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**EDP – ENERGIAS DE PORTUGAL, S.A.**

**ANNUAL GENERAL SHAREHOLDERS' MEETING**

6<sup>th</sup> May 2013

**PROPOSAL OF ITEM 4 OF THE AGENDA**

**Grant authorization to the Executive Board of Directors for the acquisition and sale of own shares by EDP and subsidiaries of EDP**

**Considering:**

- A) The legal regulations applicable to the acquisition and sale of own shares by limited liability companies set forth in the Portuguese Companies Code;
- B) The permission granted on no. 3 of article 5 of the Articles of Association to acquire, hold and sell own shares, as provided in the law and up to the limits set forth in the law;
- C) The provisions laid down in Regulation (EC) 2273/2003 of the European Commission dated December 22nd, 2003, that established a special regime contemplating, namely, requirements to exempt from the general regime of market abuse for certain programs of reacquisition of own shares that should be taken into consideration even if the acquisition of own shares is not integrated on the reacquisition programs covered by the referred Regulation;
- D) The obligation to communicate and disclose the execution of own shares' operations by companies listed into trading that are provided for in CMVM's Regulation no. 5/2008;



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- E) The authorization granted to the Executive Board of Directors to buy and sell own shares by resolution of the General Shareholders' Meeting of April 17<sup>th</sup>, 2012 by virtue of which EDP carried out stock operations on own shares and currently holds, directly or through its subsidiaries, 31 360 869 own shares;
- F) From the Company's point of view it is deemed convenient for EDP and its subsidiaries to hold an authorization to buy or to sell own shares, namely considering the stock-options programs previously approved or for any actions deemed necessary or appropriate for the development of the Company's interests;

**The Executive Board of Directors proposes that the Annual General Shareholder's Meeting:**

- 1. Approves to grant authorization to the Executive Board of Directors of EDP and the management bodies of EDP's subsidiaries for acquiring or selling own shares;
- 2. Approves the acquisition by EDP, or any of its current or future subsidiaries, of own shares, including acquisition or allocation rights, subject to decision of the Executive Board of Directors of EDP and under the following terms and conditions:
  - a) **Maximum number of shares to buy:** to a total not exceeding 10% of the share capital of EDP, less any sales that might have occurred, regardless of the exceptions included in number 3 of article 317 of the Portuguese Companies Code and the number of shares required for the buying entity to comply with its commitments set forth by law, contract, issue of securities or contractual requirement regarding the provision of stock-options previously approved programs for the Executive Board members to purchase shares, subject to, if required and in compliance with legislation, the subsequent sale of shares exceeding the foregoing threshold;
  - b) **Period during which shares can be acquired:** eighteen months from the date of this resolution;



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- c) **Forms of acquisition:** acquisition of shares or shares purchase or allocation rights, against payment, in any shape or form and pursuant to the terms and limits peremptorily determined in legislation, either in regulated market where EDP shares have been admitted for trading or outside of stock market, respecting the principle of shareholder equal treatment, under the legal terms applicable, namely through (i) transaction performed outside regulated market with entity (ies) selected by the Executive Board of Directors, including financial institution(s) with which EDP or a subsidiary has entered into an equity swap agreement or similar derivative financial instrument agreement, or (ii) any acquisition of any form in order to or for the purpose of complying with any legal or contractual requirements, or the conversion or exchange of convertible or exchangeable securities issued by the company or a subsidiary, under the terms of the respective issuance conditions or agreements executed in relation to such conversion or exchange;
- d) **Minimum and maximum consideration for acquisitions:** the maximum and the minimum buying price shall be, respectively, 120% and 80% of the weighted daily average of the closing price of EDP shares in the last 5 sessions of the NYSE Euronext Lisbon immediately prior to the date of acquisition or the date on which the right to acquire or allocate shares was attained, or it will correspond to the acquisition price arising from contractual financial instruments, from the issuance conditions established by the company or any subsidiary, from securities convertible into or exchangeable for shares of the company, or any agreement entered into concerning such conversions or exchanges.
- e) **When to acquire:** to be determined by the Executive Board of Directors of EDP, considering the security market situation and the convenience or commitments of the buying entity, of any of its subsidiaries or of the buyer(s). Acquisitions may occur on one or more occasions, broken down in the manner that the referred Board deems appropriate.



