS, REN Trading was responsible for managing the portfolio of CO<sub>2</sub> emission allowances allocated to two power plants, Pego (Tejo Energia) and Turbogás, and for establishing a management strategy for these environmental obligations.

## **RESEARCH AND DEVELOPMENT**

In May 2013, pursuant to a technology partnership agreement with SGID, REN established a new research and development ("**R&D**") centre in Portugal dedicated to energy, the "R&D Nester". The centre is jointly controlled by REN and China Electric Power Research Institute.

In 2013, REN continued its participation in new European projects, set out in the 7th Framework-Programme of the European Commission (FP7), such as "iTESLA" (innovative tools for electrical system security within large areas, to be developed by 2015) and "e-highways 2050" (development of a top-down planning methodology for the pan-European network).

At the national level, in 2013 REN engaged in a number of projects, focused on improving management of the energy networks (through cost-effective approaches) and minimising environmental impact. Through its R&D branch, the "Nester", REN started four seed projects: Renewable Energy Dispatch (focusing on tools for renewable prediction), Substation of the Future (focusing on protection, automation, control, monitoring and metering systems within the scope of smart grids), Energy Storage (investigating new storage technologies and management) and AC/DC Power Grids with Renewables (aiming to create a powerful simulation centre that also accounts for large scale hybrid power grids).

In 2013, 2012 and 2011, REN's investment in R&D was approximately EUR 0.9 million, EUR 0.96 million and EUR 1.0 million, respectively.

## **PATENTS AND INTELLECTUAL PROPERTY**

REN owns certain software which is protected by registered copyright. This software was developed, internally or as works-for-hire. REN also owns several registered trademarks and logotypes. Certain publications, marketing materials, images and other audio-visual contents used in the course of REN's business are also protected by copyright owned by REN.

REN does not hold any patents, registered designs or any other registered intellectual property rights other than those mentioned above.

## MATERIAL CONTRACTS

The principal material contracts to which REN is a party are described below:

### *Electricity transmission and global management of the system*

The concession for the RNT operator was initially granted to REN under the name of REN – Rede Eléctrica Nacional, S.A., in accordance with Decree-law no. 182/95 of 27 July (art. 64), to manage the public electric supply system, using the RNT as well as development of the necessary infrastructures.

This initial concession agreement was amended and replaced by the amended concession agreement entered into between REN Rede Eléctrica and the Portuguese Republic on 15 June 2007 (as amended on 21 February 2012) for a period of 50 years from the date of its execution, under the terms of Decree-law no. 172/2006, of 23 August, as amended.

The objective of this concession contract consists of the following activities: (i) operation of the RNT, ensuring the transmission of electricity, and (ii) global management of the system.

REN Rede Eléctrica may carry out other activities, directly or through subsidiary companies, when authorised by the Portuguese Republic, if in the best interests of the concession or its clients.

The concession of the electricity transmission activity is carried out via the public service concession regime and exclusively through the operation of the RNT.

Except when required to finance the activity under concession, and even in that case, subject to certain conditions, the encumbrance or transfer of the shares representing the share capital of the concessionaire requires the prior authorisation of the Minister responsible for the energy sector, in default of which any such encumbrance or transfer will be deemed null and void.

REN Rede Eléctrica must maintain the good operating performance, maintenance and security of the assets and related network during the concession period, carrying out all repairs, renovations and adaptations necessary to maintain the assets in the required technical condition. Pursuant to the concession agreement and to the relevant legal framework, the concessionaire must maintain adequate financing for the purpose of the concession activities, whilst simultaneously maintaining, at the end of each year, a financial autonomy ratio of 20 per cent.

REN Rede Eléctrica has the right to operate the concession's assets until termination of the concession. The assets may only be used for the purposes of the concession.

Termination of the concession involves transfer to the Portuguese Republic of the concession assets and the related rights and obligations. The concession can be terminated by agreement between the parties, early termination, redemption or expiry of the term.

The concession contract may be terminated early by the Portuguese Republic in the event of any of the following events occurring and having a significant impact on the concession activities, including but not limited to: (i) deviation from the scope of the concession or suspension of the concession activity; (ii) repeated opposition to the grantor's supervision, breach of the grantor's resolutions, or violation of applicable laws and regulations; (iii) refusal to make necessary repairs or perform maintenance on the concession assets, or to make necessary expansions to the grid; (iv) applicability of tariffs higher than those set by ERSE; and (v) non-authorised transfer of the concession or execution of any sub-concession. In this case, the termination shall entail the gratuitous transfer of all of the concession assets and the related rights and obligations to the grantor, without any right to compensation on the part of the concessionaire. The concessionaire will further lose the security it had rendered in guarantee of compliance with the contract, all without prejudice to the Portuguese Republic being indemnified for losses suffered, as per general law.

REN Rede Eléctrica may also terminate the concession early on the grounds of a serious breach of the grantor's obligations, if such breach jeopardises the continued operation of the concession activity.

Such a termination by the concessionaire entails the transfer of all the concession assets and related rights and obligations to the grantor, but the concessionaire retains the right to receive compensation for losses it incurs, including the amount of its investments and loss of profits.

The grantor may redeem the concession on justifiable grounds of public interest, at any time after 10 years from the date of the beginning of the concession term. The concessionaire has the right to receive an indemnity in case of such redemption, which shall take into account the book value of the reverting assets as at the relevant redemption date, as well as loss of profits.

On the concession termination date, by expiry of its term, the concession assets and the related rights and obligations revert to the Portuguese Republic in accordance with the terms of the contract, which include compensation to REN Rede Eléctrica corresponding to the net book value of the assets covered by the concession.

#### ***Transportation of gas and global management of the system***

The concession for the use of the RNTGN was granted to REN Gasodutos by the Portuguese Republic via a concession agreement dated 26 September 2006 (as amended on 21 February 2012), for a period of 40 years from its execution date, under Decree-Law no. 140/2006, of 26 July 2006, as amended.

This concession contract governs the management of the SNGN, the operation of the high pressure RNTGN and the development of its necessary related infrastructure, all under the public service regime.

The subject matter of the concession agreement of REN Gasodutos comprises the following activities: (i) global management of the gas system; and (ii) operation of the RNTGN, by ensuring the transportation of natural gas.

Except when required to finance the activity under concession, and even in that case, subject to certain conditions, the encumbrance or transfer of the shares representing the share capital of the concessionaire requires the prior authorisation of the Minister responsible for the energy sector, in default of which any such encumbrance or transfer will be deemed null and void.

REN Gasodutos has the right to operate the concession's assets until termination of the concession. The assets may only be used for the purposes of the concession. Pursuant to the concession agreement and to the relevant legal framework, the concessionaire must maintain adequate financing for the purpose of the concession activities, whilst simultaneously maintaining, at the end of each year, a financial autonomy ratio of 20 per cent.

Termination of the concession involves transfer to the Portuguese Republic of the concession assets and the related rights and obligations. The concession can be terminated by agreement between the parties, early termination, redemption or expiry of the term.

The concession contract may be terminated early by the Portuguese Republic in the event of any of the following events occurring and having a significant impact on the concession activities, including but not limited to: (i) deviation from the scope of the concession or suspension of the concession activity; (ii) repeated opposition to the grantor's supervision, breach of the grantor's resolutions, or violation of applicable laws and regulations; (iii) refusal to make necessary repairs or perform maintenance on the concession assets, or to make necessary expansions to the grid; (iv) applicability of tariffs higher than those set by ERSE; (v) non-authorised transfer of the concession or execution of any sub-concession; and (vi) refusal to timely restore the security provided by way of guarantee of the concessionaire's obligations. In this case, the termination shall entail the gratuitous transfer of all of the concession assets and the related rights and obligations to the grantor, without any right to compensation on the part of the concessionaire. The concessionaire will further lose the security it had rendered in guarantee of compliance with the contract, all without prejudice to the Portuguese Republic being indemnified for losses suffered, as per general law.

REN Gasodutos may also terminate the concession early on the grounds of a serious breach of the grantor's obligations, if such breach jeopardises the continued operation of the concession activity. Such a termination by the concessionaire entails the transfer of all the concession assets and related rights and obligations to the grantor, but the concessionaire retains the right to receive compensation for losses it incurs, including the amount of its investments and loss of profits.

The grantor may redeem the concession on justifiable grounds of public interest, at any time after 15 years from the date of the beginning of the concession term. The concessionaire has the right to receive an indemnity in case of such redemption, which shall take into account the book value of the reverting assets as at the relevant redemption date, as well as loss of profits.



On the concession termination date, by expiry of its term, the concession assets and the related rights and obligations revert to the Portuguese Republic in accordance with the terms of the contract, which include compensation to REN Gasodutos corresponding to the net book value of the assets covered by the concession.

If, upon termination of the concession, it is not renewed or the new entity responsible for the concession has not yet been chosen, the concession agreement can be extended for a maximum period of one year, under the public services regime or any other legal form of public agreement.

### ***Reception, storage and regasification of natural gas***

The concession of the reception, storage and regasification of LNG (in a LNG terminal) was granted to REN Atlântico by the Portuguese Republic via a concession agreement dated 26 September 2006 (as amended on 21 February 2012), for a period of 40 years from its execution date, under Decree- Law 140/2006, of 26 July, as amended.

The main scope of this agreement covers the implementation and performance of the following activities under the public services regime: (i) reception, storage, treatment and regasification of LNG; (ii) injection of high pressure natural gas into the RNTGN or its dispatch by specialised trucks for such purpose or by methane tankers; and (iii) the construction, utilisation, maintenance and expansion of the LNG terminal infrastructures (buildings, tanks, gas pipelines, etc.). Except when required to finance the activity under concession, and even in that case, subject to certain conditions, the encumbrance or transfer of the shares representing the share capital of the concessionaire requires the prior authorisation of the Minister responsible for the energy sector, in default of which any such encumbrance or transfer will be deemed null and void.

The concession agreement is modelled to reflect investment, operating and maintenance costs related to the assets covered by the concession in the tariffs applicable to the concessionaire. Pursuant to the concession agreement and to the relevant legal framework, the concessionaire must maintain adequate financing for the purpose of the concession activities, whilst simultaneously maintaining, at the end of each year, a financial autonomy ratio of 20 per cent. REN Atlântico must maintain the good operating performance, maintenance and security of the assets and related networks during the concession period, carrying out all repairs, renovations and adaptations necessary to maintain the assets in the required technical condition.

REN Atlântico has the right to operate the concession's assets until termination of the concession. The assets may only be used for the purposes of the concession. Termination of the concession involves transfer to the Portuguese Republic of the assets and the related rights and obligations. The concession can be terminated by agreement between the parties, early termination, redemption or expiry of the term.

The concession contract may be terminated early by the Portuguese Republic in the event of any of the following events occurring and having a significant impact on the concession activities, including but not limited to: (i) deviation from the scope of the concession or suspension of the concession activity; (ii) repeated opposition to the grantor's supervision, breach of the grantor's resolutions, or violation of applicable laws and regulations; (iii) refusal to make necessary repairs or perform maintenance on the concession assets, or to make necessary expansions to the grid; (iv) applicability of tariffs higher than those set by ERSE; (v) non-authorised transfer of the concession or execution of any sub-concession; and (vi) refusal to timely restore the security provided by way of guarantee of the concessionaire's obligations. In this case, the termination shall entail the gratuitous transfer of all of the concession assets and the related rights and obligations to the grantor, without any right to compensation on the part of the concessionaire. The concessionaire will further lose the security it had rendered in guarantee of compliance with the contract, all without prejudice to the Portuguese Republic being indemnified for losses suffered, as per general law.

REN Atlântico may also terminate the concession early on the grounds of a serious breach of the grantor's obligations, if such breach jeopardises the continued operation of the concession activity.

Such a termination by the concessionaire entails the transfer of all the concession assets and related rights and obligations to the grantor, but the concessionaire retains the right to receive compensation for losses it incurs, including the amount of its investments and loss of profits.

The grantor may redeem the concession on justifiable grounds of public interest, at any time after 15 years from the date of the beginning of the concession term. The concessionaire has the right to receive an indemnity in case of such redemption, which shall take into account the book value of the reverting assets as at the relevant redemption date, as well as loss of profits. On the concession termination date, by expiry of its term, the concession assets and the related rights and obligations revert to the Portuguese Republic in accordance with the terms of the contract, which include compensation to REN Atlântico corresponding to the net book value of the assets covered by the concession.

