

**STATEMENT OF THE REMUNERATION COMMITTEE OF
EDP – ENERGIAS DE PORTUGAL, S.A.
ON THE REMUNERATION POLICY FOR THE CORPORATE BODIES**

A. RESPONSABILITY

1. Pursuant to Article 11, paragraph 2, item d), of the Articles of Association of EDP – Energias de Portugal, S.A., the General Shareholders Meeting is responsible for the appointment of a Remuneration Committee with the responsibility to determine the remuneration of the members of the corporate bodies, with the exception of the Directors' remuneration (Executive Board of Directors), which, under Article 27 of the aforementioned Articles of Association, shall rather be determined by a Committee to be appointed by the General and Supervisory Board (GSB).

2. In accordance with Article 8, paragraphs 1 and 2, of the Articles of Association, the corporate bodies, other than the abovementioned Executive Board of Directors (EBD), are the following:
 - a) the General Shareholders Meeting (GSM)
 - b) the General Supervisory Council (GSC)
 - c) the Statutory Auditor (SA).

The Company has also – also specifically mentioned in the Articles of Association – an Environment and Sustainability Council (Article 28), a Remuneration Committee (Article 27), and, within the GSC, a Financial Matters Committee, which shall also use the designation of Audit Committee (Article 8, paragraph 2).

Pursuant to Article 8, paragraph 4, of the Articles of Association, the Board of the General Shareholders Meeting is also deemed a corporate body.

3. Therefore, the Remuneration Committee, appointed at the General Shareholders Meeting, is responsible for determining the remunerations of the following corporate bodies: Board of the General Shareholders Meeting; Chairman and members of the GSB; Statutory Accountant; Remuneration Committee and Environment and Sustainability Council. The Financial Matters Committee, or Audit Committee, shall be treated alongside with the other Committees of the GSB.
4. The Remuneration Committee has been appointed on the General Shareholders Meeting held on 15 April 2009, for the term of office 2009-2011, being composed of the 3 following members:
 - José Manuel Archer Galvão Teles – Chairman
 - Parública – Participações Públicas (SGPS), S.A. – Member, represented by João Plácido Pires
 - Carlos Veiga Anjos – Member
5. The Remuneration Committee appointed by the General Shareholders Meeting is responsible, on the one hand, to provide all the information concerning the remuneration policy of the corporate bodies of EDP, and, on the other hand, to propose to the General Shareholders Meeting the approval of the remuneration policy guidelines to be adopted and pursued by EDP in the future.
6. Thus the Item 7 of the Agenda of the annual General Shareholders Meeting, to be held at 16 April, shall be satisfied with this statement.
7. In light of the above, the Remuneration Committee appointed by the General Shareholders Meeting, pursuant Article 2, paragraph 1, of Law no. 28/2009, of 19 June, hereby submits to the shareholders' appraisal the remuneration policy for the members of the corporate bodies of EDP – Energias de Portugal, S.A. which are covered by its functions.

B. GENERAL FRAMEWORK

8. In pursuit of its duties, this Commission was guided by general criteria, as well as by specific criteria.

With regard to general aspects, it was mainly taken into account the following guiding principles:

- (i) The demand of a remuneration policy based on the evaluation and encouragement of a judicious action, as far as possible, in which the merits should be duly rewarded.
 - (ii) The national and international comparison examples of remuneration of several members of the corporate bodies (benchmarking).
 - (iii) The recommendations of the European Union and, mainly, the supporting principles of Order no. 363/09, of 30 April, of the Secretary of State for Treasury and Finance.
 - (iv) The general guideline – under the current severe circumstances of financial and economic global crisis – to promote moderation of remunerations in order to meet with the demands for a greater social justice within the general framework of the country, as well as within the various payment systems of the Company.
9. Specifically regarding EDP, the Commission had a particular concern to hear the Portuguese reference shareholders of the Company and took especially into account the following aspects:
- (i) EDP's economic and financial conditions and the economic and social situation of the country.
 - (ii) The remuneration systems in force in similar companies comprised in the PSI 20 index and the top position of EDP in said index.
 - (iii) The effective way of exercising duties carried out by the members of the corporate bodies.

10. In addition, the Commission's understanding was that the introduction of radical changes, that in some particular cases would have been necessary, taking into account the new corporate governance model, were not advisable to be implemented as a whole in the current term of office.
11. The State, acting through Parpública, proposed that the remuneration of the Chairman of the GSB was reduced by 10% and that the remuneration of the remaining members was reduced by 5%. Furthermore, it proposed that no new remunerations should be introduced, notably that of the Vice-Chairman of the GSB.

C. DECISIONS

After being established the criteria governing the remuneration policy of the Company and weighted the several factors concerned, the Commission decided, in general, on the following:

- (i) To set the remunerations of the members of the GSC, including its Chairman's remuneration, in amounts lower than those allocated to the members of the EBD, particularly regarding the non allocation of a variable component of remuneration, and
- (ii) Given the guidelines established by the Portuguese Government for companies in which the State holds a shareholding, the Commission considered – taking into account the difficulties experienced by the country as a result of a widespread economic, financial and social crisis – to promote remuneration adjustments in order to improve containment. In any case, it should always be taken into account the merits of the members of each corporate body, in order not to put at risk the cohesion, stability and development of the company.
- (iii) The Commission decided not to make any adjustments to the remunerations of the members of the Audit Committee, keeping unchanged the amount of remuneration applicable in the previous term of office, due to having been

registered a progressive increase of work and responsibility of the members of this Committee.

- (iv) Regarding the Chairman of the General Shareholders' Meeting, the Commission maintained the opinion concerning his integration, for remuneration purposes, under the GSB and regarding the Vice-Chairman, taking into account this recent situation, the decision was taken based on the criteria of effective meetings of the General Shareholders' Meeting chaired by him.
- (v) With respect to the SA, given the specificity of his functions and his functional relationship with the GSC, and in particular with the Audit Committee, the Remuneration Committee deemed proper to accept and confirm the values contained in the estimate of the SE's annual fees, resulting from the "Service Provision Agreement of Statutory Auditing" negotiated and entered into by the GSB.
- (vi) With regard to the Environment and Sustainability Council, the Commission decided that the remuneration of its members is set in accordance to the number of attendance to its meetings.

In conclusion,

The Commission proposes that the General Shareholders Meeting approves the remuneration policy that has been applied to the above mentioned corporate bodies since the change of the corporate governance model of the Company, particularly in relation to its framework, taking into consideration the specific situation of the country and of the Company, encouraging, on the one hand, the institutional and individual merits, though, on the other hand, maintaining the orientation to adopt a fair and balanced remuneration containment.

Lisbon, 31 March 2010

The Remuneration Committee