

## 2. Transactions between the company and members of the company's governing bodies or group companies

During 2011, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

Regarding related party transactions, EDPR and/or its subsidiaries have signed the contracts detailed below with EDP – Energias de Portugal, S.A. (hereinafter, EDP) or other members of its group not belonging to the EDPR subgroup.

The contracts signed between EDPR and its related parties are analyzed by the Related-Party Transactions Committee according to its competences, as mentioned on chapter 1.2.6. of the report.

### Framework agreement

The framework agreement was signed by EDP and EDPR on May 7<sup>th</sup>, 2008 and came into effect when the latter was admitted to trading. The purpose of the framework agreement is to set out the principles and rules governing the legal and business relations existing when it came into effect and those entered into subsequently.

The framework agreement establishes that neither EDP, nor the EDP Group companies other than EDPR and its subsidiaries can engage in activities in the field of renewable energies without the consent of EDPR. EDPR shall have worldwide exclusivity, with the exception of Brazil, where it shall engage its activities through a joint venture with EDP – Energias do Brasil, S.A., for the development, construction, operation and maintenance of facilities or activities related to wind, solar, wave and/or tidal power and other renewable energy generation technologies that may be developed in the future. Nonetheless, the agreement excludes technologies being developed in hydroelectric power, biomass, cogeneration and waste in Portugal and Spain.

It lays down the obligation to provide EDP with any information that it may request from EDPR to fulfil its legal obligations and prepare the EDP Group's consolidated accounts.

The framework agreement shall remain in effect for as long as EDP directly or indirectly owns more than 50% of the share capital of EDPR or appoints more than 50% of its Directors.

### Executive management services agreement

On November 4<sup>th</sup>, 2008 EDP and EDPR signed an Executive Management Services Agreement and was renewed on May 4<sup>th</sup>, 2011 and effective from March 18<sup>th</sup>, 2011.

Through this contract, EDP provides management services to EDPR, including matters related to the day-to-day running of the Company. Under this agreement EDP appoints three people from EDP to be part of EDPR's Executive Committee, for which EDPR pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting.

Under this contract, EDPR is due to pay an amount of EUR 380.400 corresponding to the fixed remuneration, for the management services rendered by EDP in 2011.

The term of the contract is on June 21<sup>st</sup>, 2014.

### Finance agreements and guarantees

The finance agreements between EDP Group companies and EDPR Group companies were established under the above described Framework Agreement and currently include the following:

#### Loan agreements

EDPR (as the borrower) has loan agreements with EDP Finance BV (as the lender), a company 100% owned by EDP – Energias de Portugal, S.A.. Such loan agreements can be established both in EUR and USD, usually have a 10-year tenor and are remunerated at rates set on arm's length basis. As at December 31<sup>st</sup>, 2011, such loan agreements totalled EUR 1,451,042,386 and USD 1,986,641,541.

#### Counter-guarantee agreement

A counter-guarantee agreement was signed, under which EDP or EDP Energias de Portugal Sociedade Anónima, sucursal en España (hereinafter guarantor or EDP Sucursal) undertakes on behalf of EDPR, EDP Renewables Europe SLU (hereinafter EDPR EU) and EDPR North America LLC (hereinafter EDPR NA) to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDP executive board.

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As at December 31<sup>st</sup>, 2011, such counter-guarantee agreements totalled EUR 155,169,622 and USD 573,208,391.

#### Current account agreement

EDP Sucursal and EDPR signed an agreement through which EDP Sucursal manages EDPR' cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As at December 31<sup>st</sup> 2011, the current account had a balance of EUR 158,622,803 and USD 50,011,596 both in favour of EDPR.

The agreement is automatically renewable on a yearly basis.

#### Cross currency interest rate swaps

Due to the net investment in EDPR NA, the company and Group accounts of EDPR and the accounts of EDP Sucursal, were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDP Group settled a cross currency interest rate swap (CIRS) in USD and EUR, between EDP Sucursal and EDPR for a total amount of USD 2,632,613. Also a CIRS in PLN and EUR, between EDP Sucursal and EDPR was settled for a total amount of PLN 309,307,188 related with the net investment in polish companies.

#### Hedge agreements – exchange rate

EDP Sucursal and EDPR entered into several hedge agreements with the purpose of managing the transaction exposure related with the investment payments to be done in Poland, fixing the exchange rate for EUR/PLN in accordance to the prices in the forward market in each contract date. At December 31<sup>st</sup> 2011, a total amount of EUR 38,803,000 remained outstanding.