If, upon termination of the concession, it is not renewed or the new entity responsible for the concession has not yet been chosen, the concession agreement can be extended for a maximum period of one year, under the public services regime or any other legal form of public agreement. Further, a concession contract for private use was executed between REN Atlântico and the Administração do Porto de Sines, S.A. (the company with the administration of the Sines Port powers), which grants the private use of a plot of public land belonging to the Portuguese Republic to the Administração do Porto de Sines, S.A. for construction of the LNG Sines terminal. The duration of the private use concession is linked to the duration of the gas public service concession. Upon expiry of the concession, the works executed on the land and the fixed installations of the terminal shall revert to the Portuguese Republic.

### *Underground storage of natural gas*

The concession of the underground, storage was granted to REN Armazenagem by the Portuguese Republic via a concession agreement dated 26 September 2006 (as amended on 21 February 2012), for a period of 40 years from its execution date, under Decree-Law no. 140/2006, of 26 July 2006, as amended.

The main scope of this agreement covers the implementation and performance of the following activities under the public services regime: (i) reception, injection, underground storage, extraction, treatment and delivery of natural gas, so as to create or maintain a natural gas security reserve or for delivery to the RNTGN; and (ii) construction, utilisation, maintenance and expansion of the underground storage tanks.

Except when required to finance the activity under concession, and even in that case, subject to certain conditions, the encumbrance or transfer of the shares representing the share capital of the concessionaire requires the prior authorisation of the Minister responsible for the energy sector, in default of which any such encumbrance or transfer will be deemed null and void.

The concession agreement is modelled to reflect investment, operating and maintenance costs related to the assets covered by the concession in the tariffs applicable to the concessionaire. Pursuant to the concession agreement and to the relevant legal framework, the concessionaire must maintain adequate financing for the purpose of the concession activities, whilst simultaneously maintaining, at the end of each year, a financial autonomy ratio of 20 per cent.

REN Armazenagem must maintain the good operating performance, maintenance and security of the assets and related networks during the concession period, carrying out all repairs, renovations and adaptations necessary to maintain the assets in the required technical condition.

REN Armazenagem has the right to operate the concession's assets until termination of the concession. The assets may only be used for the purposes of the concession. Termination of the concession involves transfer to the Portuguese Republic of the assets and the related rights and obligations. The concession can be terminated by agreement between the parties, early termination, redemption or expiry of the term.

The concession contract may be terminated early by the Portuguese Republic in case any of the following events of serious breach – not remedied or impossible to remedy – of REN Armazenagem's contractual obligations, namely but without limitation, is verified: (i) deviation from the scope of the concession or suspension of the concession activity; (ii) reiterated opposition to the supervision and breach of the resolutions of the grantor or violation of laws or applicable regulations; (iii) refusal to entail repairs and maintenance to the concession infrastructures or to execute the respective necessary amplifications; (iv) refusal or impossibility for REN Armazenagem to resume the concession after sequestration of the same or maintenance of the events which originally gave rise to it; (v) applicability of tariffs higher than the ones determined by the ERSE; non-authorized transfer or encumbrance of the concession; and (vi) refusal of the concessionaire to timely reinforce the security provided by way of guarantee of compliance with its obligations. In this case, the termination shall implicate the gratuitous transfer of all the concession assets and the related rights and obligations to the grantor, without the concessionaire having the right to receive

any indemnity, the concessionaire further losing the security rendered by way of guarantee of compliance with the contract, all without prejudice to the Portuguese Republic being indemnified for losses suffered, as general law.

REN Armazenagem may also terminate the concession early on the grounds of a serious breach of the grantor's obligations, if such breach jeopardises the continued operation of the concession activity.

Such a termination by the concessionaire entails the transfer of all the concession assets and related rights and obligations to the grantor, but the concessionaire retains the right to receive compensation for losses it incurs, including the amount of its investments and loss of profits.

The grantor may redeem the concession on justifiable grounds of public interest, at any time after 15 years from the date of the beginning of the concession term. The concessionaire has the right to receive an indemnity in case of such redemption, which shall take into account the book value of the reverting assets as at the relevant redemption date, as well as loss of profits.

On the concession termination date, by expiry of its term, the concession assets and the related rights and obligations revert to the Portuguese Republic in accordance with the terms of the contract, which include compensation to REN Atlântico corresponding to the net book value of the assets covered by the concession. If, upon termination of the concession, it is not renewed or the new entity responsible for the concession has not yet been chosen, the concession agreement can be extended for a maximum period of one year, under the public services regime or any other legal form of public agreement.

#### ***Operation of a pilot zone for the generation of electric energy from sea waves***

The Portuguese Republic granted REN in 2008, under the terms of Article 5(3) of Decree-law no. 5/2008, of 8 January and Decree-law no. 238/2008, of 15 December, a concession to operate a pilot zone to generate electricity from the energy of ocean waves through Enondas, REN's wholly owned subsidiary.

In accordance with Decree-Law no. 238/2008, of 15 December, the concession has a period of 45 years (which ends in 2055) and includes the authorisation to (i) install the infrastructures to connect to the public electricity network; (ii) the utilisation of the public water resources; and (iii) the monitoring of the use by third parties of the water resources necessary to produce electricity from ocean waves energy; as well as (iv) the power to grant licences for the establishment and operation of the generation of electric energy and related monitoring.

In accordance with the concession agreement and applicable legislation, Enondas will have the right to an adequate remuneration of the concession, acknowledging the costs of investment, operation and maintenance, provided that they are approved in advance by the Portuguese Government member responsible for the energy sector, and subject to the binding opinion of ERSE.

The concession contract may be terminated early by the Portuguese Republic in case any of the following events of serious breach – not remedied or impossible to remedy – of Enondas's contractual obligations, namely but without limitation, is verified: (i) deviation from the scope of the concession; (ii) non-observance of the contractual delay for commencement of operation of the "Pilot Zone" (the area identified and demarcated for carrying out the concession activity), if imputable to the concessionaire; (iii) unjustified prolonged interruption or abandonment of the concession activity when for a period longer than 1 year; (iv) reiterated opposition to the supervision and breach of the resolutions of the grantor or violation of laws or applicable regulations; (v) refusal to entail repairs and maintenance to the concession infrastructures; (vi) non-authorized transfer as a going concern, assignment, sale or encumbrance of the concession; and (vii) lack of payment of contractual penalties by the concessionaire. In this case, the termination shall implicate the gratuitous transfer of all the concession assets and the related rights and obligations to the grantor, as well as the loss of the preservation and renewal fund (funded by 5 per cent. of the concessionaire's annual profits). In such case the concessionaire shall have no right to receive any compensation, all without prejudice to the possible civil liability of the concessionaire and of the respective contractual penalties.

Enondas may also terminate the concession early with grounds on serious breach of the grantor's obligations, if such breach jeopardises the continued operation of the concession activity. This termination by the concessionaire implicates the transfer of all the concession assets and related rights and

obligations to the grantor, without prejudice of the concessionaire's right to receive compensation for losses caused to it, including the amount of investments it effectively funded and loss of profit.

Enondas has a further right to terminate the concession contract from the fifth year after the Pilot Zone begins operation, should Enondas suffer a verifiable loss of more than EUR 6 million, as per the calculation parameters described in the contract. In such case, the Portuguese Republic may opt either to provide financial compensation to the concessionaire, or to indemnify the concessionaire for the accumulated net losses, up to the maximum amount of EUR 6 million. The concessionaire shall not have the right to be compensated for loss of profit.

The grantor may redeem the concession on justifiable grounds of public interest, after 1 year from the date of the notice to the concessionaire of such redemption intention. The concessionaire has the right to receive an indemnity in case of redemption, which shall be calculated having as basis an evaluation to be performed by two well-known entities, always taking into account the book value of the investments executed and effectively funded by the concessionaire.

On the concession termination date, by expiry of its term, the assets and the related rights and obligations revert to the Portuguese Republic the concessionaire having no right to any indemnity. Nonetheless, the assets subject to reversion which were acquired by the concessionaire with recourse to financing of the concession activity – which are not amortised – shall be paid by its book and non-amortised value, conditioned to the respective acquisition having been previously approved by the grantor.

#### ***Amendments to concession agreements***

On 21 February 2012, the following amendments to the concession agreements in force between the Portuguese Republic and the companies of REN Group were signed, namely: (i) the concession agreement concerning the transmission of electricity through the RNT entered into by REN Rede Eléctrica; (ii) the concession agreement regarding the transport of natural gas through the RNTGN entered into by REN Gasodutos; (iii) the concession agreement regarding the reception, storage and regasification of the LNG terminal in Sines entered into by REN Atlântico; and (iv) the concession agreement regarding the underground storage of natural gas, entered into by REN Armazenagem. These concession agreements were amended with the main purposes of: (i) detailing the functions of the operators of the RNT and RNTGN; (ii) developing arrangements for monitoring and supervising the activities of concessionaires by the Portuguese Republic; and (iii) specifying the terms applicable to the provision of information by each of the concessionaires, adapting the respective contractual clauses to the legal provisions and regulations that entered into force in the meantime, in particular Decree- Laws 77/2011 and 78/2011, both of 20 June.

#### **PROPERTY, PLANT AND EQUIPMENT**

REN's principal properties are related to its electricity and gas infrastructure, as well as certain office buildings. REN's properties are for the most part held free of encumbrances. In general, REN's properties will revert to the Portuguese State or to the municipalities, as the case may be, upon the termination of its concessions. Despite the fact that REN holds the right to receive compensatory amounts in relation to these assets, the loss of such assets may have a negative impact on its business.

#### **INSURANCE**

REN believes that it maintains the types and amounts of insurance customary in the industries in which it operates, including coverage for third-party liability, employee-related accidents and injuries, property damage, environment and directors' and officers' liability.

#### **REGULATION**

REN operates primarily in the electricity and natural gas sectors, and additionally in the telecommunications sector. As a result, its activities are subject to legislation and regulation on a number of fronts. In particular REN is subject to EU legislation applying to the electricity and natural gas industries. REN is also subject to extensive Portuguese legislation applying to the electricity sector such as Decree-Law No. 215 A/2012 of 8 October, concluding the transposition of the Directive No. 2009/72/EC of the European Parliament and of the Council of 13 July, and Decree-Law No. 172/2006, of 23 August, which established the new basis, principles and model of organisation and functioning of the

electricity sector in Portugal in accordance with the relevant EU legislation and was amended and republished by the Decree-Law No. 215-B/2012, of 8 October.

REN is also subject to extensive Portuguese legislation applying to the natural gas sector such as Decree-Law No. 230/2012 of 26 October, transposing the Directive No. 2009/73/EC of the European Parliament and of the Council of 13 July. The Decree-Law No. 140/2006, of 26 July which established the new basis, principles and model of organisation and operation of the natural gas sector in Portugal in accordance with the relevant EU legislation was reviewed and republished by the Decree-Law No. 231/2012, of 26 October.

REN is subject to the supervision and regulation of the DGEG and ERSE and, in particular, to several regulatory codes issued by these entities for both the electricity and natural gas sectors. These regulatory codes include; (i) the Quality of Service Code; (ii) the Tariff Code; (iii) the Commercial Relations Code; (iv) the Grid Operations Regulation; (v) the Access to the Grid and Interconnections Code; and (vi) the Transmission Grid Regulation and Distribution Grid Regulation in respect of the electricity sector. In respect of the natural gas sector the regulatory codes are: (i) the Quality of Service Code; (ii) the Tariff Code; (iii) the Commercial Relations Code; (iv) the Access to the Grid, Infrastructure and Interconnections Code; (v) the Infrastructure Operation Regulation; (vi) the Project, Construction, Use and Maintenance of the Underground Storage Technical Regulation; (vii) the Project, Construction, Use and Maintenance of the LNG Reception, Storage and Regasification Terminal Technical Regulation; and (viii) the Project, Construction, Use and Maintenance of the National Natural Gas Transmission Network Technical Regulation.

## RECENT DEVELOPMENTS

On 6 March 2014, REN disclosed to the market the following changes to the composition of its governing bodies: (i) the election of Emílio Rui Vilar as Chairman of REN's Board of Directors until the end of the ongoing 2012-2014 term of office (replacing Rui Manuel Janes Cartaxo); (ii) the accumulation of the functions of Chief Executive Officer by Emílio Rui Vilar, subject to a resolution of the company's Board of Directors to be adopted immediately after the following Annual General Meeting, during a transition phase; (iii) the resignation of Emílio Rui Vilar from his position as member of REN's Audit Committee; (iv) the election of Parpública - Participações Públicas (SGPS), S.A. ("**Parpública**"), represented by Prof. Aníbal Durães dos Santos as a member of REN's Audit Committee; (v) the election of Luis Amado da Silva as Director of REN until the end of the ongoing 2012-2014 term of office.