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3. Approves the selling of own shares, including the right to acquire and to hold, that have already been acquired by EDP or any of its current or future subsidiary, subject to decision by the Executive Board of Directors of EDP and under the following terms and conditions:
- a) **Minimum number of shares to sell:** the number of sale transactions and the number of shares to sell shall be determined by the Executive Board of Directors of EDP, whenever deemed necessary or convenient for the development of the corporate interest or for compliance with legal or contractual obligations. Sales transactions include the allocation of stock purchase options under the abovementioned stock-option programs;
  - b) **Period during which shares can be acquired:** eighteen months from the date of this resolution;
  - c) **Forms of selling:** selling of shares or share purchase or allocation rights, against payment, in any shape or form and pursuant to the terms and limits peremptorily determined in legislation, namely by sale or exchange, by negotiating proposal or public offer, respecting the principle of shareholder equal treatment under the applicable legal terms, to perform on regulated market where EDP shares have been admitted for trading or through transaction performed outside regulated market with entity (ies) selected by the Executive Board of Directors, including financial institution(s) with which EDP or a subsidiary has entered into an equity swap agreement or similar derivative financial instrument agreement, or through sale, in any title, in compliance with legal or contractual obligations, or even with the intention or meeting any commitment made in regard to EDP's stock-options programs created under the express approval of the Annual General Shareholder's Meeting;



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- d) **Minimum Price:** the minimum selling price shall be either (i) no less than 80% of the weighted daily average of the closing price of EDP shares in the last 5 sessions of the NYSE Euronext Lisbon immediately prior to the date of the sale, except when the purpose of the sale is to permit the full implementation of stock-options programs that have been created under the express approval of the General Meeting of Shareholders, or (ii) it shall be the price that was set or results from the terms and conditions of the issuance of other securities, namely convertible or exchangeable securities, or from a contract entered into in regard to such issue, conversion or exchange, relative to a sale obliged by the same;
  - e) **When to sell:** the Executive Board of Directors of EDP shall determine the timing of each transaction in view of the market conditions and whether the sale is appropriate to or complies with the requirements of the selling entity, the Company or its subsidiary. Sales transactions may occur one or more times, broken down in the manner the referred Executive Board deems appropriate.
4. Approves that the Executive Board of Directors be indicatively notified that, without prejudice to its freedom to decide and to act as per the resolutions taken in respect to paragraphs 1 to 3 precedent, in as much as possible and under the terms and according to the circumstances it deems appropriate – particularly in relation to acquisitions forming part of stock repurchase programs for the purpose of covering bond or other securities' conversion rights, or stock-options programs or similar rights, or other programs that may be governed by the Regulation mentioned in Recital C) – it should not only consider the legislation applicable regarding the disclosure of remuneration policy of the corporate bodies and the Securities Market Commission recommendations in force but also the following recommended practices concerning the buying and selling of own shares in accordance with the authorizations granted under the previous paragraphs:



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- a) Disclose to the public, before beginning purchase and sale transactions, the contents of the authorization referred to in the foregoing paragraphs 1 to 3, in particular, the objective, maximum acquisition counter value, maximum number of shares to buy and the authorized timeframe established for the transaction;
- b) Record each transaction performed in the ambit of the preceding authorizations;
- c) Perform stock transactions in such a manner, in terms of timing, form and volume, that does not disturb the regular operation of the market, trying to avoid execution during sensitive trading periods, in particular the opening and closure of a session, at times when the market is disturbed, or when relevant facts are announced or financial results are being disclosed;
- d) Restrict acquisitions to 25% of the average daily trading volume, or to 50% of this trading volume provided that the competent authority is previously notified of the intention of exceeding that limit;
- e) Publicly disclose of any transactions performed, that are relevant according to the applicable regulations, until the end of the third trading day subsequent to the date on which such transaction occurred;
- f) Communicate to the competent authority, until the end of the third working day counting from the transaction date, all acquisitions and sales performed;
- g) Refrain from shares selling when stock repurchase transactions are occurring under the auspices of the program governed by the Regulation referred to in Recital C).



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For that purpose and in the event of acquisitions under stock repurchasing programs, or other plans that might be covered by the Regulation referred to on C), the Executive Board of Directors may divide up acquisitions and their conditions according to the respective program. It may provide information of such division in any public disclosure that may be made.

Lisbon, March 5<sup>th</sup>, 2013

**EDP – Energias de Portugal, S.A.**

**The Executive Board of Directors**

**António Mexia**

**Nuno Almeida Alves**