On 10 March 2014, REN disclosed to the market its 2013 annual consolidated results as well as its 2013 annual consolidated results report.

On 1 April 2014, REN disclosed to the market that REN and REN Finance B.V. entered into a facility agreement with the Bank of China in the amount of EUR 200,000,000.00 and with a maturity of 5 years.

On 3 April 2014, REN disclosed to the market the following resolutions approved at the annual general Shareholders meeting of REN held on the same date: (i) approval of the consolidated and individual financial statements referring to the financial year ended on December 31, 2013; (ii) allocation of profits in relation to the financial year ended on December 31, 2013, including the distribution of a gross dividend value per share of EUR 0.171; (iii) approval of a vote of positive appraisal for REN's management and supervisory bodies for the performance of their functions in 2013; (iv) granting of authorisation to the Board of Directors for the acquisition and sale of own shares by REN and/or its subsidiaries, and for the acquisition and sale of own bonds or other own debt securities issued by REN and/or by its subsidiaries, according to the proposals presented; (v) approval of the statement of the Remuneration Committee on the remuneration policy of the members of the management and supervisory bodies and of the General Meeting Board, according to article 2(1) of Law 28/2009, of June 18; (vi) elections (to complete the ongoing 2012 - 2014 term of office) of Emílio Rui Vilar as Chairman of the Board of Directors to complete the ongoing 2012 - 2014 term of office, of Parpública, represented by Prof. Aníbal Durães dos Santos, as a member of REN's Audit Committee, of Luis Amado da Silva as member of the Board of Directors and of Paulo Pimenta (Chairman), Manuel de Lancastre and Fernando Neves de Almeida (Members) as members of the Remuneration Committee. On 21 April 2014, REN disclosed to the market that EGF-Gestão e Consultoria Financeira, S.A. and Filipe de Botton presented their resignations to the positions of members of the Board of Directors.

On 8 May 2014, REN disclosed to the market its first quarter 2014 consolidated results presentation and its first quarter 2014 consolidated results report. On the same date, REN also disclosed to the market the co-optation of OLIREN, SGPS, S.A. (who indicated Francisco João Oliveira to discharge this office in his own name), as a non-executive member of the Board of Directors to complete the ongoing 2012-2014 term of office.

On 13 May 2014, REN disclosed to the market that Moody's placed REN's Ba1 rating on review for upgrade.

On 13 June 2014, REN disclosed to the market consideration received for shares sold in the public offering conducted in the context of the second phase of reprivatisation in the following terms: (i) the public offering for purchase by retail investors was set at EUR 2.68 per share; (ii) the public offering, within the reserve for purchase by REN's employees was set at EUR 2.546 per share; and (iii) the institutional offering was set at EUR 2.68 per share. REN further informed the market that the number of shares sold in the public offering was of 10,047,680 shares and in the institutional offering was of 48,692,320 shares. Admission to trading on the regulated market Euronext Lisbon by Euronext Lisbon of 58,740,000 ordinary, book-entry form and nominative shares with a nominal value of EUR 1.00 each, representing 11 per cent. of the share capital of REN, occurred on 17 June 2014.

## MANAGEMENT

### Board of Directors

#### Members

The full list of directors as at the date of this Base Prospectus is as follows:

Name	Age	Function	Year originally elected	Date of expiry of term
Mr. Emílio Rui Vilar	75	Chairman and CEO	2014	2014
Mr. Gonçalo João Figueira Morais Soares	43	Executive Director and CFO	2012	2014
Mr. João Caetano Carreira Faria Conceição	40	Executive Director	2009	2014
Mr. Guangchao Zhu (appointed by State Grid International Development Limited)	46	Vice-Chairman	2012	2014
Mr. Mengrong Cheng	45	Director	2012	2014
Mr. Haibin Wan	50	Director	2012	2014
Mr. Hilal al Kharusi	46	Director	2012	2014
Mr. Manuel Champalimaud (appointed by Gestmin, SGPS, S.A.)	68	Director	2012	2014
Mr. Francisco João Oliveira (appointed by Oliren, SGPS, S.A.)	48	Director	2014	2014
Mr. José Folgado Blanco (appointed by Red Eléctrica Corporación, S.A.)	70	Director	2012	2014
Mr. José Luís Arnaut	51	Director	2012	2014
Mr. Luís Amado da Silva	45	Director	2014	2014
Mr. José Luís Alvim Marinho	61	Director and Chairman of Audit Committee	2007	2014
Mr. José Frederico Vieira Jordão	69	Director and member of Audit Committee	2007	2014
Mr. Aníbal Durães dos Santos (appointed by Parpública – Participações Públicas (SGPS), S.A.)	66	Director and member of Audit Committee	2014	2014

Given that Rui Cartaxo resigned all the offices he held in REN on 6 March 2014, the General Meeting held on 3 April 2014 appointed Emílio Rui Vilar as the new Chairman of the Board of Directors to complete the ongoing 2012-2014 term of office.

Taking into account this new role, Emílio Rui Vilar also resigned the office of member of the Audit Committee.

As such, that same General Meeting also appointed a new member of the Audit Committee – Parpública, which appointed Prof. Aníbal Durães dos Santos to hold such office in his own name– and a new member of the Board of Directors – Prof. Luís Amado da Silva.

After the General Meeting, the Board of Directors held a meeting where it appointed a new Executive Committee which will be led by Emílio Rui Vilar.

On 21 April 2014, the non-executive Director, Filipe Botton as well as the entity which had appointed him, EGF – Gestão e Consultoria Financeira, S.A., presented their resignation to the position of member of the Board of Directors.

Further to these resignations, the Board of Directors, at his meeting of 8 May 2014, resolved to appoint, by co-optation, the reference shareholder OLIREN, SGPS, S.A., as member of the Board, which, on the same day, has designated João Oliveira to complete the ongoing 2012-2014 term of office in replacement of the resigned director.

Each of the members of the Board of Directors exercises his management functions at REN's head office at Avenida Estados Unidos da América, no. 55, Lisbon, Portugal.

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

### Corporate Governance

In accordance with the corporate governance structure adopted by REN (the so-called "**Anglo-Saxon structure**"), its management is attributed to the Board of Directors (without prejudice of the delegation of powers to the Executive Committee regarding the day to day management) and its supervision is attributed to the Audit Committee (exclusively composed of non-executive directors) and to a statutory auditor, as set out in article 278(1)(b) of the Portuguese Companies Code.

REN adopts the majority of the Recommendations of the Portuguese Securities Market Commission ("**CMVM**") on the Corporate Governance of Listed Companies, as stated in REN's corporate governance report which is annexed to its audited consolidated annual report and accounts of the Group for the financial year ended 31 December 2012. REN is the entity responsible for the appraisal of compliance with the recommendations. The CMVM has not approved or evaluated the appraisal made by REN.

The following functions outside REN are currently exercised by its directors:

Name	Functions
<b>Mr. Emílio Rui Vilar</b>	University of Coimbra - President of the General Council
	Instituto Português de Oncologia - President of the Consulting Council
	Museu Nacional de Arte Antiga - Vice President of the Board of Trustees
	Fundação Calouste Gulbenkian - Non-executive member of the board
	Partex Oil & Gas (Holdings) Corporation - Non-executive member of the board
	REN Rede Eléctrica Nacional, S.A. – Chairman of the Board of Directors
	REN Serviços, S.A. – Chairman of the Board of Directors
	REN Armazenagem, S.A. – Chairman of the Board of Directors
	REN Gasodutos, S.A. – Chairman of the Board of Directors
	REN Atlântico, Terminal de GNL, S.A. – Chairman of the Board of Directors
	RENTELECOM – Comunicações, S.A. – Chairman of the Board of Directors
	REN Gás, S.A. - Chairman of the Board of Directors
	Enondas, Energia das Ondas, S.A – Chairman of the Board of Directors
	<b>Mr. João Caetano Carreira Faria Conceição</b>
REN Serviços, S.A. – Member of the Board of Directors	
REN Armazenagem, S.A. – Member of the Board of Directors	
REN Gasodutos, S.A. – Member of the Board of Directors	
REN Atlântico, Terminal de GNL, S.A. – Member of the Board of Directors	
RENTELECOM – Comunicações, S.A. – Member of the Board of Directors	
REN Gás, S.A. - Member of the Board of Directors	
Enondas, Energia das Ondas, S.A – Member of the Board of Directors	
<b>Mr. Gonçalo Morais Soares</b>	REN Rede Eléctrica Nacional, S.A. – Member of the Board of Directors
	REN Finance B.V. - Member of the Board of Directors
	REN – Serviços, S.A. - Member of the Board of Directors



Name	Functions
	REN Gás, S.A. - Member of the Board of Directors
	REN Gasodutos, S.A. – Member of the Board of Directors
	REN Armazenagem, S.A. – Member of the Board of Directors
	REN Atlântico, Terminal de GNL, S.A. – Member of the Board of Directors
	RENTELECOM – Comunicações, S.A. – Member of the Board of Directors
	Enondas, Energia das Ondas, S.A – Member of the Board of Directors
<b>Mr. Guangchao Zhu</b>	State Grid Development Limited – Chairman and CEO
	State Grid Brazil Holding S.A. - Chairman of Board
<b>Mr. Mengrong Cheng</b>	IEC MSB Chinese Committee – Member
	State Grid Corporation of China - Co-head, Dept. of International Cooperation, Member of the overseas investment management committee
<b>Mr. Haibin Wan</b>	State Grid European Office - Deputy Director General
<b>Mr. Hilal al Kharusi</b>	Oman Rolling Mill Company – Chairman
	Takamul Investment Company - Vice Chairman
	Oman Gas Company – Director
	Duqm Refining and Petrochemical Industries Company LLC - Director
	Oman Trading International - Director
	Oman Oil Company – Head of the Business Development Group
<b>Mr. Manuel Champalimaud</b>	Gestmin, SGPS; S.A. – Chairman of the Board of Directors
	Sogestão – Administração e Gerência, S.A. - Chairman of the Board of Directors
	Sogolfe – Empreendimentos Turísticos, Sociedade Unipessoal, Lda. - Delegated Manager
	Agrícola São Barão – Unipessoal, Lda. - Delegated Manager
	Da Praia – Promoção Imobiliária, Lda. – Manager
<b>Mr. José Folgado Blanco</b>	Red Eléctrica Corporación, S.A. – Chairman of the Board of Directors
	Universidad Autónoma de Madrid – Professor
	Universidad Autónoma de Madrid – Advisor of the Board of Directors
<b>Mr Francisco João Oliveira</b>	Imorendimento, Sociedade Gestora de Fundos de Investimento imobiliário, S.A. Portugal - CEO
	Fundos de Investimento Imobiliário Natura, Historic Lodges, Prime Value, Continental Retail, Imorent e Imolux - Director
	Oliren, SGPS, S.A. - Director
	Sociedade de Investimentos Imobiliários (SII), S.A. - Director
	Cosoli, SGPS, S.A. - Director
	E-S. Concessões, SGPS, S.A. - Director
	MSR, Mediação de seguros – Manager
<b>Mr. José Luís Arnaut</b>	Rui Pena, Arnaut & Associados Sociedade de Advogados, R.L. law firm –

Name	Functions
	Managing Partner
	Goldman Sachs International - Member of the Advisory Board
	AON - Member of the Advisory Board
	Bogaris, S.A. - Member of the Portuguese Consultancy Board
	MOP, S.A. - Member of the Board of Directors
	LIDE - Chairman of the Law and Justice Sub-committee
	Portuguese Football Federation - President of the General Assembly
<b>Mr. Luís Amado da Silva</b>	Member of the Commission of Normalisation in what concerns to GNL of ITG/ONS
	APBio, Portuguese Bioindustries Association - General Manager and Vice-President
	Member of Work Group of the Sustainability Platform for the Sustainability Growing Teaching;
	University of Lisbon - responsible for practical/laboratorial teaching of Genetic Engineering at the Lusófona;
	Member of the team of global evaluation of PEDIP II, CEA/UCP;
	"Agência de Controlo das Ajudas Comunitárias ao Setor do Azeite" (ACACSA) - Senior Agent
<b>Mr. José Luís Alvim Marinho</b>	JLALVIM – Consultoria Estratégica e Formação Avançada, Lda. - Manager
	Porto Business School – Coordinator of various Training Courses for Executives
	EGP - University of Porto Business School - Professor of Strategy and Finance
<b>Mr. José Frederico Vieira Jordão</b>	-
<b>Mr. Aníbal Durães dos Santos</b>	UCP - Lecturer at the Department of Economics and at the Executive Programs

### **Service contracts**

No member of the Board of Directors has a service contract with REN or any of its subsidiaries.

### **Conflicts of interest**

No potential conflicts exist between the private interests and/or other duties of the members of the Board of Directors or the supervisory bodies and their duties to REN or to any company of the Group.

### **Executive Committee**

#### **Members**

The members of the Executive Committee are Emílio Rui Vilar, João Caetano Carreira Faria Conceição and Gonçalo Morais Soares.

### **Remuneration Committee**

#### **Members**

The Remuneration Committee is composed of the following members elected by the General Shareholders' Meeting held on 3 April 2014, for the 2012-2014 term of office: Paulo Pimenta (Chairman), Manuel de Lencastre and Fernando Neves de Almeida.

## **SUPERVISORY BODIES**

### **Audit Committee**

#### **Members**

The Audit Committee consists of two independent non-executive directors: José Luís Alvim Marinho (Chairman) and José Frederico Vieira Jordão. Aníbal Durães dos Santos is also member of the Audit Committee but is not considered independent as he was already elected for the Board of Directors on more than three occasions. José Luís Alvim Marinho and José Frederico Vieira Jordão were each elected as a member of the Audit Committee by the General Shareholders' Meeting held on 27 March 2012 and Aníbal Durães dos Santos was elected member of the Audit Committee by the General Shareholders' Meeting held on 3 April 2014. The Audit Committee ordinarily meets once a month at the head offices of REN and may convene any collaborators of REN to attend the meetings, whenever deemed necessary. Furthermore, the Audit Committee has access to independent professional advice, as it may deem necessary.

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

- the supervision of the management of REN and the compliance with the law and the Articles of Association;
- the verification of the accuracy of the accounting documents prepared by the Board of Directors and the supervision of the respective revision;
- the supervision of the preparation and disclosure of financial information;
- the overseeing of the efficiency of the risk management, internal control and internal audit systems;
- the proposal to the General Meeting of the appointment of the Statutory Auditor;
- the monitoring of the independence of the Statutory Auditor, in particular in relation to the additional services rendering; and
- the reception of communications of irregularities submitted by shareholders, REN's collaborators or third parties.

### **Statutory auditor**

#### **Members**

The Statutory Auditor is Deloitte & Associados, SROC S.A., represented by Jorge Carlos Batalha Duarte Catulo. The Deputy Statutory Auditor is Carlos Luís Oliveira de Melo Loureiro.

## **OTHERS**

### **Secretary of REN**

REN's Board of Directors appointed Pedro Jorge Cabral Silva Nunes as REN's Secretary and Mafalda Rebelo de Sousa as Deputy Secretary on 19 April 2012 for the period 2012/2014. They will exercise these functions in accordance with the provisions of the Portuguese Companies Code.

Their term of office ceases with the end of the term of the present Board of Directors.

### **Market Relations Representative**

Gonçalo João Figueira Morais Soares is REN's market relations representative.

## Main Shareholders

As at 31 December 2013, the major shareholders in REN's share capital were the following:

<u>Shareholders</u>	<u>Head Office</u>	<u>No of shares</u>	<u>Per cent. Capital</u>
State Grid Europe Limited <sup>(1)</sup>	20-22 Bedford Row, London, UK	133,500,000	25.00
Mazoon, B.V. <sup>(2)</sup>	De Lairessestraat 154, 1075HL Amsterdam, The Netherlands	80,100,000	15.00
Parpública – Participações Públicas, SGPS, S.A. <sup>(3)</sup>	Rua Laura Alves, n.º 4, Lisbon	52,871,340	9.90
Caixa Geral de Depósitos, S.A. <sup>(4)</sup>	Av. João XXI, 63 1000-300	6,114,264	1.10
EGF – Gestão e Consultadoria Financeira, S.A.	Edifício Logoplaste, Estrada da Malveira, 900, Cascais	41,514,449	7.8
EDP – Energias de Portugal, S.A.	Praça do Marquês Pombal, no. 12, Lisbon	26,707,355	5.00
Gestmin, SGPS, S.A.	Rua José Carvalho Araújo, no. 262, 1, Cascais	31,326,951	5.90
Oliren, SGPS, S.A.	Pousada de Saramagos, Vila Nova de Famalicão	26,700,000	5.00
Red Eléctrica Corporación, S.A.	Paseo del Conde de los Gaitanes, 177, Alcobendas (Madrid)	26,700,000	5.00

<sup>(1)</sup> State Grid Europe Limited is a wholly-owned subsidiary of State Grid International Development Limited.

<sup>(2)</sup> Mazoon, B.V. is a wholly, indirectly-owned subsidiary of Oman Oil Company S.A.O.C.

<sup>(3)</sup> The Portuguese State holds 100 per cent. of the share capital of Parpública – Participações Públicas, SGPS, S.A.

<sup>(4)</sup> The Portuguese State holds 100 per cent. of the share capital of Caixa Geral de Depósitos, S.A.

However, following the conclusion of the second phase of the reprivatization of REN (the results of which were disclosed to the market on 13 June 2014) and information received prior to the date of this Base Prospectus due to compliance with disclosure duties, the current shareholders structure of REN is as follows:

<u>Shareholders</u>	<u>Head Office</u>	<u>No of shares</u>	<u>Per cent. Capital</u>
State Grid Europe Limited <sup>(1)</sup>	20-22 Bedford Row, London, UK	133,500,000	25.00
Mazoon, B.V. <sup>(2)</sup>	De Lairessestraat 154, 1075HL Amsterdam, The Netherlands	80,100,000	15.00
Gestmin, SGPS, S.A.	Rua José Carvalho Araújo, no. 262, 1, Cascais	31,326,951	5.90
Oliren, SGPS, S.A.	Pousada de Saramagos, Vila Nova de Famalicão	26,700,000	5.00
EDP – Energias de Portugal, S.A.	Praça do Marquês Pombal, no. 12, Lisbon	26,707,355	5.00
Red Eléctrica Corporación, S.A.	Paseo del Conde de los Gaitanes, 177, Alcobendas (Madrid)	26,700,000	5.00
EGF – Gestão e Consultadoria Financeira, S.A.	Edifício Logoplaste, Estrada da Malveira, 900, Cascais	26,693,508	4.99
Fidelidade – Companhia de Seguros, S.A.	Largo do Calhariz, n.º 30, 1249- 001 Lisboa	21,207,128	4.00

<sup>(1)</sup> State Grid Europe Limited is a wholly-owned subsidiary of State Grid International Development Limited.

<sup>(2)</sup> Mazoon, B.V. is a wholly, indirectly-owned subsidiary of Oman Oil Company S.A.O.C.

## Significant Shareholders

State Grid International Development Limited, holding a stake representing 25 per cent. of REN's share capital and Oman Oil Company S.A.O.C., holding a stake representing 15 per cent. of REN's share capital are the most significant of REN's shareholders as at the date of this Base Prospectus.

## **Voting Rights**

REN's share capital is represented by 534,000,000 shares with the nominal value of one euro each, fully issued and subscribed.

According to no. 3 of article 12 of REN's by-laws, the voting rights exercised by a single holder of Class A shares for themselves or on behalf of another shareholder are limited to a maximum of 25 per cent. of the aggregate voting rights of the share capital. For purposes of computing the votes corresponding to the percentage of the share capital held by a participant in a General Shareholders' Meeting, the votes corresponding to the following shares are aggregated:

- the shares held by the participant as a shareholder or of which the participant has the usufruct;
- the shares held by any other entity controlled directly or indirectly by the participant;
- the shares held by other persons or entities in their own name or in the name of another for the benefit of the participant;
- the shares held by an entity belonging to the same corporate group as the shareholder entity;
- the shares held by third parties with whom the participant has an option or any other right to buy shares;
- the shares held by third parties with whom the participant has entered into an agreement related to the exercise of voting rights, except if under such agreement the participant is bound to follow instructions from third parties;
- the shares held as security by any person entitled to exercise the voting rights corresponding to the shares;
- the shares held by the members of the corporate bodies of the participant, where the shareholder is a company;
- the shares that the participant may acquire pursuant to an agreement entered into with the respective holders of such shares; and
- the shares held by persons with whom the participant has entered into an agreement that aims to assure the control over REN or to avoid the change of control of REN or that, in any way, constitutes a form of cooperation to exercise influence over REN.

In accordance with article 13 of REN's by-laws, the shareholders should, for the purposes of computing the percentage of the share capital held, provide the Board of Directors with the information requested by the Board, in a true, objective and complete manner. Should shareholders fail to comply with such obligation, the voting rights inherent to shares exceeding 25 per cent. of the share capital are not able to be exercised.

## FINANCIAL STATEMENTS OF REN

The following financial information is extracted without material adjustment from the audited consolidated financial statements of REN as at 31 December 2013 and 31 December 2012 prepared in accordance with International Financial Reporting Standards, and from the unaudited consolidated financial statements of REN as at 31 March 2013 and 31 March 2014, prepared in accordance with recognition and measurement requirements of International Financial Reporting Standards.

### 1. Consolidated Statement of Profit and Loss

	<b>Audited Information</b>	
	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>(thousands of euro)</i>	
Sales .....	112	405
Services rendered .....	575,886	588,568
Revenue from construction of concession assets .....	187,464	200,507
Gains from associates and joint ventures .....	(361)	665
Other operating income .....	25,744	21,143
<b>Operating income</b> .....	<b>788,845</b>	<b>811,287</b>
Cost of goods sold .....	(303)	(797)
Cost of construction of concession assets .....	(162,179)	(172,892)
External supplies and services .....	(44,028)	(57,532)
Personnel costs .....	(53,599)	(50,671) <sup>(1)</sup>
Amortisation and depreciation .....	(201,242)	(197,368)
Reversals/(Increases) of Provisions .....	212	(2,636)
Impairment .....	5,296	(2,646)
Other operating expenses .....	(12,750)	(12,512)
<b>Operating costs</b> .....	<b>(468,593)</b>	<b>(497,053)</b>
<b>Operating profit</b> .....	<b>320,252</b>	<b>314,234</b>
Financial costs .....	(162,703)	(145,740)
Financial income .....	12,917	2,257
Investment income – dividends .....	7,558	7,461
<b>Net financial costs</b> .....	<b>(142,228)</b>	<b>(136,023)</b>
<b>Profit before income tax</b> .....	<b>178,024</b>	<b>178,211</b>
Income tax expense .....	(56,721)	(54,650)
<b>Net profit for the year</b> .....	<b>121,303</b>	<b>123,561</b>
<b>Attributable to:</b> .....		
Equity holders of the company .....	121,303	123,561
Non-controlling interests .....	-	-
	<b>121,303</b>	<b>123,561</b>
<b>Earnings per share attributable to the equity holders of the company during the year</b> (expressed in euro per share)		
– basic .....	0.23	0.23
– diluted .....	0.23	0.23

<sup>(1)</sup> Personnel costs for 2012 were restated (from EUR 50,340 thousand to EUR 50,671 thousand) in our consolidated financial statements for 2013, as required by IAS 19.

	<b>Unaudited Information</b>	
	<b>3 months ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
	<i>(thousands of euro)</i>	
Sales .....	21	56
Services rendered .....	139,996	140,747
Revenue from construction of concession assets .....	9,524	20,307
Gains from associates and joint ventures .....	36	45
Other operation income .....	5,296	7,260
<b>Operating income</b> .....	<b>154,874</b>	<b>168,415</b>
Cost of goods sold .....	(54)	(40)
Cost with construction of concession assets .....	(4,901)	(14,739)

<b>Unaudited Information</b>		
<b>3 months ended 31 March</b>		
	<b>2014</b>	<b>2013</b>
	<i>(thousands of euro)</i>	
External supplies and services.....	(6,683)	(9,125)
Employee compensation and benefit expense .....	(13,058)	(13,729)
Amortisation and depreciation .....	(50,417)	(50,011)
Impairment.....	(28)	-
Other operating expenses .....	(3,162)	(3,428)
<b>Operating costs</b> .....	<b>(78,302)</b>	<b>(91,072)</b>
<b>Operating profit</b> .....	<b>76,572</b>	<b>77,343</b>
Financial costs.....	(32,529)	(35,964)
Financial income.....	2,685	1,810
Investment income – dividends .....	-	-
<b>Net Financial costs</b> .....	<b>(29,844)</b>	<b>(34,153)</b>
<b>Profit before income tax</b> .....	<b>46,728</b>	<b>43,190</b>
Income tax expense .....	(14,217)	(14,120)
Energy sector extraordinary contribution .....	(6,217)	-
<b>Net profit for the year</b> .....	<b>26,293</b>	<b>29,070</b>
<b>Attributable to:</b> .....		
Equity holders of the company.....	26,293	29,070
Non-controlling interests.....	-	-
	<b>26,293</b>	<b>29,070</b>
<b>Earnings per share attributable to the equity holders of the company</b>		
<b>during the year</b> (expressed in euro per share).....		
– basic.....	0.05	0.05
– diluted.....	0.05	0.05

## 2. Consolidated Statement of Financial Position

<b>Audited information</b>		
<b>as of 31 December</b>		
	<b>2013</b>	<b>2012</b>
	<i>(thousands of euro)</i>	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment.....	934	827
Goodwill .....	3,774	3,774
Intangible assets .....	3,877,420	3,891,464
Investments in associates and joint ventures .....	12,155	9,382
Available-for-sale financial assets.....	156,886	131,002
Derivative financial instruments.....	-	6,853
Other financial assets .....	102,274	112,583
Trade and other receivables.....	81,588	70,451
Deferred tax assets .....	67,800	61,215
	<b>4,302,831</b>	<b>4,287,552</b>
<b>Current assets</b>		
Inventories.....	1,880	2,920
Trade and other receivables.....	565,923	310,738
Current income tax recoverable.....	-	14,318
Derivative financial instruments.....	-	416
Other financial assets .....	22,728	8,864
Cash and cash equivalents.....	167,987	61,246
	<b>758,518</b>	<b>398,503</b>
<b>Total assets</b> .....	<b>5,061,349</b>	<b>4,686,054</b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital.....	534,000	534,000
Own shares.....	(10,728)	(10,728)
Other reserves .....	271,634	231,753
Retained earnings.....	163,356	149,002 <sup>(1)</sup>

	<b>Audited information as of 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>(thousands of euro)</i>	
Net profit for the year .....	121,303	123,561 <sup>(1)</sup>
	<b>1,079,566</b>	<b>1,027,589</b>
Non-controlling interests .....	-	-
<b>Total equity</b> .....	<b>1,079,566</b>	<b>1,027,589</b>
<b>LIABILITIES</b>		
<b>Non- current liabilities</b>		
Borrowings.....	2,430,159	1,535,495
Liability for retirement benefits and others .....	126,231	105,808
Derivative financial instruments.....	34,320	27,958
Provisions.....	4,690	4,801
Trade and other payables.....	370,298	360,895
Deferred tax liabilities .....	73,956	82,797
	<b>3,039,654</b>	<b>2,117,755</b>
<b>Current liabilities</b>		
Borrowings.....	250,325	1,170,400
Provisions.....	1,213	2,419
Trade and other payables.....	642,973	367,081
Income tax payable .....	44,935	-
Derivative financial instruments.....	2,683	811
	<b>942,129</b>	<b>1,540,711</b>
<b>Total liabilities</b> .....	<b>3,981,783</b>	<b>3,658,465</b>
<b>Total equity liabilities</b> .....	<b>5,061,349</b>	<b>4,686,054</b>

<sup>(1)</sup> Retained earnings for 2012 were restated from EUR 148,671 thousand to EUR 149,002 thousand and the net profit of 2012 from EUR 123,892 thousand to EUR 123,561 thousand in our consolidated financial statements for 2013, as required by IAS 19.

	<b>Unaudited information 3 months ended 31 March 2014</b>	<b>Audit Information Year ended 31 December 2013</b>
		<i>(thousands of euro)</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment.....	831	934
Goodwill .....	3,774	3,774
Intangible assets .....	3,836,600	3,877,420
Investments in associates and joint ventures .....	12,191	12,155
Available-for-sale financial assets.....	178,555	156,886
Derivative financial instruments.....	3,190	-
Other financial assets .....	102,261	102,274
Trade and other receivables.....	117,478	81,588
Deferred tax assets .....	77,404	67,800
	<b>4,332,285</b>	<b>4,302,831</b>
<b>Current assets</b>		
Inventories.....	1,862	1,880
Trade and other receivables.....	337,264	565,923
Other financial assets .....	74,899	22,728
Cash and cash equivalents.....	54,838	167,987
	<b>468,864</b>	<b>758,518</b>
<b>Total assets</b> .....	<b>4,801,149</b>	<b>5,061,349</b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital.....	534,000	534,000
Own shares.....	(10,728)	(10,728)
Other reserves .....	287,497	271,634
Retained earnings .....	284,660	163,356
Net profit for the year.....	26,293	121,303



	<b>Unaudited information 3 months ended 31 March 2014</b>	<b>Audit Information Year ended 31 December 2013</b>
	<i>(thousands of euro)</i>	
<b>Total equity</b> .....	<b>1,121,722</b>	<b>1,079,566</b>
<b>LIABILITIES</b>		
<b>Non- current liabilities</b>		
Borrowings.....	2,229,544	2,430,159
Liability for retirement benefits and others .....	125,683	126,231
Derivative financial instruments.....	26,651	34,320
Provisions.....	4,690	4,690
Trade and other payables.....	381,948	370,298
Deferred tax liabilities.....	90,617	73,956
	<b>2,859,133</b>	<b>3,039,654</b>
<b>Current liabilities</b>		
Borrowings.....	308,071	250,325
Provisions.....	1,073	1,213
Trade and other payables.....	453,207	642,973
Income tax payable .....	55,731	44,935
Derivative financial instruments.....	2,212	2,683
	<b>820,294</b>	<b>942,129</b>
<b>Total liabilities</b> .....	<b>3,679,427</b>	<b>3,981,783</b>
<b>Total equity and liabilities</b> .....	<b>4,801,149</b>	<b>5,061,349</b>

### 3. Consolidated Statement of Cash Flows

	<b>Audited information Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<i>(thousands of euro)</i>	
<b>Cash flow from operating activities</b>		
Cash receipts from customers.....	2,056,635	2,289,659
Cash paid to suppliers .....	(1,391,110)	(1,822,096)
Cash paid to employees.....	(63,160)	(61,510)
Income tax received/ (paid).....	(8,510)	(13,687)
Other (payments)/receipts relating to operating activities .....	(87,567)	(112,404)
<b>Net flows from operating activities</b> .....	<b>506,288</b>	<b>279,961</b>
<b>Cash flow from investing activities</b>		
Receipts related to:		
Other financial assets.....	207,264	-
Grants related to assets .....	5,051	617
Interest and other similar income.....	8,160	1,896
Dividends.....	7,493	5,635
Payments related to:		
Other financial assets.....	(210,000)	(117,163)
Capital contributions in associates and joint ventures.....	(2,910)	-
Available-for-sale financial investments.....	(100)	(38,800)
Purchase of property, plant and equipment .....	(498)	(44)
Intangible assets.....	(162,687)	(215,133)
<b>Net cash used in investing activities</b> .....	<b>(148,227)</b>	<b>(362,991)</b>
<b>Cash flow from financing activities</b>		
Receipts related to:		
Borrowings .....	2,404,391	9,949,500
Interest and similar income.....	17	80
Payments related to:		
Borrowings .....	(2,403,135)	(9,632,363)
Interest and similar expenses .....	(163,334)	(151,709)
Dividends.....	(90,120)	(89,590)
<b>Net cash used in financing activities</b> .....	<b>(252,180)</b>	<b>75,917</b>
<b>Net (decrease)/increase in cash and cash equivalents</b> .....	<b>105,880</b>	<b>(7,112)</b>

<b>Audited information</b>		
<b>Year ended 31 December</b>		
	<b>2013</b>	<b>2012</b>
<i>(thousands of euro)</i>		
Cash and cash equivalents at the beginning of the year.....	61,246	68,358
<b>Cash and cash equivalents at the end of the year.....</b>	<b>167,126</b>	<b>61,246</b>

- a) These amounts include payments and receipts relating to operations in which REN acts as agent, of which the income and costs are reversed in the consolidated statement of profit and loss.

<b>Unaudited information</b>		
<b>3 months ended 31 March</b>		
	<b>2014</b>	<b>2013</b>
<i>(thousands of euro)</i>		
<b>Cash flow from operating activities</b>		
Cash receipts from customers.....	1,060,148 a)	657,686 a)
Cash paid to suppliers .....	(860,736) a)	(497,283) a)
Cash paid to employees.....	(14,060)	(13,422)
Income tax received/ (paid).....	(1,223)	211
Other (payments)/receipts relating to operating activities .....	(21,246)	(26,455)
<b>Net flows from operating activities .....</b>	<b>162,884</b>	<b>120,736</b>
<b>Cash flow from investing activities</b>		
Receipts related to:		
Other financial assets.....	5,000	-
Grants related to assets .....	177	-
Interests and similar income .....	4,287	1,260
Dividends.....	980	916
Payments related to:		
Other financial assets.....	(57,172)	(201,690)
Available-for-sale financial investments.....	(100)	-
Purchase of property, plant and equipment .....	(1)	(476)
Intangible assets.....	(40,638)	(45,242)
<b>Net cash used in investing activities .....</b>	<b>(87,467)</b>	<b>(245,233)</b>
<b>Cash flow from financing activities</b>		
Receipts related to:		
Borrowings .....	1,723,000	853,151
Interests and similar income .....	65	8
Payments related to:		
Borrowings .....	(1,876,222)	(671,228)
Interests and similar expenses.....	(34,611)	(26,886)
<b>Net cash (used in)/from financing activities.....</b>	<b>(187,768)</b>	<b>155,046</b>
<b>Net (decrease)/increase in cash and cash equivalents .....</b>	<b>(112,351)</b>	<b>30,548</b>
Cash and cash equivalents at de beginning of the year .....	167,126	61,246
<b>Cash and cash equivalents at the end of the year.....</b>	<b>54,775</b>	<b>91,794</b>
<b>Detail of cash and cash equivalents</b>		
Cash .....	21	22
Bank overdrafts .....	(64)	(273)
Bank deposits.....	54,817	92,045
	<b>54,775</b>	<b>91,794</b>

- 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.

## TAXATION

### Portugal

*The following is a summary of certain tax consequences with respect to the Notes based on the tax laws of Portugal as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date, including changes that could have retroactive effect. It is not a complete analysis of all of the potential tax effects relevant to a decision to invest in our Notes. Potentially applicable transitional rules have not been considered. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular Noteholder, including tax considerations that arise from rules of general application or that are generally assumed to be known to Noteholders. The following summary neither takes into account nor discusses investors' individual circumstances or the tax laws of any country other than Portugal, and it relates only to the position of persons who are absolute beneficial owners of the Notes.*

*Prospective investors in the Notes should consult their professional advisers with respect to particular circumstances and the effects of state, local or foreign laws to which they may be subject. Noteholders who are in doubt as to their tax position should consult their professional advisers.*

#### 1. General Tax Treatment

Interest and other types of investment income obtained on Notes by a Portuguese resident individual, who is a beneficial owner, is subject to Portuguese Individual Income Tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects for aggregation to his taxable income, subject to Portuguese Individual Income Tax, at the progressive rates of up to 48 per cent. In this latter case, an additional Portuguese Individual Income tax rate will be due on the part of the taxable income exceeding EUR 80,000 up to EUR 250,000, as follows: 2.5 per cent. on the part of the taxable income exceeding EUR 80,000 up to EUR 250,000 and 5 per cent. on the part of the taxable income exceeding EUR 250,000. Furthermore, in case the option for the income aggregation is made, a surtax of 3.5 per cent. on the taxable income exceeding the annual amount of the minimum guaranteed wage shall also apply. In this case, the tax withheld will be creditable against the recipient's final tax liability.

Where the Notes are redeemed, the difference between the subscription cost and the redemption value is qualified as investment income and will be subject to Portuguese Individual Income Tax, pursuant to the same tax regime as described above.

Notwithstanding the above, interest and other types of investment income paid or made available to accounts opened in the name of one or several accountholders acting on behalf of undisclosed third parties is subject to a withholding tax rate of 35 per cent., except where the beneficial owner(s) of such income is/are disclosed, in which case the general rules shall apply.

Capital gains obtained by Portuguese resident individuals on the transfer of Notes are computed as the difference between the sales proceeds and the acquisition cost, net of interest accrued from the last interest payment date or from the date of issue, placement or endorsement if payment has not occurred, to the date of transfer. Such capital gains are subject to Portuguese Individual Income Tax, at a special rate of 28 per cent., which is levied on any positive balance between any realised capital gains and losses made on the sale of shares, bonds, derivatives, warrants and other financial securities occurred in a given tax year. The respective beneficiary may also opt for the aggregation of said capital gains to his taxable income, in which case the capital gains obtained will be subject to tax at the progressive Portuguese Individual Income Tax rates of up to 48 per cent. and above described additional Individual Income surtaxes (if the corresponding amount exceeds the referred thresholds).

On the other hand, interest and other investment income, as well as capital gains obtained on the transfer of Notes, when earned by any corporate entities resident for tax purposes in Portugal, or by non-resident corporate entities with a permanent establishment in Portugal to which the income or gains are attributable, are subject to Portuguese Corporate Income Tax. In such case, the applicable taxation will be a 23 per cent. tax rate. In addition, a municipal surcharge ("*derrama municipal*") of up to 1.5 per cent. of the beneficiary's taxable profits may be added, as well as a 3 per cent. State surtax ("*derrama estadual*") levied on the part of the taxable profits exceeding EUR 1.5 million up to EUR 7.5 million, 5 per cent. on

the part of the taxable profits exceeding EUR 7.5 million up to EUR 35 million and a 7 per cent. on the part of the taxable profits exceeding EUR 3.5 million. Withholding tax, at a rate of 25 per cent. on account of the final tax liability applies on interest and other investment income.

Financial institutions, pension funds, retirement and/or education savings funds, share savings funds, venture capital funds and some exempt entities, among other entities, are not subject to withholding tax.

Interest and other types of investment income obtained by non-resident individuals, or by non-resident corporate entities, in both cases without a Portuguese permanent establishment to which the income is attributable, are liable to a final withholding tax rate of 28 and 25 per cent., respectively.

However, interest and other types of investment income paid or made available to (i) individuals or companies domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the "low tax jurisdictions" list approved by Ministerial Order (Portaria) No. 150/2004 of 13 February, as amended, or (ii) to accounts opened in the name of one or several accountholders acting on behalf of undisclosed third parties is subject to a withholding tax rate of 35 per cent., except where the beneficial owners of such income are disclosed, in which case the general rules shall apply.

Under the tax treaties entered into by Portugal which are in full force and effect on the date of this Base Prospectus, the withholding tax rate over interest, as well as other investment income sources assimilated to interest, may be reduced to 15, 12, 10 or 5 per cent., depending on the applicable treaty and *provided that* the relevant formalities are met. The reduction may apply at source or through the refund of the excess tax. The forms currently applicable for these purposes are available for viewing and downloading at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt).

Pursuant to the EU Directive on Interest and Royalties (Directive No.º 2003/49/EC of the Council, of 3 June), no withholding tax shall be applicable on interest paid to an associated company of an Issuer who is resident in the European Union.

For these purposes, an associated company of the Portuguese Issuer is:

- (i) a company which is subject to one of the taxes on profits listed in Article 3(a)(iii) of the EU Directive on Interest and Royalties without being exempt; which takes one of the legal forms listed in the Annex to the said Directive; and which is considered to be resident in an EU Member State and is not, within the meaning of a double taxation convention on income concluded with a third State, considered to be resident for tax purposes outside the EU;
- (ii) which holds a minimum direct holding of 25 per cent. in the share capital of the Issuer; or is directly held by the Issuer in at least 25 per cent.; or, together with the Issuer, are both held in at least 25 per cent. by a company; and
- (iii) *provided that* the holding has been maintained for an uninterrupted period of at least two years. If the minimum holding period is met after the date the withholding tax becomes due, a refund may be obtained.

The associated company of the Issuer to which payments are made must be the beneficial owner of the interest, which will be the case if it receives the interest for its own account and not as an intermediary, either as a representative, a trustee or authorised signatory, for some other person.

The exemption of the withholding tax rate may take place at source or through the refund of excess withholding tax. The forms currently applicable for the exemption from withholding tax rate and for the refund of excess withholding tax where the minimum holding period is met after withholding tax becomes due are available for viewing and downloading at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt).

Capital gains realised by non-resident individuals on the transfer of Notes are subject to a 28 per cent. flat rate. Again, and as referred to above, accrued interest do not qualify as capital gains for tax purposes. However, and provided the above mentioned conditions apply, such capital gains may be exempt under Portuguese domestic laws, or being out of the scope of Portuguese Individual Tax legislation whenever a tax treaty applies granting full taxing rights to the beneficiary's State of Residency.

Gains obtained on the disposal of Notes by a corporate entity non-resident for tax purposes in Portugal and without a permanent establishment in the Portuguese territory to which gains are attributable, are

exempt from Portuguese capital gains taxation, unless (i) the share capital of the beneficial owner is more than 25 per cent. directly or indirectly held by Portuguese resident entities, or (ii) whenever the beneficial owner is resident in a country, territory or region subject to a clearly more favourable tax regime included in the "low tax jurisdictions" list approved by Ministerial Order (Portaria) No. 150/2004 of 13 February, as amended, or in a jurisdiction within which a double tax treaty or an agreement for the exchange of information relating to tax matters is not in force. Where the exemption does not apply, the respective gains will then be subject to Corporate Income Tax at a rate of 25 per cent. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case-by-case basis.

Stamp Duty at a rate of 10 per cent. applies to the acquisition of Notes through gift or inheritance by an individual who is domiciled in Portugal. An exemption applies to transfers in favour of the spouse, parents/grandparents and children.

On the other hand, gratuitous transfers of Notes in favour of a Portuguese resident corporate entity, or of a non-resident corporate entity acting through a Portuguese permanent establishment, both subject to Corporate Income Tax, are exempt from Stamp Duty. However, such gratuitous transfers will trigger at the Portuguese beneficiary's level, a positive variation in worth (*variação patrimonial positiva*), the same being taxable for Corporate Income Tax purposes at the rate of 23 per cent. tax rate. As referred to above, in addition to such taxation a municipal surcharge ("*derrama municipal*") of up to 1,5 per cent. of the beneficiary's taxable profits may be added, as well as a 3 per cent., State surtax ("*derrama estadual*") levied on the part of the taxable profits exceeding EUR 1.5 million, 5 per cent. on the part of the taxable profits exceeding EUR 7.5 million up to EUR 35 million and a 7 per cent. on the part of the taxable profits exceeding EUR 35 million.

Transfers by a non-resident of Notes by gift or at death will not be subject to Portuguese Stamp Duty provided the beneficiary is also a non-resident or if the beneficiary is the respective spouse, parent or child. However, where the Notes have been issued by a Portuguese entity and the beneficiary is a corporate entity, Portuguese Corporate Income Tax shall be due at the standard 25 per cent. tax rate. Notwithstanding, such taxation may be prevented whenever a tax treaty applies *provided that* the same tax treaty expressly grants the State in which the non-resident beneficiary is domiciled the exclusive authority to tax any income derived from securities issued by Portuguese companies.

There is neither wealth nor estate tax in Portugal.

## **2. Tax Treatment of Notes under the Special Tax Regime for Debt Securities**

The regime described in paragraph 1. above corresponds to the general tax treatment of investment income and capital gains on Notes issued by a Portuguese entity, and to the acquisition through gift or inheritance of such Notes.

Nevertheless, pursuant to the Special Tax Regime for Debt Securities, approved by Decree-Law No. 193/2005, of 7 November, as amended from time to time (hereafter "the special regime approved by Decree-Law No. 193/2005"), investment income and gains on the disposal of debt securities issued by Portuguese resident entities, such as the Notes subscribed by non-resident beneficial owners (individuals and corporate entities), are exempt from Portuguese income tax *provided that* the debt securities are integrated in (i) a centralised system recognised under the Securities Code and complementary legislation and managed by a an entity resident for tax purposes in Portugal (such as the Central de Valores Mobiliários, managed by Interbolsa) or (ii) in an international clearing system managed by an entity with head-office or place of effective management in an EU Member State or EEA Country provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or (iii) integrated in other centralised systems authorised by the Portuguese Government, and:

- (i) the beneficial owners are central banks or governmental agencies; or
- (ii) the beneficial owners are international bodies recognised by Portugal; or
- (iii) the beneficial owners are resident in a country with which the Republic of Portugal has entered into a double tax treaty or exchange of information on tax matters; or

- (iv) the beneficial owners are entities without residence, head office, place of effective management or a permanent establishment in the Portuguese territory to which the income is attributable and which are not domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the list approved by the Ministerial Order (Portaria) No. 150/2004, of 13 February, as amended.

The special regime approved by Decree-Law No. 193/2005 (as amended by Law No. 83/2013) sets out the detailed rules and procedures to be followed on the proof of non-residence of the beneficial owners of the Notes.

Under these procedures (which are aimed at verifying the non-resident status of the Noteholders), each Noteholder is required to hold the Notes through an account with one of the following entities:

- (i) A direct registered entity, which is an entity affiliated with the clearing system recognised by the Portuguese Securities Code;
- (ii) An indirect registered entity, which, although not assuming the role of the direct registered entities, is a client of the latter; or
- (iii) Entities managing an international clearing system, which are entities operating with the international market to clear and settle securities transactions.

Under the above mentioned set of rules, the direct register entity (i.e. the entity affiliated to the centralised system where the securities are integrated), as the entity holding the relevant account with the relevant centralised system in which the Notes are integrated, will be under the obligation to obtain and keep proof, in the form described below, that the relevant beneficial owner is a non-resident entity that is entitled to the exemption. The evidence of non-residence status must be provided to, and received by, the direct registration entity prior to (i) the relevant date on which the interest coupon is paid, and (ii) the respective redemption date, or prior to the transfer of Notes' date, as the case may be.

The following is a general description of the rules and procedures on the proof required for the exemption to apply at source, as they stand on the date of this Base Prospectus.

(a) **Domestic Cleared Notes – held through a direct or indirect registered entity**

Direct registered entities are required, for purposes of Decree-Law 193/2005, as amended, to register the Noteholders in one of two accounts: (A) an exempt account or (B) a non-exempt account.

The beneficial owner of Notes must provide proof of non-residence in Portuguese territory substantially in the terms set forth below:

- (i) If the beneficial owner of the Notes is a central bank, an international body recognised as such by the Portuguese State, or a public law entity and respective agencies, a declaration of tax residence issued by the beneficial owner of the Notes itself, duly signed and authenticated or proof pursuant to paragraph (iv) below. The corresponding proof of non-residence in Portugal is provided once, without any periodical renewal obligation. However, the beneficial owner should immediately inform the direct registered entity of any change that may prevent the tax exemption from applying.
- (ii) If the beneficial owner of the Notes is a credit institution, a financial company, a pension fund or an insurance company, domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty, the respective certification shall be made by providing the following documentation: (a) its tax identification or (b) a tax certificate issued by the entity responsible for its supervision or registration confirming the legal existence of the beneficial owner of the Notes and its domicile; or proof of non-residence status pursuant to paragraph (iv) below. The corresponding proof of non-residence in Portugal is provided once, without any periodical renewal obligation. However, the beneficial owner should immediately inform the direct

registered entity of any change that may prevent the tax exemption from applying.

- (iii) If the beneficial owner of the Notes is either an investment fund, or another type of collective investment undertaking, domiciled in any OECD country or in a country with which Portugal has entered into a double tax treaty or an agreement for exchange of information regarding tax matters, certification shall be provided by means of any of the following documents: declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence, the law of incorporation and domicile; or by proof of non-residence status pursuant to paragraph (iv) below. The corresponding proof of non-residence in Portugal is provided once, without any periodical renewal obligation. However, the beneficial owner should immediately inform the direct registered entity of any change that may prevent the tax exemption from applying.
- (iv) In any other case, confirmation must be made by way of providing a certificate of residence, or equivalent document, issued by the relevant tax authorities; or by providing a document issued by the relevant Portuguese consulate certifying the beneficial owner's residence abroad; or a document specifically issued by a public administration entity (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the non-residence status and existence of the respective beneficial owner.

In addition to the above mentioned documentation, Decree-Law No. 193/2005 also sets out specific rules to be followed in order to assure the authenticity and validity of the documents mentioned in paragraph (iv) above, in particular that the beneficial owner of the Notes must provide an original, or a certified copy of the respective residence certificate or equivalent document. This document must be issued up until three months after the date on which the withholding tax would have been applied and will be valid for a three-year period starting on the date such document is issued. The beneficial owner of the Notes must always inform the direct registered entity of any change of his respective status that may prevent the tax exemption from applying.

(b) **Internationally Cleared Notes – held through an entity managing an international clearing system**

If the Notes are registered in an account held through an entity managing an international clearing system recognised by the Portuguese Minister of Finance (such as Euroclear, or Clearstream, Luxembourg), and the management entity of such international clearing system undertakes not to provide registration services (i) to residents for tax purposes in Portugal which do not benefit from either an exemption from Portuguese taxation, or an exemption from Portuguese withholding tax, as well as (ii) to non-resident entities for tax purposes which do not benefit from the above Portuguese income tax exemption; special rules apply regarding the documentation to be provided. In such case, on each interest payment date, the necessary proof of non-residence will be made through documents provided by the respective beneficial owners to the direct register entity or to its Portuguese appointed representative, whenever the former is a non-resident for tax purposes in Portugal, and with respect to all accounts under its management, broken down by the following categories of beneficiaries:

- a) Entities with residence, headquarters, effective management or permanent establishment in Portugal to which the income is attributable, which are non-exempt and subject to withholding tax;
- b) Entities resident in a country, territory or region subject to a clearly more favourable tax regime included in the "low tax jurisdictions" list approved by Ministerial Order (Portaria) no. 150/2004 of 13 February, as amended, which are non-exempt and subject to withholding tax;

- c) Entities with residence, headquarters, effective management or permanent establishment in Portugal to which the income is attributable, which are exempt from or not subject to withholding tax;
- d) Other entities which do not have residence, headquarters, effective management or permanent establishment in Portugal to which the income is attributable.

In each interest payment date, the following information regarding the beneficiaries referred in a), b) and c) above shall also be communicated:

- Name and address;
- Tax identification number, if applicable;
- Identification and quantity of the Notes held;
- Amount of income paid on the Notes.

The information above may be communicated in any format, provided that is made available to the Portuguese tax authorities whenever it is required.

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the special regime approved by Decree Law No. 193/2005, as amended. The refund claim is to be submitted by the Noteholder to the direct register entity, to its Portuguese appointed representative (whenever the direct registering entity is a non-Portuguese resident) or to the indirect registering entity (the latter will forward the claim to the former) within six months from the date in which the tax was unduly withheld. A special tax form for these purposes was approved and must be used (Form Mod 25-RFI, available at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt) -).

After the six month period has elapsed, the refund of tax unduly withheld is to be claimed from the Portuguese tax authorities within two years counted from the end of the year in which the tax was unduly withheld.

The absence of evidence of non-residence in respect to any non-resident entity which benefits from the above mentioned tax exemption regime, shall result in the loss of the tax exception and consequent submission to the above applicable Portuguese general tax provisions.

No Portuguese exemption shall apply at source under the special regime approved by Decree-Law No. 193/2005 if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply as described above.

### **EU Savings Directive**

Portugal has implemented the EC Council Directive 2003/49/EC of 3 June 2003 on taxation of savings (the "**EU Savings Directive**") income into the Portuguese law through Decree-Law No. 62/2005, of 11 March, as amended by Law No. 39-A/2005, of 29 July. The forms currently applicable to comply with the reporting obligations arising from the implementation of the EU Savings Directive are available for viewing and downloading at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt).



## **The Netherlands**

*The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.*

*For the purpose of this summary it is assumed that no individual or non-resident entity holding a Note has or will have a substantial interest, or - in the case of a holder of a Note being an entity - a deemed substantial interest, in the Issuer and that no connected person (verbonden persoon) to the holder of a Note has or will have a substantial interest in the Issuer.*

*Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has, or is deemed to have or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent. or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent. or more of either the annual profit or the liquidation proceeds of such company.*

*Generally speaking, a non-resident entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent. or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent. or more of either the annual profit or the liquidation proceeds of such company. An entity holding a Note has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.*

*For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.*

*Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note or otherwise being regarded as owning a Note for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.*

*Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.*

*For purpose of the summary under the headings "resident individual" and "non-resident individuals", please note that per 1 January 2015 the current possibility for a non-resident to elect to be treated as resident in The Netherlands for income tax purposes, will be replaced by a mandatory qualification as a 'qualifying foreign taxpayer' on the basis of certain objective criteria.*

Prospective investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of a Note.

### **1. WITHHOLDING TAX**

All payments made by the Issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, unless the Notes qualify as debt effectively functioning as equity within the meaning of article 10, paragraph 1, sub d of the Dutch Corporate Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

## 2. TAXES ON INCOME AND CAPITAL GAINS

### **Residents**

#### *Resident entities*

An entity holding a Note which is, or is deemed to be, resident in The Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from a Note at the prevailing statutory rates.

#### *Resident individuals*

An individual holding a Note who is, is deemed to be, or has elected to be treated as, resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from a Note at rates up to 52 per cent. if:

- (i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, an individual holding a Note will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Note. The deemed return amounts 4 per cent. of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Note). Subject to application of certain allowances, the deemed return will be taxed at a rate of 30 per cent.

### **Non-residents**

A holder of a Note which is not, is not deemed to be, and - in case the holder is an individual - has not elected to be treated as, resident in The Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from a Note unless:

- (i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands and the holder of a Note derives profits from such enterprise (other than by way of securities); or
- (ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

## 3. GIFT AND INHERITANCE TAXES

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

4. VALUE ADDED TAX

There is no Dutch value added tax payable by a holder of a Note in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes, or the transfer of the Notes.

5. OTHER TAXES AND DUTIES

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a holder of a Note in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

6. RESIDENCE

A holder of a Note will not be, or deemed to be, resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Note or the execution, performance, delivery and/or enforcement of a Note.

7. EU COUNSEL DIRECTIVE ON TAXATION OF SAVINGS INCOME

In accordance with the EU Savings Directive, The Netherlands will provide to the tax authorities of another EU member state (and certain non-EU countries and associated territories specified in that directive) details of payments of interest or other similar income paid by a person within The Netherlands to, or collected by such a person for, an individual resident in such other state.

**Irish Tax Considerations**

The following is a summary of the Irish withholding tax treatment of the Notes. It is based on the laws and practice of the Revenue Commissioners of Ireland currently in force in Ireland as at the date of this Prospectus and may be subject to change. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under any laws applicable to them.

1. **Withholding Tax**

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source income. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes should not be treated as having an Irish source unless:

- (i) the Issuer is resident in Ireland for tax purposes; or
- (ii) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or
- (iii) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that, (i) the Issuers are not and will not be resident in Ireland for tax purposes; (ii) the Issuers will not have a branch or permanent establishment in Ireland; (iii) that bearer Notes will not be physically located in Ireland; and (iv) the Issuers will not maintain a register of any registered Notes in Ireland.

In any event, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act 1997 of Ireland for certain interest bearing securities ("**quoted Eurobonds**") issued by a body corporate (such as the Issuers) which are quoted on a recognised stock exchange (which would include the Irish Stock Exchange).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

- (a) the person by or through whom the payment is made is not in Ireland; or
- (b) the payment is made by or through a person in Ireland, and either:
  - (i) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear and Clearstream, Luxembourg are so recognised); or
  - (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as an Irish paying agent) in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in Euroclear and/or Clearstream, Luxembourg, interest on the Notes can be paid by the Issuers and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

## 2. **Taxation of Noteholders**

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income or corporation tax (and, in the case of individuals, the universal social charge on such interest if (i) such interest has an Irish source (as discussed in "Withholding Tax" above); or (ii) the Noteholder is resident or (in the case of a person other than a body corporate) ordinarily resident in Ireland for tax purposes (in which case there would also be a social insurance (**PRSI**) liability for an individual in receipt of interest on the Notes); or (iii) the Notes are attributed to a branch or agency in Ireland.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a relevant territory (a member state of the European Union (other than Ireland) or in a country with which Ireland has a comprehensive double taxation agreement) provided either (i) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above; or (ii) if the Notes are not or cease to be quoted Eurobonds exempt from withholding tax and the recipient of the interest is a company resident in a relevant territory that generally taxes foreign source interest.

Ireland operates a self-assessment system in respect of income and corporation tax and each person must assess its own liability to Irish tax.

## 3. **Irish Encashment Tax**

Payments on any Notes paid by a paying agent in Ireland or collected or realised by an agent in Ireland acting on behalf of the beneficial owner of Notes will be subject to Irish encashment tax at the standard rate of Irish tax (currently 20 per cent.), unless it is proved, on a claim made in the required manner to the Revenue Commissioners of Ireland, that the beneficial owner of the Notes entitled to the interest or distribution is not resident in Ireland for the purposes of Irish tax and such interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is resident in Ireland.

## 4. **Capital Gains Tax**

A holder of Notes may be subject to Irish tax on capital gains on a disposal of Notes unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade in Ireland through a branch or agency in respect of which the Notes are used or held.

## 5. **Capital Acquisitions Tax**

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland. Bearer notes are generally regarded as situated where they are physically located at any particular time. Registered Notes are generally regarded as situated where the principal register of Noteholders is maintained or is required to be maintained, but the Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register as they represent a debt owed by an Irish incorporated debtor which may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponer or the donee/successor.

## 6. **Stamp Duty**

Any document transferring title to the Notes is potentially subject to 1 per cent. if (i) the Notes are regarded as property situate in Ireland; or (ii) a document of transfer of the Notes is executed in Ireland; or (iii) the transfer relates to Irish property or to any matter or thing done or to be done in Ireland. However, if the terms of the loan capital exemption are satisfied no stamp duty is payable. There are four conditions that must be satisfied to avail of this exemption:

- (a) the Notes must not carry a right of conversion into shares of an Irish incorporated company;
- (b) the Notes must not carry rights similar to those attaching to shares, including voting rights, entitlement to a share of profits or a share in surplus on liquidation of the Issuer;
- (c) the Notes must be issued for a price which is not less than 90 per cent. of the nominal value of the Notes; and
- (d) the Notes must not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any document relating to the Notes.

## **EU Savings Directive**

Under the EU Savings Directive, each Member State is required to provide to the tax authorities of other Member States details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in another Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes made under the Amending Directive include extending the scope of the

Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover additional types of income payable on securities.

Investors who are in any doubt as to their position should consult their professional advisers.

**The proposed financial transactions tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (the "**Programme Agreement**") dated 21 July 2014, agreed with the Issuers a basis upon which they or any of them may from time to time agree to subscribe Notes. Any such agreement will extend to those matters stated under "*Form of Final Terms*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuers have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment, and any future update, of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. If in the case of any Tranche of Notes the method of distribution is an agreement between an Issuer and a single Dealer for that Tranche to be issued by that Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between an Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilising Manager in relation to that Tranche) will be set out in the relevant Final Terms.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

## Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, *provided that* any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

*provided that* no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

## United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and, accordingly, each Dealer has represented and



agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Portugal**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to warrant and agree, that the Notes may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários* "CVM") enacted by Decree Law no. 486/99 of 13 November, 1999 (as amended from time to time) unless the requirements and provisions applicable to the public offerings in Portugal are met and registration, filing, approval or recognition procedure with the Portuguese Securities Market Commission ("*Comissão do Mercado de Valores Mobiliários*", "CMVM") is made. In addition, each Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that (i) it has not directly or indirectly taken any action or offered, advertised, marketed invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer ("*oferta pública*") of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (ii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Base Prospectus or any other offering material relating to the Notes to the public in Portugal other than in compliance with all applicable provisions of the CVM, the Prospectus Regulation implementing the Prospectus Directive, and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including the compliance with the Rules and regulations that require the publication of a Base Prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

## **The Netherlands**

In addition and without prejudice to the relevant restrictions set out under *Public Offer Selling Restriction under the Prospectus Directive* above, Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the relevant Issuer or a member firm of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations.

No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Global Note; (b) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals who do not act in the conduct of a business or profession; (c) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof; or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series or Tranche are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter.

In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with.

As used herein "**Zero Coupon Notes**" are Notes that are in bearer form and that constitute a claim for a fixed sum against the relevant Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuers nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuers and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## GENERAL CONSENT – THE AUTHORISED OFFEROR TERMS

These terms (the "**Authorised Offeror Terms**") will be relevant in the case of any Tranche of Notes, if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable". They are the Authorised Offeror Terms which will be referred to in the "**Acceptance Statement**" to be published on the website of any financial intermediary which (a) is authorised to make such offers under MiFID and (b) accepts such offer by publishing an Acceptance Statement on its website.

### 1. **General**

The relevant financial intermediary:

- (a) *Applicable Rules*: acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**") including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor;
- (b) *Subscription and sale*: complies with the restrictions set out under "*Subscription and Sale*" in this Base Prospectus which would apply as if it were a relevant Dealer and with any further relevant requirements as may be specified in the applicable Final Terms;
- (c) *Fees, commissions and benefits*: ensures that any fee, commission, benefits of any kind, rebate received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and is fully and clearly disclosed to Investors or potential Investors;
- (d) *Licences, consents, approvals and permissions*: holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules;
- (e) *Violation of Rules*: it will immediately inform the Issuers and any relevant Dealer if at any relevant time it becomes aware or suspects that it is or may be in violation of any Rules;
- (f) *Anti-money laundering, bribery and corruption*: complies with, and takes appropriate steps in relation to, applicable anti-money laundering, anti-bribery, prevention of corruption and "know your client" Rules, and does not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the purchase monies;
- (g) *Record-keeping*: retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the Issuers and the relevant Dealer or directly to the appropriate authorities with jurisdiction over the Issuers and/or the relevant Dealer in order to enable the Issuers and/or the relevant Dealer to comply with anti-money laundering, anti-bribery and "know your client" Rules applying to the Issuers and/or the relevant Dealer;
- (h) *Breach of Rules*: does not, directly or indirectly, cause the Issuers or the relevant Dealer to breach any Rule or subject the Issuers or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (i) *Publicity names*: does not use the legal or publicity names of the Issuers or the relevant Dealer(s) or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Notes;
- (j) *Information*: does not give any information other than that contained in this Prospectus (as may be amended or supplemented by the Issuer from time to time) or make any representation in connection with the offering or sale of, or the solicitation of interest in, the Notes;
- (k) *Communications*: agrees that any communication in which it attaches or otherwise includes any announcement published by the Issuer at the end of the Offer Period will be consistent with the Base Prospectus, and (in any case) must be fair, clear and not misleading and in compliance with the Rules and must state that such Authorised Offeror has provided it independently from the

Issuer and must expressly confirm that the Issuer has not accepted any responsibility for the content of any such communication;

- (l) *Legal or publicity names:* does not use the legal or publicity names of the relevant Dealer, any Issuer or any other name, brand or logo registered by any entity within their respective groups or any material over which any such entity retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Notes;
- (m) *Any other conditions:* agrees to any other conditions set out in paragraph 8(vi) of Part B of the relevant Final Terms;

## 2. **Indemnity**

The relevant financial intermediary agrees that if either of the Issuers incurs any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses and any value added tax thereon) (a "**Loss**") arising out of, in connection with or based on any inaccuracy of any of the foregoing representations and warranties or any breach of any of the foregoing undertakings then the relevant financial intermediary shall pay to the relevant Issuer on demand an amount equal to such Loss.

## 3. **Governing Law and Jurisdiction**

The relevant financial intermediary agrees that:

- (a) the contract between the Issuers and the financial intermediary formed upon acceptance by the financial intermediary of the offer of the Issuers to use this Base Prospectus with their consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
- (b) the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) and accordingly the relevant financial intermediary submits to the exclusive jurisdiction of the English courts;
- (c) each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit but, subject to this, a person who is not a party to the Authorised Offeror Contract has no right to enforce any term of the Authorised Offeror Contract; and
- (d) the parties to the Authorised Offeror Contract do not require the consent of any person not a party to the Authorised Offeror Contract to rescind or vary the Authorised Offeror Contract at any time.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of REN dated 23 July 2008 and this update of the Programme has been duly authorised by resolutions of the Executive Committee of REN dated 9 July 2014 and by the Board of Directors of REN dated 22 June 2012, and by the Board of Directors of REN B.V. dated 11 July 2014. Each issue of Notes shall be duly authorised by a specific resolution of the relevant Issuer.

### Listing of Notes

Application has been made to the Irish Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to trading on its Regulated Market. The Irish Stock Exchange's Regulated Market is a regulated market for the purposes of MiFID.

### Documents Available

For the period of 12 months following the date of this Base Prospectus, physical copies of the following documents will, when published, be available for inspection from the registered office of the Issuers and from the specified office of the Issue and Paying Agent which is, as at the date of this Base Prospectus, in London, and from the specified office of the Portuguese Paying Agent which is, as at the date of this Base Prospectus, in Lisbon:

- (a) the constitutional documents (with a direct and accurate English translation thereof) of each of the Issuers;
- (b) the audited consolidated financial statements of the Group in respect of the financial year ended 31 December 2013 and the audited consolidated financial statements of the Group in respect of the financial year ended 31 December 2012 (with an accurate English translation thereof), in each case together with a direct and accurate English translation of the audit reports prepared in connection therewith. REN currently prepares audited consolidated financial statements on an annual basis;
- (c) the most recently published audited annual financial statements of the Group and the most recently published interim financial statements (if any) of the Group (with a direct and accurate English translation thereof), in each case together with any audit or review reports prepared in connection therewith (and a direct and accurate English translation thereof). REN currently prepares consolidated interim accounts on a quarterly basis;
- (d) a direct and accurate English translation of the audited financial statements of REN Finance BV for the financial year ended 31 December 2013 and its audited balance sheet of incorporation;
- (e) the Trust Deed, the Interbolsa Instrument, the Keep Well Agreement, the Agency Agreement and the forms of the Notes, the Receipts, the Coupons and the Talons;
- (f) a copy of this Base Prospectus; and
- (g) any future base prospectuses, prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a Holder of such Note and such Holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, this Base Prospectus is also available at the website of the Regulatory News Service operated by the Irish Stock Exchange at:

[www.ise.ie](http://www.ise.ie)

and the documents referred to at (b), (c), (d) and (f) above may be viewed on the following website: [www.ren.pt](http://www.ren.pt).

In relation to the documents referred to at (a), (b) and (c) above, the Issuers confirm that the translations thereof are true and accurate, however, in case of a discrepancy between the original document and the English translation thereof, the original document will prevail.

### **Clearing Systems**

The Notes (other than Book-Entry Notes) have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping records in respect of such Notes). The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Final Terms relating thereto.

Book-Entry Notes will be cleared through the clearing system (CVM) operated by Interbolsa. The appropriate identification reference for a Tranche of Book-entry Notes will be specified in the applicable Final Terms. Book-Entry Notes will also be eligible for clearing and settlement through Euroclear and Clearstream, Luxembourg holding Notes through a custodian that is an Affiliate Member of Interbolsa.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of Interbolsa is Avenida da Boavista, 343314100-138 Porto, Portugal.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Significant or Material Change**

There has been no significant change in the financial or trading position of REN B.V and there has been no material adverse change in its financial position or prospects since 31 December 2013.

There has been no significant change in the financial or trading position of the Group since 31 March 2014 and there has been no material adverse change in the financial position or prospects of REN since 31 December 2013.

### **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuers are aware) in the 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the Issuers and/or the Group's financial position or profitability.

### **Auditors**

The auditors of REN B.V. since its date of incorporation (10 May 2013) are Deloitte Accountants B.V., member of the Netherlands Institute for Chartered Accountants (*Nederlands Dutch Nederlandse Beroepsorganisatie van Accountants*). Deloitte Accountants B.V. have audited the balance sheet of incorporation of REN B.V. as of 10 May 2013 and its accounts for the period from its date of incorporation until 31 December 2013 without qualification, in accordance with applicable auditing standards.

The auditors of REN since 1 January 2009 are Deloitte & Associados S.R.O.C. S.A. members of *Ordem dos Revisores Oficiais de Contas* (Institute of Statutory Auditors), and have audited REN's accounts without qualification, in accordance with applicable auditing standards, in the Republic of Portugal for the financial years ended on 31 December 2013 and 31 December 2012. REN's audit committee (the "**Audit Committee**") has also issued a report on the audited consolidated financial statements for each of the two financial years ended on 31 December 2013 and on 31 December 2012. Deloitte & Associados S.R.O.C. S.A., members of *Ordem dos Revisores Oficiais de Contas* (Institute of Statutory Auditors), has issued the legal certification of accounts for each of the two financial years ended on 31 December 2013

and on 31 December 2012 and is therefore responsible for the legal certification of accounts under the Portuguese Securities Code.

#### **Post-issuance information**

The Issuers do not intend to provide any post-issuance information in relation to any issues of Notes.

#### **Dealers transacting with the Issuers**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuers and their affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or Issuers' affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers routinely hedge their credit exposure to the Issuers consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of the Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

#### **Third party information**

Where information in this Base Prospectus has been sourced from third parties, such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

#### **Issue Price and Yield**

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

## ISSUERS

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

Avenida Estados Unidos da América, 55  
1749-061 Lisbon  
Portugal

### **REN Finance B.V.**

De Cuserstraat 93, Unit 205  
1081CN Amsterdam  
The Netherlands

## TRUSTEE

### **Deutsche Trustee Company Limited**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

## PAYING AGENTS

*Issue and Paying Agent*

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

*Portuguese Paying Agent*

### **Caixa – Banco de Investimento, S.A.**

Rua Barata Salgueiro, 33  
1269-057 Lisbon  
Portugal

## LEGAL ADVISERS

*To REN Redes Energéticas Nacionais, SGPS, S.A.*

*as to Portuguese law*

### **A.M. Pereira, Sáragga Leal, Oliveira Martins, Júdice e Associados, Sociedade de Advogados,**

**RL**

Av. da Liberdade, 224  
1250-148 Lisbon  
Portugal

*as to English law*

### **Clifford Chance S.L.**

Paseo de la Castellana, 110  
28046 Madrid  
Spain

*To REN Finance B.V. as to Dutch law*

### **Clifford Chance LLP**

Droogbak 1A  
1013 GE Amsterdam  
The Netherlands

*To the Dealers*

*as to English law*

### **Allen & Overy LLP**

One Bishops Square  
London E1 6AD  
United Kingdom

*as to Portuguese law*

### **Rui Pena, Arnaut & Associados**

### **Sociedade de Advogados R.L.**

Rua Sousa Martins, 10,  
1050-218 Lisbon  
Portugal

## LISTING AGENT

### **Maples and Calder**

75 St. Stephen's Green  
Dublin 2  
Ireland



## AUDITORS

*To REN Redes Energéticas Nacionais, SGPS, S.A.*

### **Deloitte & Associados – S.R.O.C., S.A.**

Edifício Atrium Saldanha  
Praça Duque de Saldanha, 1-60  
1050-094 Lisbon  
Portugal

*To REN B.V.*

### **Deloitte Accountants B.V.**

Orlyplein 10  
1043 DP Amsterdam  
P.O. Box 58110  
1040 HC Amsterdam  
Netherlands

## ARRANGERS

### **Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

### **Caixa – Banco de Investimento, S.A.**

Rua Barata Salgueiro, 33  
1269-057 Lisbon  
Portugal

## DEALERS

### **Banco Bilbao Vizcaya Argentaria, S.A.**

Ciudad BBVA  
Calle Saucedo 28, Edificio Asia  
28050 Madrid  
Spain

### **Banco Comercial Português, S.A.**

Av. Prof. Dr. Cavaco Silva (Tagus Park), Edif. 2/Piso, a,  
2744-002 Porto Salvo  
Portugal

### **Banco BPI, S.A.**

Largo Jean Monnet, 1  
1269-067, Lisbon, Portugal

### **Banco Espírito Santo de Investimento, S.A.**

Edifício Quartzó  
Rua Alexandre Herculano 38  
1269-161 Lisbon  
Portugal

### **Banco Santander Totta, S.A.**

Rua da Mesquita, nº 6, Torre B, 2º-A  
1070-238 Lisboa  
Portugal

### **BNP Paribas**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

### **Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

### **HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

### **J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

### **Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ  
United Kingdom

### **The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom

### **UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom