Financial Results
1H12

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Conference call and webcast

Date: Friday, 27th July, 2012, 10:30 am (UK/Portuguese time)

Webcast: www.edp.pt

By Phone dial-In number: +44 (0)207 1620 177 Conference ID: 920246

Replay: By Phone dial-In number: +44 (0)20 7031 4064 Conference ID: 920246

Lisbon, July 26th 2012

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The financial statements presented in this document are non-audited.

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EDP 1H12 financial statements reflect a change in accounting policy as to the interest cost and estimated return of the fund assets: the respective amounts, accounted as operating costs in 1H11, are accounted at financial results level in 1H12.
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Main Highlights

Income Statement (€ m)	1H12	1H11*	Δ %	Δ Abs.
Gross Profit	**2,789**	**2,788**	**0.1%**	**+1**
Supplies and services	446	421	5.8%	+25
Personnel costs	295	293	0.7%	+2
Costs with social benefits	36	73	-52%	-38
Other operating costs (net)	128	100	28%	+28
Net Operating costs (1)	**904**	**887**	**1.9%**	**+17**
EBITDA	**1,885**	**1,900**	**-0.8%**	**-15**
Provisions	7	20	-67%	-14
Net depreciation and amortisation (2)	704	704	-0.0%	-0
EBIT	**1,174**	**1,176**	**-0.1%**	**-1**
Capital gains/(losses)	3	10	-72%	-8
Financial results	(353)	(266)	-33%	-87
Results from associated companies	10	12	-11%	-1
Pre-tax Profit	**835**	**932**	**-10%**	**-97**
Income taxes	159	220	-28%	-62
Discontinued activities	-	-	-	-
Net profit for the period	676	711	-5.0%	-36
Net Profit Attributable to EDP Shareholders	**582**	**609**	**-4.4%**	**-27**
Non-controlling Interest	94	103	-8.5%	-9

Key Operational Data	1H12	1H11	Δ %	Δ Abs.
Employees	12,292	12,124	1.4%	+168
Installed capacity (MW)	22,514	22,505	0.0%	+9

Key Financial Data (€ m)	1H12	1H11	Δ %	Δ Abs.
FFO (Funds from operations)	1,468	1,444	1.7%	+25
Capex	690	845	-18%	-155
Maintenance	288	310	-7.2%	-22
Expansion	402	535	-25%	-133
Net financial investment in the period	43	232	-82%	-189

Key Balance Sheet Data (€ m)	Jun-12	Dec-11	Δ %	Δ Abs.
Equity book value	7,927	8,110	-2.3%	-183
Net debt	18,019	16,948	6.3%	+1,070
Regulatory receivables	2,311	1,647	40%	+663
Net debt/EBITDA (x)	4.8x	4.5x	-	0.3x
Adjusted net debt (3)/EBITDA (x)	4.2x	4.1x	-	0.1x

EBITDA was almost flat (-0.8% YoY) in 1H12, at €1,885m, as the rise in wind operations (+€94m) was not enough to fully compensate falls in Brazil (-€95m), liberalised activities and LT Contracted (-€10m each). EBITDA evolution reflects a €27m gain booked in 1H11 (on the sale of transmission assets to REE) and a change in accounting policy (as from Sep-11) as to the interest cost and estimated return of the pension fund assets: the respective amounts, accounted as operational expenses in 1H11 (€45m), are now accounted at financial results level (€46m in 1H12). Adjusted for these impacts, **EBITDA was 1.7% lower YoY.**

EBITDA generated outside Portugal accounted for 60% of EBITDA in 1H12. Moreover, 90% of EBITDA derived from LT contracted and regulated activities, reflecting our low-risk operational profile. Regulatory-wise, it is worth to mention (i) the increased visibility for electricity distribution in Portugal in 2012-14, provided by the regulatory revision concluded in Dec-11 (17% of our EBITDA) and (ii) increased visibility over operating landscape in Portugal following Portuguese Government's announced measures in May-12, envisaging capacity payments, cogeneration and CMECs.

Net operating costs[(1)] advanced 1.9% (+€17m), to €904m in 1H12, driven by a €28m YoY increase in other net operating costs derived from the aforementioned €27m one-off gain booked in 1H11 (sale of transmission assets to REE). Operating costs, in turn, were 1% lower YoY, at €776m, as the impact from the aforementioned change in accounting policy (€45m in 1H11) outstood higher costs stemming from larger base of operations and ForEx impact at EDPR (+€16m of controllable costs).

EBIT was stable at €1,174m, reflecting lower provisioning in Brazil and stable net depreciation and amortisation. **Net depreciation and amortisation** was flat as the impact from the extension of EDPR's wind farms useful life was compensated by the commissioning of new investments. **Financial results** totalled -€353m in 1H12, mainly reflecting: (i) the increase in the average cost of debt (from 3.9% in 1H11 to 4.0% in 1H12); (ii) a 5% rise in average net debt; and (iii) the impact from the aforementioned change in accounting policy (-€46m). **Income taxes** were €62m lower due to non-recurrent items in 1H12. **Non-controlling interest** dropped 8% YoY to €94m in 1H12, following lower results from EDP Brasil. **Net profit in 1H12 reached €582m**, standing 4.4% below 1H11.

Net debt in Jun-12 rose to €18bn (+€1.1bn vs. Dec-11) reflecting: (i) €0.7bn paid in dividends in May-12, (ii) +€0.7bn of regulatory receivables prompted by Portugal (+€0.5bn in distribution, +€0.1bn in CMEC); and (iii) +€0.4bn of expansion capex. Funds from operations rose by 2% YoY supported by lower income taxes. Up to Jun-12, EDP spent €2.0bn in 2.9GW under construction. Excluding regulatory receivables, EDP's adjusted net debt/EBITDA stood at 4.2x in Jun-12 (vs. 4.1x in Dec-11), penalised by cumulated expenditure in projects under construction.

In Mar-12, EDPR executed a €177m project finance structure for 125MW of wind in Spain. In Mai-12, EDP issued a 3-year, 6%-coupon €250m retail bond. In Jun-12, EDP repaid a €500m bond that was paying a fixed coupon of 4.25%. **As of Jun-12, total cash position and available credit facilities amounted to €2.9bn.** As part of EDP's strategic partnership with CTG: (i) CTG is committed to acquire minority stakes (c1.5GW) in wind farms worth €2.0bn up to 2015 (€800m in the 12months following the deal closing); (ii) EDP has the committment from a Chinese bank to access a €2.0bn credit facility by up to 20 years, for which an agreement was recently reached upon the terms regarding a first €1.0bn tranche; (iii) the 2 groups will co-invest in selected new projects. Adjusted for this, **our liquidity position allows us to meet our funding needs until mid 2015.**

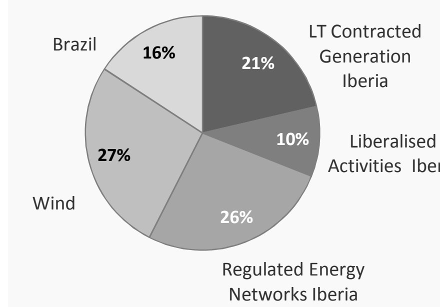
On July 20th 2012, EDP agreed to sell its gas transmission business in Spain for an EV of €262.5m.

* Note: 1H11 financial statements are stated as reported in 1H11, thereby not including the change in accounting policy as to pension funds costs. (1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets. (3) Excluding regulatory receivables.

EBITDA Breakdown

EBITDA (€ m)	1H12	1H11	Δ %	Δ Abs.	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12
LT Contracted Generation	402.3	412.6	-2.5%	-10	203.0	209.6	197.8	213.8	197.0	205.3	-	-
Liberalised Activities Iberia	182.1	192.1	-5.2%	-10	120.4	71.6	105.6	94.8	94.5	87.5	-	-
Regulated Networks Iberia	520.0	524.4	-0.8%	-4	275.0	249.3	277.0	298.5	274.9	245.0	-	-
Wind Power	503.5	409.2	23%	+94	220.1	189.1	139.1	252.4	263.5	240.1	-	-
Brazil	297.9	392.4	-24%	-95	198.2	194.3	161.9	127.4	177.4	120.5	-	-
Other	(20.8)	(30.3)	-	+10	(8.6)	(21.7)	(6.8)	(6.4)	(3.9)	(16.9)	-	-
Consolidated	**1,885.1**	**1,900.4**	**-0.8%**	**-15**	**1,008.2**	**892.2**	**874.6**	**980.6**	**1,003.5**	**881.6**	**-**	**-**

EBITDA 1H12



EDP consolidated EBITDA amounted €1,885m (-0.8% YoY), reflecting the €27m one-off gain booked in 1H11 (from the sale of transmission assets to REE) and a change in accounting policy (as from Sep-11) as to the interest cost and estimated return of the pension fund assets: the respective amounts, accounted as operational expenses in 1H11 (€45m), are now accounted at financial results level (€46m in 1H12). Adjusted for these impacts, EBITDA was 1.7% lower YoY, as higher EBITDA from wind operations (+€94m) was more than offset by lower EBITDA from Brazil (-€95m), liberalised activities and LT contracted (-€10m each). ForEx impact on EBITDA was negligible (-€2m).

LONG TERM CONTRACTED IBERIA – EBITDA was 2.5% (-€10m) lower YoY, at €402m, as the impact from lower output from our mini-hydro plants (-58% YoY derived from very dry weather, particularly in 1Q12) and ongoing depreciation of assets base, was almost offset by the positive impact from higher inflation, higher-than-contracted availability at our CMEC plants and the commissioning of Sines DeNOx facilities.

LIBERALISED ACTIVITIES IBERIA – EBITDA totalled €182m in 1H12 (-5% YoY), supported by flat performance in the electricity business and lower gross profit in the gas supply business (-€16m). In the electricity business, gross profit was flat YoY at €373m in 1H12 reflecting the mixed impact from: (i) lower total volumes (-8% mainly driven by volumes sold in Portugal's wholesale market), lower results from hedging and higher sourcing costs (+9% YoY in 1H12 on lower contribution from hydro, more intense hydro pumping activity, higher fuel costs and more expensive electricity purchases), on the one hand; (ii) higher average selling prices achieved (+11% on higher unitary contribution from ancillary services and higher average selling price to retail clients), higher other revenues (namely from capacity payments in Spain), on the other hand. The fall in gas supply gross profit was due to lower volumes sold (-3% YoY mainly derived from Portuguese operations) and to a contraction in average unit margin derived from rising gas costs and tough competition.

REGULATED NETWORKS IBERIA – EBITDA amounted €520m (-1% YoY) reflecting the negative net impact from: (i) the sale of transmission assets to REE (+€27m in 1Q11), (ii) €21m intra-group real estate gain in 2Q11 (no impact at consolidated level) and (iii) the impact from the aforementioned change in accounting policy (-€30m in 1H11).

Excluding these impacts, EBITDA increased by 3% YoY (+€14m) impacted by the rise in Portugal distribution grid regulated revenues following an increase in rate of return from 8.56% to 10.3% (best estimate based on the evolution of avg. Portugal 5Y CDS since Oct-11) which more than offset a 7% decrease in regulated revenues at electricity distribution in Spain following the recent regulatory measures in Spain (RDL 13/2012).

WIND POWER – EDPR's EBITDA rose 23% YoY (+€94m) to €504m in 1H12, reflecting a 4% increase of installed capacity (+282MW to 7,169MW by Jun-12), a 32% avg. load factor in 1H12 (+1pp YoY) and avg. selling price 10% higher YoY at €61/MWh (prompted by higher prices and higher contribution from European markets, with above-the-average portfolio prices. **The main growth drivers were: (1) US (+€36m)**, reflecting a €15m positive contribution from ForEx (8% YoY appreciation of the USD vs. the EUR), capacity additions (+144MW), higher avg. load factors (+1pp YoY to 38%) and avg. selling price (+3% YoY to USD46/MWh); **(2) European markets ex-Iberia (+€33m YoY)**, following 101MW of new capacity, higher avg. load factors (+2pp YoY to 25%) and higher avg. selling prices (+11% YoY to €106/MWh); and **(3) Spain (+€29m YoY**, including hedging results), reflecting 21MW of additional capacity, higher avg. load factors (+1pp to 28%) and avg. selling prices (+7% YoY to €88/MWh). **In Portugal, EBITDA increased 5% YoY (+€3m)**, reflecting 16MW of new capacity, a stable avg. load factor of 27% and higher avg. selling prices (+5% YoY to €107/MWh).

BRAZIL - EDPB's contribution to 1H12 EBITDA declined 24% (-€95m) YoY, penalized by unfavourable ForEx impact (-€16m in the wake of a 5% depreciation of BRL vs. EUR) and by a 20% (-R$179m) YoY decline in local currency EBITDA. The fall in EBITDA was driven by the negative impact from tariff deviations in the distribution business (-R$222m, from +$R36m in 1H11 to -R$186m in 1H12) and the freeze of Bandeirante's tariffs from Oct-11 to Oct-12. This impact was only partially compensated by a more favorable allocation of contracted volumes in 1H12 vs. 1H11 in the generation business.

Profit & Loss Items below EBITDA

Provisions, Deprec. & Amortizat. (€ m)	1H12	1H11*	Δ %	Δ Abs.
EBITDA	**1,885.1**	**1,900.4**	**-0.8%**	**-15**
Provisions	6.8	20.4	-67%	-14
Depreciation and amortisation	717.1	724.1	-1.0%	-7
Compensation for depreciation	(13.1)	(19.9)	34%	+7
EBIT	**1,174.4**	**1,175.7**	**-0.1%**	**-1**

Financial Results (€ m)	1H12	1H11*	Δ %	Δ Abs.
Net financial interest	(343.2)	(314.2)	-9.2%	-29
Capitalized financial costs	67.7	72.2	-6.2%	-4
Net foreign exch. diff. and derivates	(30.8)	(7.8)	-296%	-23
Investment income	4.9	3.2	53%	+2
Unwinding w/ pension & medical care resp.	(46.0)	-	-	-46
Other Financials	(5.6)	(19.5)	71%	+14
Financial Results	**(353.0)**	**(266.1)**	**-33%**	**-87**

Results from Associat. Companies (€ m)	1H12	1H11	Δ %	Δ Abs.
CEM (21%) - China/Macao	4.9	5.6	-13%	-1
Setgás (20%)	1.3	1.5	-11%	-0
EDP Renováveis subsidiaries	3.6	3.4	7.1%	+0
Other	0.7	1.3	-51%	-1
Results from associated companies	**10.5**	**11.8**	**-11%**	**-1**

Capital Gains/(Losses) (€ m)	1H12	1H11	Δ %	Δ Abs.
Capital Gains/(Losses)	**2.9**	**10.4**	**-72%**	**-8**

Income Tax (€ m)	1H12	1H11	Δ %	Δ Abs.
Pre-tax profit	**834.7**	**931.8**	**-10%**	**-97**
Income taxes	158.9	220.5	-28%	-62
Effective tax rate (%)	*19.0%*	*23.7%*	*-4.6 pp*	-
Discontinued activities	-	-	-	-

Non-controlling Interest (€ m)	1H12	1H11	Δ %	Δ Abs.
EDP Renováveis	27.7	21.9	26%	+6
HC Energia	0.5	0.3	67%	+0
Energias do Brasil	63.0	74.1	-15%	-11
Other	2.8	6.3	-56%	-4
Non-controlling Interest	**94.0**	**102.6**	**-8.5%**	**-9**

Net depreciation and amortisation (net of compensation from depreciation and amortisation of subsidised assets) stood flat in 1H12, since the extension of the useful life of the wind farms (from 20 to 25 years, in Jun-11), which had an impact of €27m since 1H11, was compensated by (i) the expansion of EDPR's wind portfolio (ii) new hydro capacity in Portugal as well as higher working hours at our coal plants in Spain and (iii) commissioning of DeNOx facilities at Sines' coal plant in Portugal.

Provisions decreased €14m in 1H12 mainly due to the provisioning in 1H11 of a legal litigation with a client in Brazil in the amount of €11m.

Financial Results:

a) Net financial interest costs increased 9% YoY, to €343m in 1H12, following (i) a c10bp increase of the average cost of debt, from 3.9% in 1H11 to 4.0% in 1H12 and (ii) an increase by 5% in average net debt.

b) Capitalised financial costs decreased by 6% due to lower level of works in progress, namely at EDP Renováveis.

c) Losses with **net foreign exchange differences and derivatives** increased €23m to a €31m in 1H12 due to higher losses in forex and derivatives arising from the USD/EUR appreciation.

d) Unwinding with pension and medical care responsibilities amounted to €46m. Note that EDP 1H12 financial statements reflect a change in accounting policy as to the interest cost and estimated return of the pension fund assets: the respective amounts, accounted in 1H11 as operating costs, are now accounted at financial results level (€46m in 1H12 vs. €45m in 1H11).

e) Other financials reflects essentially impairments in our financial stake in BCP of €18m in 1H11 and €5m in 1H12.

Results from associated companies: EDP Renováveis subsidiaries include essentially our equity stake in ENEOP Portugal (€2.1m impact in 1H12) and in spanish wind farm Sierra del Madero (€0.8m impact in 1H12).

Capital gains decreased by €8m due to capital gain reflecting the sale of EDPR 16.7% stake in SEASA during 1H11 (€9m).

Income tax decreased €62m due to one-off effects in 1H12.

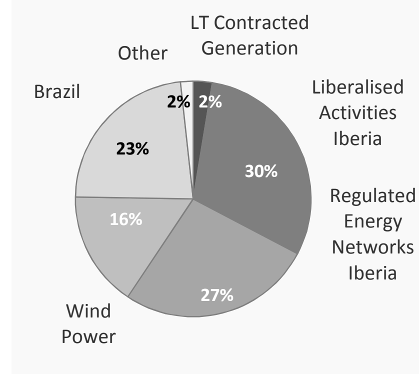
Non-controlling interest decreased 8% YoY to €94m in 1H12, as lower results from EDP Brasil were partially offset by the reduction of EDP stake in EDP Brasil from 65% to 51% in Jul-11 and the increase of net profit at EDPR.

* Note: 1H11 financial statements are stated as reported in 1H11 thereby not including the change in accounting policy as to pension funds costs.

Capital Expenditure & Net Financial Investments

Capex (€ m)	1H12	1H11	Δ %	Δ Abs.	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12
LT contracted gen. Iberia	18.1	32.3	-44%	-14	13.9	18.4	13.6	13.1	7.9	10.2	-	-
Liberalised activities Iberia	207.6	153.1	36%	+54	49.0	104.1	115.2	197.1	85.8	121.8	-	-
Regulated networks Iberia	184.2	166.6	11%	+18	69.5	97.0	89.3	148.9	81.7	102.6	-	-
Wind power	109.4	345.0	-68%	-236	190.4	154.6	171.1	312.6	55.1	54.4	-	-
Brazil	159.0	123.8	28%	+35	63.0	60.8	104.7	112.8	88.9	70.1	-	-
Other	11.9	24.3	-51%	-12	6.8	17.5	14.0	23.4	5.7	6.2	-	-
EDP Group	**690.2**	**845.0**	**-18%**	**-155**	**392.7**	**452.4**	**507.8**	**807.8**	**325.0**	**365.2**	**-**	**-**
Expansion Capex	**402.2**	**534.7**	**-25%**	**-133**	**263.4**	**271.4**	**322.2**	**551.3**	**189.2**	**213.0**	**-**	**-**
Maintenance Capex	**288.1**	**310.3**	**-7.2%**	**-22**	**129.3**	**181.0**	**185.6**	**256.5**	**135.8**	**152.3**	**-**	**-**

CAPEX 1H12



Generation Projects Under Construction (€ m)	MW	Capex 1H12	Acc. Capex (1)
Hydro Portugal	1,710	158.8	731
Wind power (2)	468	80.0	562
Coal Brazil	360	74.8	589
Hydro Brazil	378	39.7	80
Total	**2,916**	**353.3**	**1,963**

Net financial investments/(Divestments) (€m)	1H12	1H11	Δ %	Δ Abs.
Major Financial Investments	**51.7**	**263.7**	**-80%**	**-212**
Consolidation Perimeter EDPR	10.4	19.5	-47%	-9
Genesa (20% stake)	-	231.1	-	-231
Jari (Brazil)	39.8	-		
Other	1.5	13.2	-89%	-12
Major Financial Divestments	**8.9**	**31.5**	**-72%**	**-23**
Consolidation Perimeter EDPR	6.5	30.4	-79%	-24
Other	2.4	1.1	114%	+1
Total	**42.8**	**232.2**	**-82%**	**-189**

Consolidated capex totalled €690m in 1H12, following a deceleration in expansion capex (-25% YoY to €402m), prompted by wind operations. In line with EDP's strategy to invest in risk controlled activities, LT contracted/regulated activities absorbed 68% of capex. **Maintenance capex** totalled €288m in 1H12, mostly devoted to regulated networks.

Capex in new wind capacity (c27% of expansion capex), at EDPR level, totalled €109m and was mainly incurred in the construction of new capacity in US (34%), Spain (18%), Romania (14%), Poland (11%), Portugal (8%) and France (5%). EDPR has so far spent €562m (€80m in 1H12) in MW under development and in 468MW currently under construction (all under long term/regulated tariff regimes): 215MW in US (State of New York), 100MW in Spain, 80MW in Poland, 40MW in Italy, 26MW in Romania and 8MW in France.

Capex in new hydro capacity in Portugal (c45% of expansion capex) totalled €178m in 1H12, the bulk of which (€159m) devoted to construction/repowering works in 6 plants in Portugal (1,710MW due in 2012/15): 3 repowerings (1,203MW) and 3 new plants (507MW). Alqueva II (256MW, 86% of capex already incurred), is due to come on stream in 4Q12.

In Brazil, EDP already invested: (1) €589m in its 360MW share in Pecém coal plant; and (2) €80m in the repowering of Mascarenhas (5MW due in 2013 following the start up of 4MW in 2Q12) and initial construction works of Jari (373MW due in 2015).

Overall, EDP continues to execute its low-cost, CO_2-free pipeline, having so far spent €2.0bn in 2.9GW under construction. Looking forward, EDP plans a total capex of €2.0bn in 2012.

Net financial investments in 1H12 amounted €43m, the bulk of which related to: (i) success fees regarding the development of Jari and wind projects previously acquired; and (ii) a payment related to the approval by ANEEL of the expansion of Jari capacity by 73MW.

(1) Accumulated capex net of debts to equipment suppliers. (2) Amount of accumulated capex includes capacity under construction & development.

Cash Flow

Consolidated Cash Flow (€m) - Indirect Method	1H12	1H11	Δ %	Δ Abs.
EBITDA	**1,885.1**	**1,900.4**	**-0.8%**	**-15**
Income tax	(45)	(141)	68%	+96
Net financial interest	(343)	(314)	-9.2%	-29
Net Income and dividends received from Associates	15	15	2.5%	+0
Other adjustments	(44)	(17)	-162%	-27
FFO (Funds From Operations)	**1,468.4**	**1,443.5**	**1.7%**	**+25**
Net financial interest	343	314	9.2%	+29
Net Income and dividends received from Associates	(15)	(15)	-2.5%	-0
Change in operating working capital	(724)	(257)	-	-467
Regulatory Receivables	(663)	33	-	-696
Other	(61)	(290)	79%	+229
Net Cash from Operating Activities	**1,072.5**	**1,486.1**	**-28%**	**-414**
Expansion capex	(402)	(535)	25%	+133
Maintenance capex	(288)	(310)	7.2%	+22
Change in working capital from equipment suppliers	(375)	(343)	-9.3%	-32
Net Operating Cash Flow	**7.3**	**298.2**	**-98%**	**-291**
Net financial (investments)/divestments	(43)	(232)	-	+189
Net financial interest paid	(380)	(254)	-50%	-127
Dividends received from Associates	11	9	22%	+2
Dividends paid	(770)	(708)	-8.9%	-63
Anticipated proceeds from Institut. Partnersh. in US wind	(7)	(7)	9.2%	+1
Effect of exchange rate fluctuations	(18)	274	-	-292
Other non-operating changes	130	(91)	-	+221
Decrease/(Increase) in Net Debt	**(1,070.3)**	**(710.3)**	**-51%**	**-360**

Consolidated Cash Flow (€m) - Direct Method	1H12	1H11	Δ %	Δ Abs.
Operating Activities				
Cash receipts from customers	7,501	7,042	6.5%	+459
Proceeds from tariff adjustments securitization	168	358	-53%	-191
Cash paid to suppliers and personnel	(6,401)	(5,868)	-9.1%	-533
Concession rents & other	(162)	49	-	-211
Net Cash from Operations	**1,106**	**1,581**	**-30%**	**-475**
Income tax received/(paid)	(33)	(95)	65%	+62
Net Cash from Operating Activities	**1,072.5**	**1,486.1**	**-28%**	**-414**
Net Cash from Investing Activities	**(1,050)**	**(1,362)**	**23%**	**+311**
Net Cash from Financing Activities	**(299)**	**(758)**	**61%**	**+460**
Changes in Cash and Cash Equivalents	**(276.5)**	**(634.0)**	**56%**	**+357**
Effect of exchange rate fluctuations	(13)	(22)	40%	+9

Funds from operations (FFO) increased 2% YoY to €1,468m in 1H12, reflecting a €96m decrease of income taxes, mostly explained by some non-recurring impacts in 1H12, which was partly compensated by a €29m increase in net financial interests, following a 10bp increase of the average cost of debt and a 5% increase of average net debt.

Net cash from operating activities fell 28% YoY to €1,073m in 1H12. Note that in 1H12, this item was negatively impacted by a €663m increase in regulatory receivables, mostly due to: i) a €673m increase in regulatory receivables from Portugal; which was partially compensated by ii) €168m in cash proceeds from tariff deficit securitization deals in Spain. In 1H12, other changes in operating working capital translated into a negative impact of €61m, driven by a reduction of the liabilities to trade suppliers and lower tax liabilities.

Expansion capex fell 25% YoY to €402m in 1H12 reflecting a reduction of capex in wind activities, following lower expected capacity additions for 2012.

Net financial investments/divestments amounted to €43m in 1H12 and are mostly related to success fees regarding the development of Jari (hydro in Brazil) and a payment for the expansion of its capacity from 300MW to 373MW.

On May 16th 2012, EDP paid its annual dividend amounting to €671m (€0.185/share), a 9% increase vs. the previous year. The amount of €770m of dividends paid in 1H12 also includes the amount paid to non-controlling interests, namely at the level of EDP Brasil.

The €18m negative impact from **effects of exchange rate fluctuations** essentially reflects the impact of the year-to-date 3% appreciation of the USD vs. the Euro, which was mostly compensated by the 7% depreciation of the BRL in the same period.

Overall, **net debt** increased €1.1bn vs. Dec-11 to €18.0bn as of Jun-12.

Note that, on July 16th 2012, EDP agreed to sale its gas transmission assets in Spain to Enagás, for a total enterprise value of €262.5m.

Statement of Consolidated Financial Position

Assets (€ m)	Jun. vs. Dec.		
	Jun-12	Dec-11	Δ Abs.
Property, plant and equipment, net	20,673	20,708	-35
Intangible assets, net	6,575	6,800	-225
Goodwill	3,338	3,327	10
Financial investments and assets held for sale, net	537	534	3
Tax assets, deferred and current	837	1,156	-319
Inventories	315	346	-31
Trade receivables, net	2,130	2,152	-23
Other assets, net	5,060	4,512	549
Cash and cash equivalents	1,442	1,732	-290
Total Assets	**40,907**	**41,268**	**-360**

Equity (€ m)	Jun-12	Dec-11	Δ Abs.
Equity attributable to equity holders of EDP	7,927	8,110	-183
Non-controling Interest	3,180	3,277	-97
Total Equity	**11,107**	**11,387**	**-280**

Liabilities (€ m)	Jun-12	Dec-11	Δ Abs.
Financial debt, of wich:	19,589	18,785	804
Medium and long-term	*16,122*	*15,786*	*336*
Short term	*3,467*	*2,999*	*468*
Employee benefits (detail below)	1,759	1,823	-64
Institutional partnerships, US wind	1,792	1,784	8
Provisions	379	415	-36
Tax liabilities, deferred and current	1,356	1,501	-145
Other liabilities, net	4,925	5,573	-648
Total Liabilities	**29,800**	**29,881**	**-80**
Total Equity and Liabilities	**40,907**	**41,268**	**-360**

Employee Benefits (€m)	Jun-12	Dec-11	Δ Abs.
Pensions	940	1,004	-64
Medical care	820	819	0
Employee Benefits	**1,759**	**1,823**	**-64**

Institutional Partnerships Liabilities (€m)	Jun-12	Dec-11	Δ Abs.
Institutional Partnerships, US Wind	1,792	1,784	8
(-) Deferred Income	783	773	10
Institutional Partnerships Liabilities	**1,009**	**1,011**	**-2**

Regulatory Receivables (€m)	Jun-12	Dec-11	Δ Abs.
Portugal Distribution and Gas (1)	1,280	739	541
Portugal Annual CMEC Deviation	523	390	132
Spain (2)	470	514	-43
Brazil (1)	38	4	33
Regulatory Receivables	**2,311**	**1,647**	**663**

Total amount of **property, plant & equipments and intangible assets** decreased by €0.3bn vs. Dec-11 to €27.2bn as of Jun-12, mostly due to: (1) +€0.7bn of capex in the period; (2) -€0.7bn from depreciations in the same period; (3) a -€0.1bn impact related to CO_2 licences delivered in the period; and (4) a net -€0.1bn impact from the 7% depreciation of the BRL and 3% appreciation of the USD vs. the EUR between Dec-11 and Jun-12. As of Jun-12, EDP's balance sheet included €3.5bn of works in progress (13% of total consolidated tangible and intangible assets) largely related to investments already made in power plants, wind farms, equipment or concession rights which are not yet operating or being depreciated.

The book value of **financial investments & assets held for sale** amounted to €537m as of Jun-12, including essentially our financial stakes in CEM (21%), BCP (2.6%) and REN (3.5%), as well as €0.2bn regarding our gas transmission assets in Spain, which sale to Enagás was recently agreed.

Tax assets and liabilities, deferred and current, went down €0.2bn vs. Dec-11, mainly due to lower fiscal receivables related to value added taxes.

Other assets (net) increased €0.5bn vs. Dec-11 to €5.1bn as of Jun-12, reflecting higher gross regulatory receivables, which resulted from: (1) a €0.5bn increase in receivables from energy distribution & last resort supply activities in Portugal; (2) €0.1bn higher receivables from generation under the CMEC system in Portugal; and (3) a €0.1bn decline in Spanish pending tariff deficit.

Total amount of EDP's **net regulatory receivables** went up by €663m to €2.3bn as of Jun-12, driven by: (1) a €673m increase from Portugal, due to higher pending receivables from both energy distribution & last resort supply (+€541m) and generation under the CMEC system (+€132m); and (2) a €33m increase from Brazil, mostly due to the freeze of Bandeirante's tariffs and higher energy purchase costs; which was partly compensated by (3) a €43m decline from Spain (driven by €168m of cash proceeds received in 1H12 from tariff deficit securitization deals).

Equity book value decreased €0.2bn vs. Dec-11, to €7.9bn as of Jun-12, reflecting the €582m net profit of the period, the payment of €671m in dividends and the negative impact from the depreciation of the BRL vs. the EUR.

Pension fund and medical care liabilities (gross, before deferred taxes), which amounted to €1.8bn as of Jun-12, remained relatively flat vs. Dec-11 – note that more than 70% of these liabilities are related to employees from regulated electricity distribution and supply in Portugal, meaning that most of these liabilities should be part of the regulated cost base in the moment of payment.

Institutional partnership liabilities, related to our wind operations in US, remained unchanged at €1.0bn vs. Dec-11, given that the reduction of the amount of the liability, as wind farms are generating tax benefits to the tax equity partners, was compensated by the forex impact of the 3% year-to-date appreciation of USD vs. the EUR. Note that the referred amount of institutional partnership liabilities is adjusted by deferred revenues, related to tax credits already benefited by the institutional investors and yet due to be recognised in the P&L.

Other liabilities (net) fell -€0.6bn vs. Dec-11 to €4.9bn as of Jun-12, essentially due to: (1) a €0.4bn reduction in accounts payable to equipment suppliers (-€0.3bn) and suppliers (-€0.1bn); and (2) a €0.1bn decrease in liabilities related to CO_2 licenses.

(1) Tariff deviations to be recovered/(returned) through tariffs in the following years by electricity distribution and last resort supply and gas in Portugal
(2) Amounts net of CO2 clawback costs.
(3) Pensions include the Provision for the HR Restructuring Program costs of EDP Distribuição, which is being recovered through the tariffs.

Consolidated Net Financial Debt

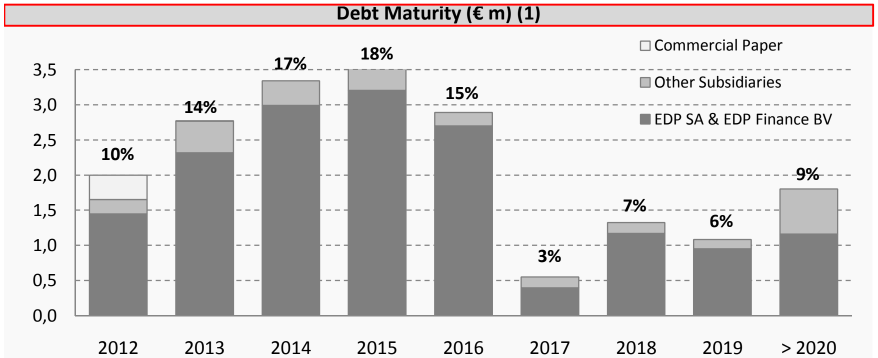
Nominal Financial Debt by Company (€m)	Jun-12	Dec-11	Δ %	Δ Abs.
EDP S.A. and EDP Finance BV	16,666.5	15,909.1	4.8%	757
EDP Produção + HC Energia + Portgás	256.5	259.3	-1.1%	-3
EDP Renováveis	958.3	833.8	15%	124
EDP Brasil	1,372.8	1,406.1	-2.4%	-33
Nominal Financial Debt	**19,254.1**	**18,408.4**	**4.6%**	**846**
Accrued Interest on Debt	220.2	304.4	-28%	-84
Fair Value of Hedged Debt	114.8	72.3	59%	43
Derivatives associated with Debt (2)	(128.4)	(105.1)	-22%	-23
Total Financial Debt	**19,460.7**	**18,680.0**	**4.2%**	**781**
Cash and cash equivalents	**1,441.9**	**1,731.5**	**-17%**	**-290**
EDP S.A., EDP Finance BV and Other	909.8	1,140.8	-20%	-231
EDP Renováveis	260.9	219.9	19%	41
EDP Brasil	271.2	370.8	-27%	-100
Financial assets at fair value through P&L	**0.2**	**0.2**	**-10%**	**0**
EDP Consolidated Net Debt	**18,018.6**	**16,948.2**	**6.3%**	**1,070**

Credit Lines by Jun-12 (€m)	Maximum Amount	Number of Counterparts	Available Amount	Maturity
Revolving Credit Facility	2,000	21	700	Nov-15
Domestic Credit Lines	183	8	156	Renewable
Underwritten CP Programmes	650	3	650	Renewable
Total Credit Lines	**2,833**		**1,506**	

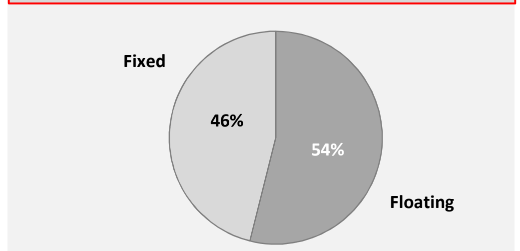
Debt Ratings	S&P	Moody's	Fitch
EDP SA & EDP Finance BV	**BB+/Neg/B**	**Ba1/Neg/NP**	**BBB+/RWN-/F2**
Last Rating Action	01-02-2012	16-02-2012	03-04-2012

Debt Ratios	1H12	Dec-11
Net Debt / EBITDA	4.8x	4.5x
Net Debt / EBITDA adjust. by Reg. Receivables	4.2x	4.1x

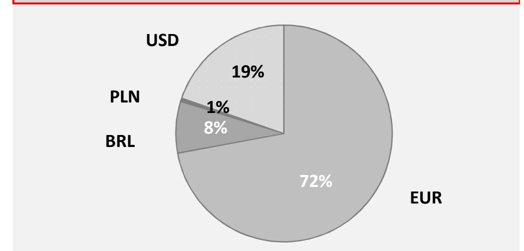
Debt Maturity (€ m) (1)



Debt by Interest Rate Type (1)



Debt by Currency (1)



EDP's financial debt is essentially issued at holding level (EDP, S.A. and EDP Finance B.V.) through both debt capital markets (public & private) and loan markets. Our investments and operations are funded in local currency in order to mitigate forex risk. EDP Brasil is ring fenced, self funded in local currency and mostly non-recourse to EDP, S.A.. Other external funding of the EDP Group consists essentially of project finance, mainly raised by some of EDP Renováveis' subsidiaries. Our USD debt is fully dedicated to the funding of EDP Renováveis' wind investments in US, issued at the level of EDP, S.A./EDP Finance B.V. and then on-lent internally.

EDP's funding strategy aims at maintaining access to diversified sources of funding and at assuring its funding needs 12-24 months in advance. EDP targets a steady improvement of its free cash flow position and credit ratios over the next years. In 1H12, **EDP's net debt/EBITDA and net debt/EBITDA adjusted** for regulatory receivables were 4.8x and 4.2x, respectively. EDP's credit rating stands 1 notch above the Republic of Portugal by S&P, 2 notches by Moody's and 3 notches by Fitch, reflecting maximum notch differential allowed between EDP and Portugal Sovereign by-the-book Credit Rating Agencies methodologies, which are unable to reflect EDP's distinct credit profile.

In Mar-12, EDPR executed a €177m project finance structure for 125MW in Spain. In Mai-12, EDP issued a €250m retail bond maturing in May-15 with a coupon of 6% (1.3x demand). In Jun-12, EDP repaid a €500m bond that was paying a fixed coupon of 4.25%.

Within the scope of EDP's strategic partnership with CTG, the new shareholder has agreed to invest €2bn (including co-funding) in minority equity stakes in wind farms until 2015 (€800m in the first 12 months after the closing of the deal, which occurred in Mai-12). This strategic partnership also comprises a firm funding commitment from China Development Bank, in an amount of up to €2bn for a maturity of up to 20 years. In Jul-12, EDP reached an agreement on the terms for a first €1.0bn tranche of funding with a 5 years maturity.

By Jun-12, debt avg. maturity was 4.1 years (excluding impacts from CTG deal). The weight of fixed rate in the Group's consolidated debt fell from 49% as of Mar-12 to 46% as of Jun-12, due to the mentioned repayment of a €500m fixed rate bond. As of Jun-12, total cash and liquidity facilities available amounted to €2.9bn. This includes €1.4bn in cash and €1.5bn in liquidity facilities, of which €650m in underwritten commercial paper programmes and €0.7bn from a €2.0bn revolving credit facility with slightly more than 3 years residual maturity. This liquidity position allows EDP to cover its refinancing needs until mid-13. When considering the agreements associated to the CTG partnership, the new financial liquidity position will allow EDP to cover its funding needs until mid-15.

(1) Nominal Value. (2) Derivatives designated for net investment and fair-value hedge of debt

Business Areas

Iberian Electricity and Gas Markets

Electricity Balance (TWh)	Portugal			Spain			Iberian Peninsula		
	1H12	1H11	Δ%	1H12	1H11	Δ%	1H12	1H11	Δ%
Hydro	2.6	7.3	-65%	9.7	18.4	-47%	12.2	25.7	-52%
Nuclear	-	-	-	30.3	27.3	11%	30.3	27.3	11%
Coal	6.1	2.8	115%	28.1	16.8	67%	34.2	19.6	74%
CCGT	2.8	5.9	-53%	19.3	26.1	-26%	22.1	31.9	-31%
Fuel/gas/diesel	0.0	(0.0)	-	-	-	-	0.0	(0.0)	-
Own consumption	-	-	-	(3.9)	(3.3)	18%	(3.9)	(3.3)	18%
(-)Pumping	(0.6)	(0.2)	162%	(2.6)	(1.7)	51%	(3.2)	(2.0)	65%
Conventional Regime	**10.8**	**15.8**	**-32%**	**80.9**	**83.5**	**-3.1%**	**91.7**	**99.3**	**-7.7%**
Wind	4.9	4.4	11%	24.8	22.1	12%	29.8	26.6	12%
Other	4.5	4.7	-5.2%	27.5	26.1	5.7%	32.0	30.8	4.0%
Special Regime	**9.4**	**9.1**	**3%**	**52.4**	**48.2**	**8.7%**	**61.8**	**57.3**	**7.7%**
Import/(export) net	4.6	0.7	561%	(5.7)	(3.5)	64%	(1.1)	(2.8)	-60%
Gross demand (before grid losses)	**24.8**	**25.6**	**-3.3%**	**127.6**	**128.3**	**-0.5%**	**152.4**	**153.9**	**-1.0%**
Adjust. temperature, working days			-4.3%			-1.7%			n.a.

Gas Demand (TWh)	Portugal			Spain			Iberian Peninsula		
	1H12	1H11	Δ%	1H12	1H11	Δ%	1H12	1H11	Δ%
Conventional demand	19.0	18.0	5.6%	148.3	138.4	7.2%	167.4	156.4	7.0%
Demand for electricity generation	5.8	12.1	-52.0%	42.3	55.8	-24%	48.2	67.9	-29%
Total Demand	**24.9**	**30.2**	**-17.6%**	**190.7**	**194.1**	**-1.8%**	**215.5**	**224.3**	**-3.9%**

Electricity demand in Iberia fell 1% YoY in 1H12, following a 0.5% YoY decrease in 2Q12. In Spain (84% of Iberia), demand was 0.5% lower in 1H12 (-1.7% adjusted for temperature and working days), reflecting weak consumption in the industrial and services segments. In Portugal (16% of total), demand fell 3.3% driven by the residential, SME and public lighting segments.

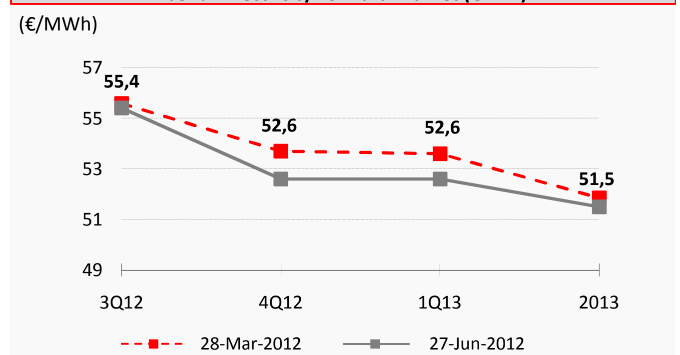
In spite of lower total demand in 1H12 (-1.5TWh YoY), residual thermal demand (RTD) rose by 9% YoY (+4.7TWh) on the back of weak hydro resources, particularly in 1Q12: in spite of the 2% increase in installed capacity (driven by Portugal), net hydro output fell by 15TWh, on hydro resources 67% below the average. In turn, output from wind and other special regime sources advanced by 4TWh in 1H12, supported by much stronger wind resources in 2Q12 (vs. 1Q12) and by an 7.5% YoY increase in installed capacity (driven by Spain). Nuclear output advanced by 3TWh supported by fewer outages for maintenance. Net imports in Portugal advanced by 4TWh, reflecting scarce hydro resources. The rise in RTD in Iberia was fully met by coal plants (+15TWh) while CCGTs posted a 10TWh slump in output: avg. coal load factors stood at 62% in 1H12 (+16pp YoY in 2Q12, at 55%), given its cost-competitive advantage vis a vis CCGTs in a scenario of low CO_2 prices; CCGTs' avg. load factor stood at 18% (-10pp YoY in 2Q12 to 14%).

Average electricity spot price in Spain rose 4% YoY in 1H12, to €48.4/MWh, standing €1.3/MWh below the average in Portugal (backed by Portugal's more expensive generation in dry periods). Quarter on quarter, spot price in Spain declined 9% in 2Q12, driven by declining coal and CO_2 prices. Average CO_2 prices declined 53% YoY in 1H12 and 7% QoQ in 2Q12. Average electricity final price in Spain rose 3% YoY in 1H12 (broadly in line with average pool price), standing €10/MWh above the pool price as a result of the contribution from restriction market, ancillary services and capacity payments.

In the Iberian gas market, consumption declined 3.9% in 1H12, supported by lower consumption at CCGTs. Conventional demand was 7% higher, mainly driven by Spain. Gas consumed at thermal plants fell 29% in 1H12, reflecting low working hours at CCGTs, both in Portugal and Spain.

Installed Capacity in Electricity (GW)	Iberian Peninsula		
	1H12	1H11	Δ%
Hydro	21.7	21.2	2.1%
Nuclear	7.5	7.5	-
Coal	12.6	12.6	0%
CCGT	28.6	28.7	0%
Fuel/gas/diesel	2.2	2.9	-24%
Conventional Regime	**72.5**	**72.9**	**-0.5%**
Wind	26.1	24.8	5.3%
Other special regime	19.0	17.2	11%
Special Regime	**45.2**	**42.0**	**7.5%**
Total	**117.7**	**114.9**	**2.4%**

Iberian Electricity Forward Market (OMIP)



Main Drivers	1H12	1H11	Δ%
Hydro coeficient (1.0 = avg. year)			
Portugal	0.33	1.03	-68%
Spain	0.48	0.97	-51%
Electricity spot price, €/MWh (1)			
Portugal	49.7	47.1	5.4%
Spain	48.4	46.7	3.6%
Electricity final price, €/MWh (1) (2)			
Spain	57.9	56.1	3.3%
CO2 allowances (EUA), €/ton (1)	7.4	15.9	-53%
Coal (API2 CIF ARA), USD/t (1)	95.4	122.8	-22%
Gas (CMP Spain), €/MWh (1)	27.6	22.7	21%
Gas NBP, €/MWh(1)	24.1	22.5	7.5%
Brent, USD/bbl (1)	113.3	111.1	2.0%
EUR/USD (1)	1.30	1.40	-7.6%

Sources: EDP, REN, REE, Enagas, OMEL, OMIP, Bloomberg. (1) Average in the period (2) Final price reflects spot price and system costs (capacity payment, ancillary services).

LT Contracted Generation in Iberian Market: PPA/CMEC & Special Regime

Income Statement (€ m)	1H12	1H11	Δ%	Δ Abs.
PPA/CMEC Revenues	**596.0**	**495.0**	**20%**	**+101**
Revenues in the market (i)	360.6	456.8	-21%	-96
Annual deviation (ii)	285.3	80.2	256%	+205
PPAs/CMECs accrued income (iii)	(49.9)	(42.0)	19%	-8
PPA/CMEC Direct Costs	**154.6**	**56.3**	**175%**	**+98**
Coal	135.7	82.4	65%	+53
Fuel oil	1.6	1.9	-15%	-0
CO2 and other costs (net)	17.3	(28.0)	-	+45
Gross Profit PPA/CMEC	**441.4**	**438.7**	**0.6%**	**+3**
Thermal (cogen., waste, biomass)	33.3	33.5	-1%	-0
Mini-hydro	12.4	29.8	-59%	-17
Gross Profit Special Regime	**45.6**	**63.4**	**-28%**	**-18**
Net Operating costs (1)	84.7	89.5	-5.4%	-5
EBITDA	**402.3**	**412.6**	**-2.5%**	**-10**
Net depreciation and provision	100.2	96.0	4.3%	+4
EBIT	**302.2**	**316.6**	**-4.6%**	**-14**
At Fin. Results: Hedging Gains (Losses) (2)	8.6	(5.1)	-	+14
Employees (#)	1,326	1,346	-1.5%	-20

PPA/CMEC: Key Data	1H12	1H11	Δ %	Δ Abs.
Real/Contracted Availability				
Hydro plants	1.05	1.03	2.4%	+0.0
Thermal plants	1.08	1.09	-0.7%	-0.0
Installed Capacity (MW)	**6,221**	**6,221**	**-**	**-**
Hydro (3)	4,094	4,094	-	-
Coal	1,180	1,180	-	-
Fuel oil	946	946	-	-

Special Regime: Key Data	1H12	1H11	Δ %	Δ Abs.
Output (GWh)	**1,152**	**1,274**	**-10%**	**-122**
Mini-hydro Portugal	132	316	-58%	-184
Thermal Portugal	591	529	12%	+61
Thermal Spain	430	428	0.4%	+2
Average Gross Profit (€/MWh)				
Mini-hydro Portugal	94	94	-0.6%	-1
Thermal Portugal	28	35	-21%	-7
Thermal Spain	39	35	13%	+4

Capex (€ m)	1H12	1H11	Δ %	Δ Abs.
PPA/CMEC Generation	**14.8**	**28.2**	**-48%**	**-13**
Hydro recurrent	9.4	9.8	-4.0%	-0
Thermal recurrent	4.8	3.8	27%	+1
Non recurrent (environmental)	0.6	14.6	-96%	-14
Special Regime	**3.3**	**4.0**	**-18%**	**-1**
Expansion	0.0	1.4	-98%	-1
Maintenance	3.3	2.6	26%	+1
Total	**18.1**	**32.3**	**-44%**	**-14**

LT Contracted generation 1H12 financial statements reflect a change in accounting policy as to the interest cost and estimated return of the pension fund assets: these costs, accounted as operating costs in 1H11 (€6.5m), are now accounted at financial results level (-€7.4m in 1H12).

EBITDA from LT contracted generation was 2.5% lower YoY at €402m in 1H12, as the impact from lower output from our mini-hydro plants (-58% YoY derived from very dry weather, particularly in 1Q12), outstood the positive impact from higher inflation, higher-than-contracted availability at our CMEC plants, the commissioning of Sines DeNOx facilities and the aforementioned accounting reclassification.

Gross profit from PPA/CMEC rose 0.6% (+€3m) to €441m in 1H12, supported by higher inflation, higher-than-contracted availability at our CMEC plants (+5% in hydro, +8% in thermal) and by the commissioning of Sines DeNOx facilities. These impacts were nevertheless mitigated by lower results with fuel procurement (+€0.3m in 1H11, -€4.1m in 1H12) and the ongoing depreciation of the assets base.

The **annual deviation** between market gross profit under CMECs assumptions and gross profit under actual market conditions ('revisibility') amounted €285m in 1H12, propelled by a very dry period (hydro production factor fell 67% short of an average year). This amount is due to be received in up to 24 months through TPA tariffs, paid by all Portuguese electricity consumers. The deviation at our hydro plants amounted €206m in 1H12 driven by an output 72% below the CMEC's reference (and 73% lower YoY), average realised price 2% below the CMEC's reference and availability rates at our plants 5% above contracted levels. The deviation at thermal plants in 1H12 (€79m) derived from an average clean dark spreads c35% short of CMEC's reference, while output and availability rates beat the CMEC reference by 5% and 8% respectively.

In May-12, The Portuguese Government announced a set of measures for the power sector, including an agreement with EDP as to set out an adjustment to the interest rate applicable to the tariff repercussion of the yearly fixed amount of the costs for maintenance of the contractual balance (CMEC), which in average, for the period 2013 to 2027, is of €13m/year, corresponding to a present value of €120m.

Gross profit from special regime fell 28% YoY, to €46m in 1H12, penalised by very low output at our mini-hydro plants: in spite of virtually flat volumes in 2Q12 (YoY), 1H12 volumes fell by 58% YoY penalised by a very dry 1Q12.

Net operating costs[1] amounted €85m, reflecting the aforementioned change in accounting policy (-€7.4m). and a one-off cost of €5m in 1H12 **Net depreciation charges and provisions** amounted €100m impacted by the commissioning of DeNOx facilities at our Sines coal plant.

Capex in LT contracted generation amounted to €18m in 1H12, mostly related to maintenance works at our hydro plants.

Explanatory note on PPA/CMEC:
In June 2007 the long term contracts that EDP had with the Portuguese electricity regulated system (PPA) were replaced by the CMEC (Cost of Maintenance of Contractual Equilibrium) financial system to conciliate: (1) the preservation of the NPV of PPA, based on real pre-tax ROA of 8.5%, and a stable contracted gross profit over the next 10 years; and (2) the need to increase liquidity in the Iberian electricity wholesale market. In terms of EDP's P&L, the total gross profit resulting from CMECs' financial system will keep the same profile over the next 10 years as the former PPA.
PPA/CMEC gross profit has 3 components:
(i) Revenues in the market, resulting from the sale of electricity in the Iberian wholesale market and including both ancillary services and capacity payments.
(ii) Annual deviation ('revisibility'), equivalent to the difference between CMEC's initial assumptions made in 2007 (outputs, market prices, fuel and CO_2 costs) and real market data. This annual deviation will be paid/received by EDP, through regulated tariffs, up to two years after occurring.
(iii) PPA/CMEC Accrued Income, reflecting the differences in the period, in terms of cash flow profile, between PPA and CMEC assumed at the beginning of the system in July 2007.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Includes a €8,8m realised gain in 1H12 (vs. a €9m loss in 1H11);
(3) Includes Aguieira and Raiva (360MW), subject to a tolling agreement for a 5-year period, starting in Apr-09.

Liberalised Activities in the Iberian Market

Income Statement (€ m)	1H12	1H11	Δ%	Δ Abs.
Gross Profit	**399.6**	**408.2**	**-2.1%**	**-9**
Electricity generation	219.0	239.2	-8.4%	-20
Portugal	56.1	75.1	-25%	-19
Spain	163.7	161.9	1.1%	+2
Adjustments	-0.8	2.2	-	-3
Electricity supply	154.3	134.7	14%	+20
Gas supply	32.6	48.5	-33%	-16
Adjustments	-6.3	-14.3	-56%	+8
Net Operating costs (1)	217.5	216.1	0.7%	+1
EBITDA	**182.1**	**192.1**	**-5.2%**	**-10**
Provisions	-1.8	4.6	-	-6
Net depreciation and amortisation	130.1	118.3	10%	+12
EBIT	**53.8**	**69.2**	**-22%**	**-15**

Electricity Performance	1H12	1H11	Δ%	1H12	1H11	Δ%
	Output (GWh)			Variable Cost (€/MWh) (2)		
Generation Output (4)	5,991	7,924	-24%	40.6	38.0	7.0%
Electricity Purchases	16,436	16,545	-0.7%	53.6	50.0	7.3%
Electricity Sources	**22,427**	**24,469**	**-8.3%**	**50.2**	**46.1**	**8.8%**
	Volumes Sold (GWh)			Average Price (€/MWh) (3)		
Grid Losses	654	622	-	n.a.	n.a.	-
Retail - Final clients	15,150	15,510	-2.3%	61.1	55.0	11%
Wholesale market	6,623	8,338	-21%	66.8	59.2	13%
Electricity Uses	**22,427**	**24,469**	**-8.3%**	**61.0**	**55.0**	**11%**

Electricity Gross Profit (€ m)	1H12	1H11	Δ%	Δ Abs.
Before hedging (€/MWh)	10.8	9.0	21%	+2
From Hedging (€/MWh) (5)	(1.2)	0.4	-	-2
Unit margin (€/MWh)	9.6	9.4	2.7%	+0
Total Volume (TWh)	22.4	24.5	-8.3%	-2
Subtotal	**216.2**	**229.6**	**-5.8%**	**-13**
Commercial Shared-services (6)	**108.8**	**106.6**	**2.1%**	**+2**
Others (7)	**48.3**	**37.8**	**28%**	**+11**
Total	**373.3**	**374.0**	**-0.2%**	**-1**

Gas Uses (TWh)	1H12	1H11	Δ%	Δ Abs.
Consumed by own power plants	6.7	11.3	-41%	-5
Sold to Clients (8)	16.9	17.6	-3.9%	-1
Total	**23.6**	**28.9**	**-18%**	**-5**

EBITDA from liberalised activities fell by 5% to €182m in 1H12, supported by flat performance in the electricity business and lower gross profit in the gas supply business (-€16m). The fall in gas supply gross profit was due to lower volumes sold (-3% YoY mainly derived from Portuguese operations) and to a contraction in average unit margin derived from rising gas costs and tough competition.

In 4Q11, EDP kicked-off operations in two out of eight hydro plants under construction in Portugal: the repowering of Picote II (246MW in Nov-11) and of Bemposta II (191MW in Dec-11). These low-cost, CO_2-free projects will improve the water management in Douro basin, allowing us to produce more electricity in an average hydro year and to reap more fruits from peak-hour demand and prices.

In the electricity business, gross profit was flat YoY at €373m in 1H12 reflecting the mixed impact from: (i) on one hand, lower total volumes (-8% mainly driven by volumes sold in Portugal's wholesale market), and lower results from hedging; (ii) on the other hand, higher avg. unit margin earned before hedging (+21% YoY), higher other revenues namely from capacity payments in Spain.

Volumes: Volumes sold totalled 22TWh in 1H12 (-8% YoY), on lower contribution from wholesale market (-21% YoY) and lower sales to retail clients (-2% YoY, driven by Spain). Generation output met 27% of total electricity needs, following a 24% YoY decline in output (net of hydro pumping), prompted by CCGT plants (-65%, making use of our flexible fleet to work in the most profitable hours and markets) and lower hydro output (due to weak hydro resources, particular in 1Q12). Conversely, output from our coal plants surged by 50%, supported by the competitive cost of our plants (backed by low CO_2 cost, the use of blast furnace gases and superior efficiency) and by the implementation of RDL 1221/2011 (Feb-11).

Unit margin (2)(3)**:** Average spread achieved in the electricity business reached €9.6/MWh in 1H12 (+3 YoY) supported by an avg. unit margin before hedging 21% (+€2/MWh) higher YoY in 1H12 (2Q12: €12.4/MWh vs. €7.3/MWh in 2Q11) and lower results with hedging on electricity (-€2/MWh YoY). The **average sourcing cost** rose 9% YoY in 1H12 backed by (i) higher generation costs (+7% due to a more expensive generation mix, higher fuel costs and more intense pumping activity); and (ii) higher cost of electricity purchases (+7%), mainly driven by higher pool prices. On a quarterly basis, average generation cost retreated by 7% QoQ, supported by a cheaper generation mix (higher weight from hydro). The **average selling price** advanced 11% in 1H12 supported by higher realised prices in the wholesale market (+13% YoY, on the back of higher pool prices and higher unitary contribution from complementary services) and higher selling prices to retail clients (+11% YoY, driven by Portugal and Spain).

EDP is adapting its hedging strategy to the current market conditions, making use of flexibility stemming from the integrated management of gas and electricity operations in Iberia. As a result, EDP has favoured gas sales in the wholesale market, having so far secured spreads for 90% and 35% of its gas sourcing commitments in 2012 and 2013, respectively. Moreover, EDP has so far forward contracted costs for 100% and 70% of expected coal output in 2012 and 2013, respectively. Accordingly, EDP has so far forward contracted with clients 29TWh of electricity sales for 2012. Moreover, EDP has forward contracted spreads for c50% of expected output in 2013.

Our **gas** sourcing activity in 1H12 is based on an annual 4.3bcm portfolio of long term contracts. Our consumption of gas was 18% lower YoY, at 24TWh (2.0bcm) in 1H12, supported by lower sales to final clients (-4%) and a 41% decrease in consumption for electricity generation purposes.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Variable cost: fuel cost, CO2 cost net of free allowances, hedging costs (gains), system costs; (3) Average selling price: includes selling price (net of TPA tariff), ancillary services and others; (4) Net of pumping; (5) Includes results from hedging on electricity; (6) Includes EDP group's shared services in Iberia platform in Portugal; (7) Includes capacity payments, services rendered and others; (8) Volumes excluding sales to our cogeneration units.

Liberalised Electricity Generation in the Iberian Market

Income Statement (€ m)	1H12	1H11	Δ%	Δ Abs.
Gross Profit	**219.0**	**239.2**	**-8.4%**	**-20**
Portugal	56.1	75.1	-25%	-19
Spain	163.7	161.9	1.1%	+2
Adjustments	-0.8	2.2	-	-3
Supplies and services	34.3	33.8	1.4%	+0
Personnel costs	20.8	22.7	-8.2%	-2
Costs with social benefits	1.1	1.5	-28%	-0
Other operating costs (net)	21.8	19.4	12.2%	+2
Net Operating costs (1)	**78.1**	**77.5**	**0.7%**	**+1**
EBITDA	**141.0**	**161.8**	**-13%**	**-21**
Provisions	2.2	(5.3)	-	+8
Net deprec. and amortisation	118.1	108.3	9.1%	+10
EBIT	**20.7**	**58.8**	**-65%**	**-38**
Employees (#)	**662**	**767**	**-14%**	**-106**

Key Operating Data	1H12	1H11	Δ%	Δ Abs.
Generation Output (GWh)	**6,230**	**8,032**	**-22%**	**-1,802**
CCGT	1,509	4,264	-65%	-2,755
Coal	3,124	2,084	50%	+1,040
Hydro	1,044	1,150	-9.2%	-106
Nuclear	553	534	3.5%	+19
Generation Costs (€/MWh) (2)	**40.6**	**38.0**	**7.0%**	**+2.7**
CCGT	82.4	55.8	48%	+26.6
Coal	36.9	30.5	21%	+6.4
Hydro	10.9	1.4	n.m.	+9.5
Nuclear	3.8	3.6	4.2%	+0.2
Load Factors (%)				
CCGT	9%	26%	-	-17p.p.
Coal	49%	33%	-	16p.p.
Hydro	18%	29%	-	-11p.p.
Nuclear	81%	79%	-	2p.p.
CO2 Emissions (mn tones)				
Total emissions (3)	4.4	4.6	-3.5%	-0
Free allowances (3)	5.2	5.4	-3.6%	-0

Capex (€ m)	1H12	1H11	Δ%	Δ Abs.
Expansion	**178.2**	**131.7**	**35%**	**+47**
Hydro	178.2	131.7	35%	+47
Maintenance	**24.1**	**16.5**	**46%**	**+8**
Recurrent	24.1	16.5	46%	+8
Non recurrent (environmental)	-	-	-	-
Total	**202.3**	**148.2**	**36%**	**+54**

Our liberalised generation activities are jointly managed with supply activities as most of its own production is sold to our supply units at fixed prices.

Output from our generation plants (excluding hydro pumping) declined 22%, to 6.2TWh in 1H12, as lower production at our CCGT (-2.8TWh) outweighed the rise in coal production (+1.0TWh), leading to a 3% decline in total CO_2 emissions (15% short of free allowances in the period). In late 2011 we have reinforced our low-cost generation portfolio with the start up of two hydro repowerings: Picote II (246MW), in Nov-11, and Bemposta II (191MW), in Dec-11. Note that these repowerings, which implied an investment of €0.6m/MW installed, will serve to improve water management efficiency in the Douro basin, allowing us to produce more electricity in an average hydro year and to reap more fruits from existing opportunities in peak hours. **Average production cost** advanced to €41/MWh (+7% YoY) in 1H12, driven by a more expensive generation mix (lower weight of hydro), higher fuel costs, lower CCTG output and more intense pumping activity. On a quarterly basis, average production cost was down by 7% QoQ, reflecting a cheaper generation mix (higher weight of hydro).

Coal: Output surged by 50% in 1H12, reflecting our coal cost-competitiveness vis-a-vis CCGTs, higher demand for thermal capacity in the period and by the implementation of RDL 1221/2010 in Spain (Fev-11). Having said this, 2Q12 output was down by 31% QoQ reflecting a 7-week outage at our Aboño 2 plant in this quarter for maintenance works. **Average load factor** was 16pp higher YoY, at 49% in 1H12. Since Feb 26, 2011, our Soto 3 plant is producing electricity under the terms of RDL 1221/2010: while the Resolution 20651, of Dec 30, 2011, defined a contracted margin for a total committed production in 2012 at Soto 3 of 1,4TWh, RD13/2012 dictated a 10% cut to the contracted margin. Our **average production cost** reached €37/MWh (+21% YoY), driven by higher coal and net CO_2 costs. Moreover, avg. production cost in 2Q12 (+10% QoQ to €39/MWh) was penalised by the outage of Aboño 2, which production cost is significantly lower on than the fleet's average thanks to the burning os blast furnace gases.

CCGTs: Output dropped by 65% in 1H12, impacted by higher production cost. As a result, avg. load factor was 17pp lower YoY, at 9%. **Average production cost** reached €82/MWh in 1H12, driven by higher average gas cost and lower production.

Hydro & Nuclear: In spite of the recovery posted in 2Q12 (+68% QoQ), 1H12 hydro production fell by 9% YoY. The rise in average cost of hydro production to €11/MWh derived from the more intense pumping activity (238GWh in 1H12 vs 108GWh in 1H11) and low hydro output, in a context of low reservoir levels and scarce hydro resources. Pumping activity was concentrated at our Alqueva plant, implying an average discount to the pool price of c22% (vs. c29% in 1Q12). In turn, nuclear output rose by 3.5% in 1H12 backed by an average load factor of 81% (+2pp YoY), despite the 5-week programmed outage for fuel recharged.
Volumes sold in the complementary markets totalled 2.1TWh in 1H12 (vs. 2.4TWh in 1H11) mainly backed by Spain.

In Oct-11, the Spanish government published RD 1544/2011, defining the procedures for the payment of the €0.5/MWh third-party access fee (in place since 1-Jan-11 as defined in RD14/2010) by all electricity producers. A similar move was taken in Portugal, with 2012 tariffs assuming a €0.5/MWh fee in 2012. In Nov-11, the Spanish Government approved an increase in capacity payments attributed to CCGTs, from €20/KW to €26/KW (Ministerial Order ITC/3127/2011), but in Mar-12 it cut these incentives by 10% in 2012. Moreover, it was introduced an availability premium of €4.7/kW in 2012, defined annually through Ministerial Order, to imported coal plants, CCGT and hydro plants. In Portugal, following the Ordinance 139/2012 (May 14th), capacity payments were abolished and replaced by lower incentives to be in place as from the end of Portugal's bailout: merchant thermal capacity shall receive incentives to capacity availability throughout its useful life; new hydro plants shall receive an investment incentive for 10 years and repowerings with pumping shall receive 50% of investment incentive defined for new projects.

Net operating costs[1] amounted €78m mainly driven by lower production and tight cost control. **Net depreciation charges** rose 9%, driven by new capacity on stream and higher working hours at our coal plants.

Capex in liberalised generation amounted €202m in 1H12, 88% of which reporting to the development of new hydro capacity. The bulk of capex in new hydro capacity reported to the construction of 6 projects: 3 hydro plant repowerings (Alqueva II, Venda Nova III, Salamonde II) and 3 new hydro plants (Baixo Sabor, Ribeiradio and Foz Tua), due in 2012/15. Alqueva II repowering (256MW) will be on stream in 4Q12. Maintenance capex totalled €24m in 1H12.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net)
(2) Includes fuel costs, CO2 emission costs net of free allowances, hedging results; (3) Includes CO2 emissions from Aboño plant, which burns blast furnace gases.

Liberalised Electricity and Gas Supply in the Iberian Market

Income Statement (€ m)	Energy Supply in Spain			
	1H12	1H11	Δ%	Δ Abs.
Gross Profit	**86.1**	**76.6**	**12%**	**+10**
Supplies and services	36.2	33.0	9.7%	+3
Personnel costs	7.0	6.3	12%	+1
Costs with social benefits	0.4	0.2	81%	+0
Other operating costs (net)	5.3	17.5	-70%	-12
Net Operating costs (1)	**48.9**	**57.1**	**-14%**	**-8**
EBITDA	**37.2**	**19.5**	**90%**	**+18**
Provisions	(1.4)	8.8	-	-10
Net depreciation and amortization	3.9	2.6	51%	+1
EBIT	**34.7**	**8.2**	**323%**	**+27**

Income Statement (€ m)	Energy Supply in Portugal			
	1H12	1H11	Δ%	Δ Abs.
Gross Profit	**95.3**	**95.6**	**-0.3%**	**-0**
Supplies and services	63.2	58.4	8.3%	+5
Personnel costs	20.8	19.7	5.1%	+1
Costs with social benefits	2.0	3.2	-37%	-1
Other operating costs (net)	5.5	1.3	315%	+4
Net Operating costs (1)	**91.5**	**82.7**	**11%**	**+9**
EBITDA	**3.9**	**13.0**	**-70%**	**-9**
Provisions	(2.6)	1.1	-	-4
Net depreciation and amortization	8.1	7.5	8.3%	+1
EBIT	**(1.7)**	**4.4**	**-**	**-6**

Key data	1H12	1H11	Δ%	Δ Abs
Energy Supply in Spain				
Electricity - Free market				
Volume Sold (GWh)	10,021	10,446	-4.1%	-424
Market Share (%)	12%	13%	-	-1p.p.
Clients (th.)	716	686	4.3%	+30
Electricity - Last resort supply				
Volume Sold (GWh)	390	442	-12%	-51
Clients (th.)	297	334	-11%	-36
Gas - Free market & Last resort supply				
Volume Sold (GWh)	15,462	15,191	1.8%	271
Market Share (%)	10%	11%	-	-1p.p.
Clients (th.)	766	806	-5.0%	-40
Energy Supply in Portugal				
Electricity - Free market				
Volume Sold (GWh)	4,628	4,442	4.2%	+187
Market Share (%)	38%	41%	-	-3p.p.
Clients (th.)	445	301	48%	+143
Gas - Free market				
Volume Sold (GWh)	3,131	3,933	-20%	-801
Market Share (2) (%)	16%	21%	-	-5p.p.
Clients (th.)	8	1	n.m.	+8
Capex (€m)	**5.3**	**4.9**	**8.6%**	**+0**
Employees (#)	**1,155**	**1,077**	**7.2%**	**+78**

Our electricity and gas supply activities in Portugal and Spain are managed in single energy platforms, ensuring a responsive and competitive commercial structure. EDP Group's subsidiaries that operate in this business segment have intra-group electricity and gas procurement contracts with our generation and energy trading divisions.

Energy Supply in Spain

Electricity – **Volumes** supplied to our clients in the free market decreased 4% YoY to 10.0TWh in 1H12 while the number of clients supplied went up by 4% YoY, translating EDP's strategy to focus on most attractive clients, even though at the expense of lower volumes. Market share stood at 12%, showing EDP's ability to keep a share in the supply market that is the double of its share in generation.

Gas – **Volumes** supplied increased 2% YoY to 15.5TWh in 1H12, whereas the number of clients supplied went down by 5% in the same period, which reflects our selective clients contacting policy in a though market environment. Market share fell slightly from 11% in 1H11 to 10% in 1H12.

In 1H12, **net operating costs** decreased €8m YoY on the back of a €12m non-recurrent income accounted for at the level of other operating costs.

Energy Supply in Portugal

Electricity – **Volumes** supplied to EDP clients in the free market increased by 4% YoY to 4.6TWh in 1H12, supported by some large industrial clients' contracting in mid 2011 and a 48% increase of our electricity clients base. On a quarterly basis, volumes supplied decreased just 1%, in spite of tough competition and reflecting some consumption seasonality . In consequence, EDP's market share stood at 38% in 1H12, down from 41% in 1H11.

Gas – **Volumes** supplied fell 20% YoY to 3.1TWh in 1H12, reflecting lower demand and the company's strategy to focus on most attractive smaller clients in a tough market environment, which reflected into a 16% market share, down from 21% in 1H11.

In anticipation to the growing liberalisation, EDP recently launched 2 promotional campaigns: i) a first one in Jan-12, known as "EDP-Continente", which was made in partnership with a Portuguese retail group and offering, until the end of 2012, a superstore discount equivalent to 10% of the electricity bill to residential clients that contracted, until the end of Mar-12, electricity supply with EDP Comercial ("EDPC", our subsidiary for energy supply activities in Portugal) – this campaign enabled a significant switching of clients from the last resort to the liberalised market and allowed the capture of ~150k residential clients, which translated into the observed increase of our clients base; and ii) a second one in Jul-12, known as "Casa Total 10+2", which is still in place, and is offering, until the end of Jun-13, a 10% + 2% discount in gas and electricity bills, respectively, to residential clients that contract, until the end of Aug-12, both electricity and gas supply with EDPC.

In 1H12, **net operating costs** increased by €9m YoY driven by: i) higher supplies and services, namely of costs with client services' (call centre, billing, meters reading, among other), which is in line with the increase of our clients base and with the growing liberalisation process; and ii) lower gains on doubtful client's provisions adjustments.

Prospects:

Electricity and gas supply margins in Iberia are expected to remain under pressure due to the combined impact of higher pool prices (electricity), competitive last resort tariffs and fierce competition in the market.

Volume-wise, we expect electricity and gas free markets in both Portugal and Spain to keep expanding while competition should remain intense. In Portugal, the end of last resort tariffs should support a progressive transfer of clients to the free market.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net).
(2) Based on consumption in segment NG>10,000 m^3/year.

EDP Renováveis: Financial Performance

Income Statement	EDP Renováveis (€ m)			
	1H12	1H11	Δ %	Δ Abs.
Gross Profit	**602.4**	**485.6**	**24%**	**+117**
Supplies and services	119.6	107.4	11%	+12
Personnel costs	29.3	25.4	15%	+4
Other operating costs (net)	(50.0)	(56.4)	-11%	+6
Net Operating Costs (1)	**98.9**	**76.4**	**29%**	**+22**
EBITDA	**503.5**	**409.2**	**23%**	**+94**
Provisions	-	(0.3)	-	+0
Net Deprec. & amortisation	221.7	211.3	4.9%	+10
EBIT	**281.9**	**198.3**	**42%**	**+84**
Capital gains/(losses)	2.9	10.1	-72%	-7
Financial Results	(135.2)	(98.0)	38%	-37
Results from associates	3.6	3.4	7.4%	+0
Pre-tax profit	**153.1**	**113.8**	**35%**	**+39**

Opex Performance	1H12	1H11	Δ %	Δ Abs.
Opex/Avg. MW (€ th) (4)	26.1	24.6	5.9%	+1
Employees (#)	820	854	-4.0%	-34

Operational Overview	1H12	1H11	Δ %
Installed Capacity (MW)	**7,169**	**6,887**	**4.1%**
Europe	3,664	3,526	3.9%
USA	3,422	3,278	4.4%
Brazil	84	84	-
Output (GWh)	**9,918**	**8,790**	**13%**
Europe	4,217	3,657	15%
USA	5,607	5,105	10%
Brazil	93	29	227%
Avg. Load Factor (%)	**32%**	**32%**	**1p.p.**
Avg. Elect. Price (€/MWh)	**61.4**	**55.6**	**10%**
EBITDA (€m)	**503.5**	**409.2**	**23%**
Europe	314.9	256.1	23%
USA	195.5	159.7	22%
Other & Adjustments	(6.9)	(6.6)	5.6%
EBIT (€m)	**281.9**	**198.3**	**42%**
Europe	201.0	149.4	34%
USA	92.3	57.6	60%
Other & Adjustments	(11.4)	(8.8)	30%
Capex (2)	**109.4**	**345.0**	**-68%**
Europe	70.5	154.1	-54%
USA	37.4	128.6	-71%
Brazil	1.2	59.2	-98%

EDPR Equity Market Data	1H12	1H11	Δ %
Share price at end of period (€/share)	2.70	4.55	-41%
Number of Shares Issued (million)	872.3	872.3	-
Stake Owned by EDP (%)	77.5%	77.5%	-

EDPR Key Balance Sheet Figures (€ m)	1H12	1H11	Δ %
Bank Loans and Other (net)	703.0	490.7	43%
Loans with EDP companies (net)	2,829.6	2,794.8	1.2%
Net Financial Debt	**3,532.6**	**3,285.5**	**7.5%**
Non-controlling interests	**128.8**	**122.7**	**5.0%**
Net Institutional Partnership Liability (3)	**1,008.8**	**865.5**	**17%**
Equity Book Value	**5,415.3**	**5,348.9**	**1.2%**
EUR/USD - End of Period Rate	1.26	1.45	-13%

EDPR Financial Results (€ m)	1H12	1H11	Δ %
Net Interest Costs	(100.4)	(90.5)	-11%
Institutional Partnership costs (non-cash)	(33.1)	(30.3)	-9.0%
Capitalised Costs	9.2	23.0	-60%
Forex Differences	(7.9)	4.4	-
Other	(3.1)	(4.5)	31%
Financial Results	**(135.2)**	**(98.0)**	**-38%**

EDP Renováveis (EDPR) owns and operates EDP Group wind power assets (8 countries) and develops projects for potential wind farms (11 countries). The two main markets in which EDPR operates are USA (37% of EDPR's EBITDA in 1H12) and Spain (35%). Other markets include Portugal (12%), France, Poland, Romania, Belgium and Brazil (the latter 5 representing 15% of EDPR's EBITDA in 1H12).

EDPR's EBITDA rose 23% YoY (+€94m) to €504m in 1H12, reflecting a 4% increase of installed capacity, +282MW to 7,169MW by Jun-12, a 32% avg. load factor in 1H12, up 1pp YoY, and a stronger avg. selling price, up 10% YoY to €61/MWh, driven not only by higher prices in most of the countries where EDPR operates but also by a higher weight of electricity produced in Europe, which was sold at above-average prices. **Major contributors to this EBITDA growth were: (1) the US market (+€36m)**, reflecting a €15m positive contribution from ForEx (8% YoY appreciation of the USD vs. the EUR), 144MW of additional capacity (51% of total additions), higher avg. load factors (+1pp YoY to 38%) and an increase of the avg. selling price (+3% YoY to USD46/MWh); **(2) European markets ex-Iberia (+€33m YoY)**, following 101MW of new capacity (36% of total additions; Romania: +57MW; Poland: +22MW; France: +22MW), higher avg. load factors (+2pp YoY to 25%) and higher avg. selling prices (+11% YoY to €106/MWh); and **(3) Spain (+€29m YoY**, including hedging results), reflecting 21MW of additional capacity (8% of total added), higher avg. load factors (+1pp to 28%) and higher avg. selling prices (+7% YoY to €88/MWh). **In Portugal, EBITDA increased 5% YoY (+€3m)**, reflecting 16MW of new capacity (6% of total additions), a stable avg. load factor of 27% and higher avg. selling prices (+5% YoY to €107/MWh). The observed increase of **net operating costs** (+€22m YoY) mostly reflects: i) higher supplies & services (which include O&M expenses) and personnel costs, on the back of a stronger US dollar, a lower capitalization of personel costs and following the growth of the business; as well as ii) an increase in other operating costs, driven by higher taxes and rents, mostly linked to operating performance, and by lower gains related to provision adjustments. **Net depreciation and amortization** increased €10m YoY, reflecting the expansion of EDPR's wind portfolio, offset by the impact from the introduction, in the 2Q11, of the extension to 25 years of EDPR operating assets' useful life. All in all, **EDPR's EBIT rose 42% YoY (+€84m) to €282m in 1H12.**

EDPR's net debt rose 8% YoY (+€0.3bn) to €3.5bn as of Jun-12, reflecting investments in new capacity, changes in working capital related to PP&E suppliers and the appreciation of the USD (by Jun-12, 40% of EDPR's financial debt was USD denominated). EDPR's net debt contracted with financial institutions (outside of EDP Group), which represented 20% of the company's net debt as of Jun-12, is mostly related to project finance long term funding, namely in Poland, Romania, Brazil and Spain. In Mar-12, EDPR closed a €177m project finance for 125MW in Spain. **Liabilities with Institutional Partnerships** increased by €0.1bn YoY to €1.0bn as of Jun-12, reflecting the signing, in 2H11, of two new institutional partnership structures (USD116m in Jul-11 and USD124m in Dec-11, of which USD97m realized upfront) and a stronger USD.

Net financial results rose 38% YoY (+€37m) to -€135m in 1H12: i) net interest costs increased 11% YoY (+€10m), reflecting the ForEx impact on USD interests and higher avg. financial debt (1H12: €4.0bn vs. 1H11: €3.5bn), while avg. cost of debt went down from 5.6% in 1H11 to 5.3% in 1H12, reflecting the attractive rates closed in the latest funding deals; ii) capitalised costs fell €14m YoY due to a slow down of investment in the period; and iii) forex differences were negatively impacted by the appreciation of the USD and depreciation of the Romanian Leu.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net). (2) Includes Capex from EDPR SA.
(3) Net of deferred revenue. (4) Opex excluding Other Operating Income; Ratio calculated considering average MW in operation.

EDP Renováveis: US & Spain

US	1H12	1H11	Δ %	Δ Abs.
Installed capacity (MW)	**3,422**	**3,278**	**4.4%**	**+144**
Under PTC	2,123	2,024	4.9%	+99
Under cash grant flip	500	455	10%	+45
Under cash grant	799	799	-	-
Avg. Load Factor (%)	38%	36%	-	1p.p.
Avg. Final Selling Price (USD/MWh)	45.9	44.7	2.5%	+1.1
USD/EUR - Avg. of period rate	1.30	1.40	-7.6%	-0.11
PPA's/Hedged				
Installed Capacity (MW)	2,659	2,513	5.8%	+146
Electricity Output (GWh)	4,281	3,654	17%	+626
Avg. Final Selling Price (USD/MWh)	51.7	49.6	4.1%	+2.0
Merchant				
Installed Capacity (MW)	763	764	-0.2%	-2
Electricity Output (GWh)	1,326	1,450	-8.5%	-124
Avg. Final Selling Price (USD/MWh)	24.9	30.1	-17%	-5.1
Gross Profit (USD m)	252	226	11%	+26
PTC Revenues & Other (USD m)	92	86	7.7%	+7
Adjusted Gross Profit (USD m)	**344**	**312**	**10%**	**+32**
EBITDA (USD m)	**254**	**224**	**13%**	**+29**
EBIT (USD m)	120	81	48%	+39
Net Capex (USD m)	**49**	**180**	**-73%**	**-132**
Gross Capex	54	181	-70%	-127
Cash grant received	(5)	(1)	-	-4
Capacity under construction (MW)	**215**	**144**	**49%**	**+71**

Spain	1H12	1H11	Δ %	Δ Abs.
Installed capacity (MW)	**2,211**	**2,190**	**1.0%**	**+21**
Avg. Load Factor (%)	28%	27%	-	1p.p.
Avg. achieved pool price (€/MWh)	45.3	44.6	1.7%	+0.7
Avg. final selling price (€/MWh) (1)	87.7	82.2	6.6%	+5.4
Capacity under Transitory Regime				
Installed capacity (MW)	1,153	1,153	-	+0
Electricity output (GWh)	1,360	1,307	4.0%	+53
Capacity under RD 661/2007				
Installed capacity (MW)	1,058	1,037	2.1%	+21
Electricity output (GWh)	1,279	1,068	20%	+211
Hedging Results (€m)	**3.2**	**(1.7)**	**-**	**+5**
Gross Profit (€m) (1)	230	194	19%	+37
EBITDA (€m) (1)	**184**	**155**	**18%**	**+29**
EBIT (€m) (1)	109	85	28%	+24
Capex (€m)	**20**	**47**	**-57%**	**-26**
Capacity under construction (MW)	**100**	**61**	**64%**	**+39**

In US, installed capacity rose 144MW, following: i) the completion of Timber Road II (99MW in Ohio, of which 54MW were already in operation as of Jun-11; power contracted through PPA; fiscal incentives received through cash flip deal); and ii) the commissioning of Blue Canyon VI (99MW in Oklahoma; power currently sold in SPP market; fiscal incentives received through tax equity deal) – note that Blue Canyon VI wind farm benefits from very competitive characteristics, given its low investment cost and a load factor above 40%, allowing EDPR to maximize the NPV of the project by choosing PTCs (Production Tax Credits) in lieu of the cash grant.

Avg. load factor went up 1pp YoY to 38% in 1H12, given better wind resources in the Central and Eastern regions. Output generated under PPA contracts increased 17% YoY, while output exposed to merchant prices went down 9% YoY, reflecting the positive contribution from the start of the PPAs signed over the last periods for 359MW of merchant capacity (184MW which PPA started in Jan-12 and 175MW which PPA started in Jun-12). Avg. selling price (excluding revenues from PTCs) for energy sold through PPA/Hedged increased 4% YoY to USD52/MWh, reflecting the price escalators annual updates. Avg. selling price in merchant power markets dropped 17% YoY to USD25/MWh due to particularly low gas prices in 1H12 (-36% YoY to $2.74/MMBtu). Overall, avg. selling price in US increased 3% YoY to USD46/MWh in 1H12, as the higher volumes generated under PPAs, which recorded better prices, compensated for the low merchant prices. **Gross profit (including revenues from PTCs) rose USD32m YoY to USD344m in 1H12.** Operating costs increased only 3% YoY (+€2m), well below the business growth pace, benefitting from lower supplies and services with EDPR continuing to take a close monitoring on O&M costs. All in all, **1H12 EBITDA rose USD29m YoY to USD254m**, while **EBIT went up USD39m YoY to USD120m,** reflecting the extension of the wind farms useful life, which impacted only the 2Q11 onwards. As of Jun-12, EDPR had 215MW under construction in US from the Marble River wind farm in the New York State (NYISO/NEISO markets), expected to start operations this year and with Renewable Energy Certificates (RECs) contracted to be sold through a 10 year PPA.

In Spain, wind farms are remunerated under two regimes: (1) the transitory regime (for capacity installed before 2008), under which wind producers receive a unit tariff equal to 'achieved pool price + fixed premium (€38.3/MWh)' – beginning 2013, wind farms under the transitory regime will be transferred to the RD 661/2007 regime; (2) RD 661/2007 regime (for capacity installed after 2008), offering two tariff options: (a) 'avg. price achieved in the pool + premium (€20.1/MWh reflecting a temporary 35% cut until Dec-12)' with a cap (€94.3/MWh) and a floor (€79.1/MWh); or (b) a fixed tariff (€81.3/MWh). All tariffs set by RD661/2007 (including cap, floor & premium) are updated at CPI-X and set for 20 years.

EDPR EBITDA in Spain (including hedging results) went up €29m YoY to €184m in 1H12. EBIT improved €24m YoY to €109m in 1H12, translating higher depreciations and amortizations due to capacity additions. In the last 12 months, EDPR expanded its portfolio in Spain by 21MW. Avg. load factor improved 1pp YoY to 28% in 1H12, with the stronger wind resource of the 2Q12 more than offsetting the poorer 1Q12. Avg. selling price for capacity under the transitory regime reached €89/MWh (excluding hedging results), up 1% YoY, following a slight improvement of avg. achieved pool prices (+2% YoY), while avg. selling price for capacity under RD661/2007 was €84/MWh, up 9% YoY. Note that out of the total 2.6TWh produced in 1H12, 83% were sold without exposure to market prices, through hedges (916GWh), fixed tariffs (1,193GWh) or fixed floor mechanism (86GWh), while only 17% (444GWh) were sold at market prices plus €38.3/MWh premium. Overall, avg. selling price in Spain, including hedging results, rose 7% YoY to €88/MWh, reflecting better hedging prices (€52/MWh vs. €44/MWh), the strategic decision of choosing the tariff option under the RD 661/2007, inflation indexation of regulated prices under RD 661/2007 and higher achieved pool prices. For 2H12, EDPR already sold forward 1.0TWh at €52/MWh for the capacity under the transitory regime. As of Jun-12, EDPR had 100MW under construction in Spain, pre-registered and to be installed in 2012. Recall that, in Jan-12, the Spanish Government introduced a moratorium on the payment of the premium to all not pre-registered new wind power projects, while maintaining the status quo and long-term remuneration to the installed capacity and pre-registered projects.

(1) Includes hedging results in energy markets

EDP Renováveis: Portugal, Rest of Europe & Brazil

Portugal	1H12	1H11	Δ %	Δ Abs.
Installed capacity (MW)	**615**	**599**	**2.7%**	**+16**
Avg. Load Factor (%)	27%	27%	-	-0p.p.
Electricity Output (GWh)	707	697	1.4%	+10
Avg. Final Selling Price (€/MWh)	107	102	5.1%	+5
Gross Profit (€m)	77	72	6.4%	+5
EBITDA (€m)	**62**	**60**	**4.6%**	**+3**
EBIT (€m)	49	45	9.4%	+4
Capex (€m)	**9**	**1**	**-**	**+8**
Capacity under construction (MW)	**-**	**-**	**-**	**-**
ENEOP Installed capacity (MW) (1)	332	275	21%	+57

Rest of Europe (2)	1H12	1H11	Δ %	Δ Abs.
France & Belgium				
Installed Capacity (MW)	363	341	6.3%	+22
Avg. Load Factor (%)	25%	23%	-	2p.p.
Electricity Output (GWh)	396	337	18%	+60
Avg. Final Selling Price (€/MWh)	92	90	1.7%	+2
Poland				
Installed Capacity (MW)	190	168	13%	+22
Avg. Load Factor (%)	29%	26%	-	3p.p.
Electricity Output (GWh)	237	147	61%	+90
Avg. Final Selling Price (PLN/MWh)	423	453	-6.4%	-29
EUR/PLN - Avg. of period rate	4.25	3.95	7.4%	+0.29
Romania				
Installed Capacity (MW)	285	228	25%	+57
Avg. Load Factor (%)	23%	19%	-	4p.p.
Electricity Output (GWh)	238	101	136%	+137
Avg. Final Selling Price (RON/MWh)	600	364	65%	+236
EUR/RON - Avg. of period rate	4.39	4.18	5.0%	+0.21
Gross Profit (€ m)	92	56	64%	+36
EBITDA (€ m)	**76**	**42**	**79%**	**+33**
EBIT (€ m)	52	22	141%	+30
Capex (€m)	**41**	**107**	**-61%**	**-65**
Capacity under construction (MW)	**154**	**121**	**27%**	**+33**

Brazil	1H12	1H11	Δ %	Δ Abs.
Installed Capacity (MW)	**84**	**84**	**-**	**-**
Avg. Load Factor (%)	25%	24%	-	1p.p.
Electricity Output (GWh)	93	29	227%	+65
Avg. Final Selling Price (R$/MWh)	279	274	2.1%	+6
EUR/BRL - Average of period rate	2.41	2.29	5.5%	+0.13
Gross Profit (R$ m)	23	8	206%	+16
EBITDA (R$ m)	**14**	**3**	**-**	**+10**
EBIT (R$ m)	6	1	-	+5
Capex (R$ m)	**3**	**136**	**-98%**	**-133**
Capacity under construction (MW)	**-**	**-**	**-**	**-**

(1) Éolicas de Portugal is equity consolidated (2) Including Italy, United Kingdom, mini-hydro and others.

In Portugal, as of Jun-12, EDPR's installed capacity totaled 615MW (+16MW YoY), all remunerated under the old tariff regime, set for 15 years, and according to which tariffs are indexed to both CPI and annual operating hours. In terms of wind resources, 1H12 load factor was stable at 27% following a strong 2Q12, which more than compensated a below average 1Q12. Wind production increased 1% YoY, driven by a 30% YoY growth in 2Q12, while avg. tariff rose 5% YoY to €107/MWh, reflecting inflation indexation. Overall **EBITDA was €62m in 1H12, up €3m YoY, while EBIT improved €4m YoY to €49m,** reflecting slightly lower depreciations on the mentioned extension of wind farms useful life. Still in Portugal, EDPR holds an equity stake in ENEOP consortium (equity consolidated by EDPR), licensed to build 1,200MW of wind capacity (480MW attributable to EDPR). ENEOP's wind farms are remunerated under the new tariff regime, at c€74/MWh (first year of operation), being also indexed to inflation and guaranteed for 15 years. As of Jun-12, ENEOP had an installed capacity of 830MW (332MW attributable to EDPR) and 116MW (46MW attributable to EDPR) under construction.

In European markets out of Iberia, over the last 12 months, EDPR installed a total of 101MW increasing its capacity to 838MW as of Jun-12. Electricity output rose 49% YoY to 871GWh in 1H12, reflecting the new capacity brought on line and higher avg. load factors, up 2pp to 25% in 1H12, with all geographies posting a positive contribution. Avg. selling prices increased 11% YoY to €106/MWh, driven by the strong increase of prices in Romania (+65% YoY in local currency) and its higher weight of wind production (27% vs. 17% in 1H11). **EBITDA rose €33m YoY to €76m in 1H12, while EBIT improved €30m YoY to €52m in 1H12**, as capacity additions reflected into higher depreciations and amortizations.

In France, EDPR has 306MW of installed capacity (+22MW YoY). Wind power in France is sold through fixed tariffs indexed to inflation for 15 years. In 1H12, EDPR avg. tariff in France was €88/MWh (+3% YoY). **In Belgium**, our 57MW wind farm sells its power through a 5 year PPA (2014 maturity) at a fixed selling price of €112/MWh.

In Poland, EDPR has 2 wind farms in operation totaling 190MW of capacity: i) the 120MW Margonin wind farm, which power is sold in the wholesale market and for which EDPR has a 15 years long term contract for the sale of the green certificates (GCs); and ii) the 70MW Korsze wind farm, which output is sold through a 10 year PPA. In 1H12, avg. selling price in Poland was PLN423/MWh, down 6% YoY mostly due to the different pricing contract structure of the new 70MW Korsze wind farm, installed in 2011. By the end of Jun-12, EDPR had 80MW under construction in Poland.

In Romania, EDPR has 285MW of capacity (+57MW YoY). Wind power production is sold at 'market price plus GC'. The trading value of GCs is subject to a floor and a cap set in Euros (for 2012, the floor was set at €28.2/MWh and the cap at €57.4/MWh). In 2010 the government approved the entitlement to wind producers of 2 GCs per MWh until 2017. The full implementation of the second GC (approved by law in Jul-11) only happened in late 2011. In 1H12, avg. selling price in Romania reached RON600/MWh, up 65% YoY given the full implementation of the second green certificate, which makes the Romanian market one of the most attractive for wind development. As of Jun-12, EDPR had 26MW under construction in Romenia.

In Italy, by the end of Jun-12, EDPR had 40MW under construction. For capacity installed before Dec-12, wind power producers receive merchant electricity prices plus a GC until 2015; after 2015, these wind farms will be absorbed into a feed-in tariff mechanism. For capacity installed in 2013 and onwards, wind farms will be remunerated under a feed-in tariff scheme defined by tenders.

In Brazil, EDPR has 84MW of installed capacity, all remunerated under the PROINFA program through a fixed tariff updated to inflation over 20 years. In the 1H12, avg. load factor went up 1pp YoY to 25%, given the positive contribution of the 70MW Tramandaí wind farm installed in May-11 but offset by lower wind resource in 2Q12. Avg. selling price increased 2% YoY to $R279/MWh, following the annual inflation update. In Dec-11, EDPR secured in the energy A-5 auction 20-year PPAs for 120 MW, reinforcing the company's presence in a market with attractive wind resources and strong growth prospects.

Regulated Networks & Regulatory Receivables in Iberia

Income Statement (€ m)	1H12	1H11	Δ %	Δ Abs.
Gross Profit	**934.2**	**907.8**	**2.9%**	**+26**
Supplies and services	209.6	217.9	-3.8%	-8
Personnel costs	77.8	78.0	-0.3%	-0
Costs with social benefits	13.2	40.7	-68%	-28
Other operating costs (net)	113.7	46.8	143%	+67
Net Operating Costs (1)	**414.3**	**383.4**	**8.1%**	**+31**
EBITDA	**520.0**	**524.4**	**-0.8%**	**-4**
Provisions	0.1	5.6	-99%	-6
Net depreciation and amortisation	156.8	173.5	-9.6%	-17
EBIT	**363.1**	**345.3**	**5.1%**	**+18**

Capex & Opex Performance	1H12	1H11	Δ %	Δ Abs.
Controllable Operating Costs (6)	**287.3**	**295.9**	**-2.9%**	**-9**
Cont. costs/client (€/client)	35.67	36.74	-2.9%	-1
Cont. costs/km of network (€/Km)	1,104.3	1,146.8	-3.7%	-42
Employees (#)	4,172	4,459	-6.4%	-288
Capex (Net of Subsidies) (€m)	**184.2**	**166.6**	11%	**+18**
Network ('000 Km)	260.2	258.0	0.9%	+2

Regulatory Receivables (€ m)	1H12	1H11	Δ %	Δ Abs.
Total Net Iberia Regulatory Receivables	**2,273.0**	**1,425.5**	**59%**	**+848**
Spain - Tariff Deficit (4)				
Beginning of Period	**513.6**	**759.1**	**-32%**	**-245**
Previous periods tariff deficits (5)	(164.4)	(314.6)	48%	+150
Tariff deficit in the period	121.0	51.6	134%	+69
Other (3)	-	36.0	-	-36
End of Period	**470.3**	**532.0**	**-12%**	**-62**
Portugal - Last Resort Supplier + Distribution + Gas				
Beginning of Period	**739.7**	**188.4**	**293%**	**+551**
Previous periods tariff deviation (2)	(297.3)	43.9	-	-341
Tariff deviation in the period	802.5	357.5	124%	+445
Other (3)	35.3	2.0	-	+33
End of Period	**1,280.1**	**591.8**	**116%**	**+688**
Portugal - CMEC's				
Beginning of Period	**390.3**	**488.2**	**-20%**	**-98**
(Recovery)/Return in the Period	(153.0)	(266.6)	43%	+114
Deviation in the period	285.6	80.2	256%	+205
Other	(0.3)	-	-	-0
End of Period	**522.7**	**301.8**	**73%**	**+221**

Regulated networks activity in Iberia includes our activities of distribution of electricity and gas in Portugal and Spain and our activity of transport of gas in Spain.

EBITDA from regulated networks declined 1% in 1H12 amounting to €520m reflecting: (i) the sale of transmission assets to REE (+€27m) in 1Q11, (ii) €21m intra-group real estate gain in 1H11 (no impact at consolidated level) and (iii) change in accounting policy as to the interest cost and estimated return of the pension fund assets: the respective amounts, so far accounted as operational expenses (€29m in 1H11), are now accounted at financial results level (€29m in 1H12). Excluding these impacts, EBITDA increased 3% YoY (+€14m) impacted by rise in Portugal distribution grid regulated revenues following an increase in rate of return from 8.56% to 10.3% (best forecast based on the evolution of avg. Portugal 5Y CDS since Oct-11) which compensated a 7% decrease of regulated revenues in electricity distribution in Spain following the recent regulatory measures in Spain (RDL 13/2012).

Controllable operating costs decreased 3% YoY due to lower personnel costs reflecting a decrease of number of employees and higher efficiency. **Capex** increased by 11% YoY mostly dedicated to service quality.

Net Regulatory receivables in Iberia increased from €1,426m in Jun-11 to €2,273m in Jun-12 driven by : (i) an increase in electricity distribution and last resort supply in Portugal mainly due to the pre-defined tariff deficit which should amount to €972m by Dec-12, (ii) creation of ex-ante tariff deficit of €141m related to CMECs deviations, (iii) higher than expected electricity procurement cost from special regime production and (iv) lower avg. electricity sale price of special regime production than expected.

Regulatory receivables by EDP Group in Spain by the end of Jun-12, amounted to €470m (including interests/financial updates): i) €121m regarding 2012 tariff deficit; ii) €212m regarding 2011 tariff deficit and iii) €138m from the 2010 tariff deficit. In 1H12, a total amount of €3.3bn of the Spanish deficit was securitised by FADE (the fund in charge of the securitization) of which €168m were entitled to our subsidiary HC Energia. In Jun-12, total Spanish deficit pending of securitization amount to €7bn.

For the 3Q12, **last resort tariff (LRT) will increase by 4.0%** based on an avg. baseload cost of €57.5/MWh fully **passing through the 9.5% increase in energy costs** arising from the CESUR auction and the access tariffs swill stay flat QoQ.

Regulatory receivables from electricity Distribution and last resort supply in Portugal increased from €720m in Dec-11 to €1,254m in Jun-12 is driven by: **(1)** €153m mainly due to higher than expected differential between purchase and sale prices from special regime production (€68.5/MWh in 1H12 vs. €46.6/MWh assumed by ERSE in the calculation of 2012 tariffs), **(2)** €486m regarding deferral of €972m tariff deficit by Dec-12, **(3)** €158m essentially due to negative tariff deviation generated in electricity distribution activity related to payment of ex-ante tariff deficit of €141m to REN, that EDPD will receive in 2013 through tariffs; **(4)** €297m recovered through 1H12 tariffs referent to negative previous years deviations.

Regarding future evolution of regulatory receivables in both distribution and last resort supply activities implicit in ERSE's final version for 2012 tariffs we would highlight: **(1)** deferral of special regime premiums amounting to €972m by Dec-12 to be fully recovered through 2013-2016 tariffs and remunerated at 6.3% annual return; **(2)** creation of an ex-ante tariff deficit of €141m related to CMECs deviations remunerated at 4.0% annual return; **(3)** collection of €564m through to 2012 tariffs related to negative deviations incurred in previous years.

Regulatory receivables from CMECs increased from €390m in Dec-11 to €523m in Jun-12 driven by: **(1)** €153m recovered through tariffs in 1H12 related to 2011 negative deviations and **(2)** €286m negative deviation in 1H12 between gross profit defined by CMECs and gross profit achieved in the market propelled by extreme dry weather (hydro production factor fell 67% short of an average year). This amount is due to be received in up to 24 months through TPA tariffs, paid by all Portuguese electricity consumers.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits + Concession fees) + Other operating costs (net)
(2) Includes the assignment to a third party of the right to tariff deficits/adjustments and recovery or pay-back through the tariffs of previous years' tariff deviations. (3) Includes interests on previous years tariff deviations.
(4) Net of CO2 clawback costs. (5) Includes the recovery/payment of previous periods tariff deficits. (6) Supplies & services and personnel costs.

Electricity Distribution and Last Resort Supply in Portugal

Income Statement (€ m)	1H12	1H11	Δ %	Δ Abs.
Gross Profit	**683.8**	**646.9**	**5.7%**	**+37**
Supplies and services	158.2	163.4	-3.2%	-5
Personnel costs	61.8	63.0	-1.9%	-1
Costs with social benefits	11.7	38.2	-69%	-26
Concession fees	124.7	121.2	2.9%	+4
Other operating costs (net)	5.4	(27.7)	-	+33
Net Operating Costs (1)	**361.8**	**358.0**	**1.0%**	**+4**
EBITDA	**322.0**	**288.9**	**11%**	**+33**
Provisions	0.1	5.8	-98%	-6
Net depreciation and amortisation	110.8	123.8	-11%	-13
EBIT	**211.1**	**159.2**	**33%**	**+52**

Gross Profit Performance	1H12	1H11	Δ %	Δ Abs.
Gross Profit (€m)	**683.8**	**646.9**	**5.7%**	**+37**
Regulated gross profit	678.2	640.8	5.8%	+37
Non-regulated gross profit	5.6	6.2	-9.9%	-1
Distribution Grid				
Regulated revenues (€ m)	632.0	589.4	7.2%	+43
Electricity distributed (GWh)	22,237	23,576	-5.7%	-1,339
Supply Points (th)	6,116.5	6,153.6	-0.6%	-37
Last Resort Supply				
Regulated revenues (€ m)	47.3	52.4	-10%	-5
Clients supplied (th)	5,532.7	5,789.4	-4.4%	-257
Electricity sold (GWh)	10,211	12,869	-21%	-2,658

Capex & Opex Performance	1H12	1H11	Δ %	Δ Abs.
Controllable Operating Costs (4)	**220.0**	**226.4**	**-2.8%**	**-6**
Cont. costs/client (€/client)	36.0	36.8	-2.2%	-1
Cont. costs/km of network (€/Km)	986.9	1,021.9	-3.4%	-35
Employees (#)	3,575	3,623	-1.3%	-48
Capex (Net of Subsidies) (€m)	**129.3**	**120.9**	**7.0%**	**+8**
Network ('000 Km)	222.9	221.6	0.6%	+1
Equival. interruption time (min.) (5)	21	38	-46%	-18

Reported EBITDA from electricity distribution and last resort supply activities in Portugal amounted to €322m in 1H12. Note that EDP changed its accounting policy as to the interest cost and estimated return of the fund assets: the respective amounts, so far accounted as operating costs, are now accounted at financial results level. This implied a downward adjustment of costs with social benefits by €29m in 1H12 in this business area. **Excluding the impact from this reclassification in 1H11 (€29m) and a €21m intra-group real estate gain in 1H11 (no impact at consolidated level), EBITDA increased by 8% (+€25m).** The increase in EBITDA was supported by higher regulated rate of return on assets and lower sensitivity to changes in consumption.

On 15-Dec-11, ERSE published a final version of the regulatory assumptions to the **regulatory period 2012-2014** and regulated revenues in 2012 for our electricity distribution and last resort supply activities in Portugal. ERSE set: (1) a 4% avg. annual increase for electricity tariffs in Portugal (2) **regulated rate of return on assets of 9.5% for 2012 on a preliminary base** based on 780bp assumption for Portuguese Republic CDS and to be positively correlated with the moving average of this variable (annually revised, Rate of Return floor at 8.0% and cap at 11.0% for 2012-2014); (3) **electricity distribution regulated revenues of €1,286m for 2012** from which only 13% depends on electricity distributed and 10% depends on supply points; (4) **last resort electricity supply regulated revenues of €94m for 2012;** (5) forecast for volume of electricity distributed in 2012 of 47.6TWh (2.3% above 2011 electricity distribution) and (6) an assumption of special regime generation of 19.6TWh (7.1% above 2011 special regime generation).

In 1H12, **electricity distributed** was 5.7% lower YoY driven by the residential, SME and public lighting segments, following the increase in taxation over electricity consumption (VAT up from 6% to 23% in Oct-11). The 0.6% decline in the number of supply points had an immaterial impact at gross profit level.

Distribution grid regulated revenues increased €43m to €632m in 1H12, essentially on the back of: (1) a €25m positive impact due to an increase of return on RAB (10.3% for 2012 on a preliminary base vs. 8.56% in 2011). The new asset remuneration was set on a preliminary base indexed to average Portuguese Republic 5Y CDS between Oct-11 and Sept-12, and (2) a €7m negative impact from volumes distributed below ERSE forecast.

Last resort supplier (EDP SU) regulated revenues decreased by 10% to €47m due to the switching of clients to liberalized suppliers, especially in the industrial segment, in line with the calendar of increasing liberalization of the Portuguese electricity supply market. In July 1st 2012, a new stage was reached in the process of liberalisation of electricity supply in Portugal. From this date, EDP SU, the last resort supplier, cannot execute new contracts with clients requiring contacted power ≥10.35 kVA while EDP SU's current clients ≥10.35 kVA were penalised from this date onwards with a 2% average tariff increase in order to incentive their transfer to a liberalised supplier. The regulator should announce a new tariff increase for EDP SU clients ≥10.35kVA from Oct-12 onwards. Volume of electricity supplied by our last resort supplier fell 21% YoY to 10.2TWh and as a result market share in electricity supply dropped from 55% in 1H11 to 46% in 1H12.

Controllable operating costs decreased 3% YoY resulting from lower personnel costs reflecting a decrease of the number of employees by 48.

EBIT increased by 33% YoY backed by lower provisioning for legal matters in 1H12 and a €7m one-off reduction of net depreciation and amortization occurred in 1Q12.

Capex in 1H12 increased 7% YoY to €129m. The Equivalent Interruption Time (EIT) in 1H12 was 21 minutes, a significant improvement compared to 1H11, as a result of investment in improving the quality of service and benefiting from favorable weather conditions without extraordinary events.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits + Concession fees) + Other operating costs (net)
(2) Includes the recovery or pay-back through the tariffs of previous years' tariff deviations. (3) Includes interests on previous years tariff deviations.
(4) Supplies & services and personnel costs. (5) Adjusted for non-recurring impacts (rainstorms, high winds and summer fires). Although there are no events in 1H12.

Electricity and Gas Networks in Spain and Gas Networks in Portugal

Income Statement (€ m)	Electricity Spain			Gas Spain			Gas Portugal		
	1H12	1H11	% Δ	1H12	1H11	% Δ	1H12	1H11	% Δ
Gross Profit	**81.9**	**90.5**	**-10%**	**133.0**	**130.8**	**1.7%**	**35.6**	**39.5**	**-10%**
Supplies and services	21.8	25.2	-13%	21.0	21.7	-2.8%	8.5	7.7	11%
Personnel costs	9.7	9.7	0.3%	5.4	5.7	-5.4%	0.9	1.0	-13%
Costs with social benefits	1.1	0.9	19%	0.3	0.2	95%	0.1	0.1	-1.6%
Other operating costs (net)	(14.8)	(46.3)	68%	(1.3)	(0.2)	569%	(0.3)	(0.2)	44%
Net Operating Costs (1)	**17.8**	**(10.5)**	**-**	**25.5**	**27.4**	**-7%**	**9.2**	**8.6**	**7.5%**
EBITDA	**64.1**	**101.1**	**-37%**	**107.5**	**103.4**	**4.0%**	**26.3**	**30.9**	**-15%**
Provisions	0.0	-	-	(0.1)	(0.3)	-70%	0.0	0.0	-
Net Depreciation. & amortisation	15.3	14.7	4.2%	24.0	28.8	-17%	6.7	6.1	9.2%
EBIT	**48.8**	**86.4**	**-44%**	**83.6**	**74.9**	**12%**	**19.6**	**24.8**	**-21%**
Capex (net os subsidies)	**25.4**	**17.7**	**43%**	**14.2**	**11.9**	**19%**	**15.3**	**16.0**	**-4.5%**
Gross Profit	**81.9**	**90.5**	**-10%**	**133.0**	**130.8**	**1.7%**	**35.6**	**39.5**	**-10%**
Regulated Revenues	77.0	83.1	-7.4%	116.8	113.3	3.1%	31.2	30.5	2.3%
Non-regulated gross profit	4.9	7.4	-34%	16.2	17.5	-7.2%	4.4	9.1	-52%

Iberian Regulated Networks	1H12	1H11	% Δ	Abs. Δ
Number of Supply Points (th)				
Electricity Spain	656.6	654.0	0.4%	+3
Gas Spain	1,001.6	987.5	1.4%	+14
Gas Portugal	280.7	258.7	8.5%	+22
Energy Distributed (GWh)				
Electricity Spain	4,717	4,952	-4.7%	-234
Gas Spain	31,259	25,789	21%	+5,470
Gas Portugal	4,125	3,767	9.5%	+358
Network (Km)				
Electricity Spain	22,850	22,479	1.6%	+370
Gas Spain	10,269	10,020	2.5%	+248
Gas Portugal	4,219	3,944	7.0%	+276
Employees (#)				
Electricity Spain	318	326	-2.5%	-8
Gas Spain	215	226	-4.9%	-11
Gas Portugal	64	64	0.0%	-

ELECTRICITY DISTRIBUTION IN SPAIN

EBITDA from our electricity distribution activity in Spain decreased 37% (€37m) YoY to €64m in 1H12 mainly reflecting: i) negative impact from RDL 13/2012 which implied a 7% decrease of regulated revenues that totaled €77m in 1H12 and ii) the inclusion of €27m non-recurrent gain related to the sale of transmission assets to REE in 1Q11. Excluding this last impact, EBITDA fell 13% YoY (€10m).

In Dec-11, the Spanish Government published a Ministerial Order with the remuneration for the electricity distribution regulated activity. Regulated revenues attributable to HC Distribución for the year 2012 amount to €169.3m. In Mar-12, Spanish Government published RDL 13/2012 which reduced **regulated revenues attributable to HC Distribución for the year 2012** to €151.4m (-11%).

Electricity distributed by HC Energia, essentially in the region of Asturias, decreased by 4.7% YoY due to lower demand from the domestic and industrial segment.

GAS REGULATED NETWORKS IN SPAIN

EBITDA from gas regulated networks in Spain went up 4% YoY (+€4m) to €108m in 1H12, due mostly to a 3% increase of regulated revenues (+€4m) and a 7% decrease in net operating costs backed by a 5% decrease in personnel costs reflecting a decrease of the number of employees.

Regulated revenues rose 3% YoY backed by a 1% increase in the number supply points and the 2% increase of our network's extension. The 21% increase of volume of gas distributed through the distribution network to 31.3 GWh was due to the connection to our network of refinery from a new client Repsol in Cartagena (Murcia region).

In Dec-11 it was published the Ministerial Order that set the remuneration for the gas regulated activities. **Regulated revenues** attributable to Naturgas Energia (NGE) **in 2012 amount to €232m**, including Naturgas gas transmission network (€25.9m).

In Jul-12, EDP has reached an agreement with Enagás and Ente Vasco de la Energía, the public entity controlled by the government of Spain's Basque Country region, for the **sale of the gas transmission business in Spain** (2011 EBITDA: €23.7m). The agreed transaction price represents an enterprise value of €262.5 million and the completion of the transaction is subject to certain conditions, including authorizations by antitrust and relevant regulatory authorities.

GAS REGULATED NETWORKS IN PORTUGAL

EBITDA from gas regulated activities in Portugal decreased 15% YoY (-€5m) to €26m in 1H12 due to accounting of tariff deviations generated in the period and deviations from previous years (decree-law published in Portugal, which allow tariff deviations to be accounted on the same way as electricity). **Gas volumes distributed in Portugal went up 10% YoY** supported by the 9% YoY increase in the number of supply points, justified by a systematic effort of client connection on existing grids in the region operated by EDP.

In Jun-11, the Portuguese regulator (ERSE) set **the gas tariffs for Portugal for the year going from Jul-11 to Jun-12**, defining a 9% return on assets resulting on annual regulated revenues of €65m. ERSE set a 3.9% avg. last resort tariff increase for small clients and a 6.6% avg. access tariff decrease for large clients.

In Jun-12, **ERSE set the gas tariffs for the regulatory period from Jul-12 to Jun-13** defining a 6.9% avg. last resort tariff increase for small clients resulting on annual regulated revenues of €69m.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net)

EDP - Energias do Brasil: Financial Performance

Income Statement	Consolidated (R$ m)				Consolidated (€ m)			
	1H12	1H11	Δ %	Δ Abs.	1H12	1H11	Δ %	Δ Abs.
Gross Profit	**1,108.7**	**1,283.7**	**-14%**	**-175**	**459.2**	**561.1**	**-18.2%**	**-102**
Supplies and services	210.9	191.1	10%	+20	87.4	83.5	4.6%	+4
Personnel costs	126.9	117.1	8.4%	+10	52.6	51.2	2.7%	+1
Costs with social benefits	26.2	25.3	3.7%	+1	10.9	11.0	-1.7%	-0
Other operating costs (net)	25.4	52.4	-52%	-27	10.5	22.9	-54%	-12
Net Operating Costs (1)	**389.4**	**385.8**	**0.9%**	**+4**	**161.3**	**168.6**	**-4.4%**	**-7**
EBITDA	**719.3**	**897.8**	**-20%**	**-179**	**297.9**	**392.4**	**-24%**	**-95**
Provisions	3.8	28.6	-87%	-25	1.6	12.5	-87%	-11
Net depreciation and amortisation	171.5	168.1	2.0%	+3	71.0	73.5	-3.3%	-2
EBIT	**544.0**	**701.1**	**-22%**	**-157**	**225.3**	**306.4**	**-26%**	**-81**
Capital gains/(losses)	-	-	-	-	-	-	-	-
Financial results	(117.7)	(135.2)	13%	+18	(48.7)	(59.1)	-18%	+10
Results from associates	(4.1)	(1.4)	-202%	-3	(1.7)	(0.6)	-	-1
Pre-tax profit	**422.2**	**564.6**	**-25%**	**-142**	**174.9**	**246.8**	**-29%**	**-72**
Capex	**383.8**	**283.2**	**36%**	**+101**	**159.0**	**123.8**	**28%**	**+35**
Maintenance	107.4	153.6	-30%	-46	44.5	67.1	-34%	-23
Expansion	276.5	129.6	113%	+147	114.5	56.6	102%	+58

Energias do Brasil	1H12	1H11	Δ %
Share price at end of period (R$/share) (2)	12.89	12.53	2.8%
Number of shares Issued (million) (2)	476.4	476.4	-
Treasury stock (million) (2)	0.8	0.8	-
Number of shares owned by EDP (million) (2)	243.0	308.7	-21%
Euro/Real - End of period rate	2.58	2.26	-12.4%
Euro/Real - Average of period rate	2.41	2.29	-5.2%
Inflation rate (IGP-M - 12 months)	5.1%		-
Net Debt / EBITDA (x)	2.0	1.3	
Average Cost of Debt (%)	8.9	9.5	-58 b.p.
Average Interest Rate (CDI)	9.0	10.8	-179 b.p.
Employees (#)	2,677	2,428	+249

Key Balance Sheet Figures (R$ Million)	1H12	1H11	Δ %
Net financial debt	2,930	2,346	25%
Regulatory receivables	91	(45)	-
Non-controling Interests	1,933	1,853	4.3%
Equity book value	4,646	4,740	-2.0%

Financial Results (R$ Million)	1H12	1H11	Δ %
Net Interest Costs	(135.2)	(112.4)	-20%
Capitalised Costs	52.1	41.5	26%
Forex Differences	(15.8)	(14.8)	-6.7%
Other	(18.8)	(49.4)	62%
Financial Results	**(117.7)**	**(135.2)**	**13%**

EDP – Energias do Brasil (EDPB) 1H12 financial statements reflect a change in accounting policy as to the interest cost and estimated return of the pension fund assets: the respective amounts, accounted in 1H11 as operating costs, are now accounted at financial results level (R$14m in 1H12; R$12m in 1H11).

In local currency, EDPB's 1H12 EBITDA decreased 20% YoY reflecting a drop in the distribution gross profit on the back of tariff deviation impact (-R$186m in 1H12 vs. +R$36m in 1H11) and the positive impact from the allocation of higher contracted volumes in 1H12 vs 1H11 in our generation business.

Net operating costs stood mostly flat: (i) supplies and services rose 10% justified by the inflation update in suppliers' contracts and higher levels of maintenance; (ii) personnel costs went up by 8%, reflecting mostly the annual salary update of +1.0% by Mar-11 and +7.3% by Nov-11 and also higher average headcount; (iii) costs with social benefits stood almost flat since the one-off costs with indemnities regarding HR restructuring costs were offset by the change in accounting policy; (iv) other net operating costs declined R$27m mostly reflecting a gain obtained with the sale of buildings in the 1H12 (R$16m) and a compensation received from a client due to the cancelling of the energy contract in 1Q12 (R$6m).

Foreign exchange contributed negatively with -€16m in EDPB's consolidated EBITDA in Euro terms, as the Real depreciated 5% against the Euro.

Provisions decreased R$25m since EDPB registered in 2Q11 a provision related to a legal litigation with the client White Martins.

Net financial costs declined by R$18m to R$118m as a result of: (i) R$52m one-off cost in 1H11 on other financial results reflecting the overdue interest associated with the White Martins litigation; which was offset by (ii) R$14m cost increase following the aforementioned accounting reclassification and (iii) higher net interest costs backed by higher net financial debt which more than compensated the lower average cost of debt (from 9.5% in 1H11 to 8.9% in 1H12) following a 180bp drop in Brazil Interbank Deposit Certificate to 9.0%.

Net financial debt rose 25% YoY mostly due to expansion capex related to Pecém coal plant and Jari hydro plant. Average debt maturity was 4.8 years by Jun-12. As of Jun-12, **aprox. 100% gross debt was denominated in local currency or protected from exchange rate through hedging instruments.**

In Jul-11, EDP sold 21.9 million shares of EDPB on a secondary distribution offer, at a price of R$37.00, reducing its stake from 64.8% to 51.0%, receiving gross proceeds of aprox. R$811m.

In Apr-12 EDPB's General Shareholders Meeting approved a stock-split of all common shares of the company by a ratio of 1:3. Thus, since April 11th the number of shares outstanding is 476,415,612. It was also approved the payment by Jun-12 of **2011 annual dividend** of R$370.2m (R$0.777/share), representing a 5.0% rise vs. 2010.

In May-12 EDPB announced the selling of its 100% stake in Evrecy, which owns transmission assets in Escelsa area, for R$58m to CTEEP, being still subject to the approval by ANEEL.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net) (2) adjusted for 1:3 stock-split on 11-Apr-12

Brazil: Electricity Distribution

Income Statement (R$ m)	1H12	1H11	Δ %	Δ Abs.
Gross Profit	**558.0**	**820.0**	**-32%**	**-262**
Supplies and services	157.8	148.0	6.6%	+10
Personnel costs	83.6	83.5	0.1%	+0
Costs with social benefits	22.8	22.5	1.3%	+0
Other operating costs (net)	31.1	45.8	-32%	-15
Net Operating Costs (1)	**295.3**	**299.9**	**-1.5%**	**-5**
EBITDA	**262.6**	**520.1**	**-49%**	**-257**
Provisions	1.1	29.1	-96%	-28
Net deprec. and amortisation	91.4	83.2	9.8%	+8
EBIT	**170.1**	**407.7**	**-58%**	**-238**

Gross Profit Performance	1H12	1H11	Δ %	Δ Abs.
Regulated Revenues	**640**	**784**	**-18%**	**-143**
Tariff deviation in the Period (5)	(178)	44	-	-223
Dev. from previous year (3)	(14)	(10)	43%	-4
Others (4)	110	2	-	+108
Gross Profit	**558**	**820**	**-32%**	**-262**
Regulatory Receivables (R$ m)	**91**	**(45)**	**-**	**+136**
Clients Connected (th)	**2,875.6**	**2,785.2**	**3.2%**	**+90**
Bandeirante	1,570.2	1,521.2	3.2%	+49
Escelsa	1,305.5	1,264.0	3.3%	+41
Electricity Distributed (GWh)	**12,477**	**12,296**	**1.5%**	**+181**
Bandeirante	7,382	7,327	0.7%	+55
Escelsa	5,095	4,969	2.5%	+126
From which: To clients in Free Market (GWh)	4,608	4,700	-2.0%	-92
Electricity Sold (GWh)	**7,869**	**7,595**	**3.6%**	**+273**
Bandeirante	**4,722**	**4,642**	**1.7%**	**+80**
Resid., Commerc. & Other	3,233	3,056	5.8%	+178
Industrial	1,488	1,586	-6.2%	-98
Escelsa	**3,147**	**2,953**	**6.6%**	**+193**
Resid., Commerc. & Other	2,599	2,421	7.4%	+178
Industrial	548	532	2.9%	+15

Capex & Opex Performance	1H12	1H11	Δ %	Δ Abs.
Controllable Operating Costs (2)	**241.4**	**231.5**	**4.3%**	**+10**
Cont. costs/client (R$/client)	84.0	83.1	1.0%	+1
Cont. costs/km (R$/Km)	2.8	2.7	2.9%	+0
Employees (#)	2,089	2,005	4.2%	+84
Capex (net of subsidies) (R$m)	**88.9**	**145.6**	**-39%**	**-57**
Network ('000 Km)	86.5	85.3	1.3%	+1

In electricity distribution in Brazil, **EBITDA in 1H12 dropped 49% YoY**, penalised by tariff deviation (-R$222m), following Bandeirante's tariff freezing from Oct-11 to Oct-12. However, since the new regulatory methodology (implying a cut in RoR) was not applied to Bandeirante's tariffs from Oct-11 to Oct-12, an estimated amount of R$103m, regarding 1H12, will be returned to tariffs according to the preliminary figures from the public consultation documents issued by ANEEL in Jul-12. Therefore, these two impacts justify the -R$119m difference YoY between regulated revenues and gross profit. In addition, gross profit was affected by R$29m cost on the back of a court decision re-establishing ANEEL's normative resolution which defines that the compensations received from industrial clients for surpassing the energy demand set in their contracts must be registered as investment subsidies. Adjusted by these impacts and by the change in the accounting policy regarding social benefits, the EBITDA for 1H12 and 1H11 would have been R$374 and R$493m, respectively (-24% YoY).

Regarding regulatory reviews, in Oct-11 the regulator decided to keep Bandeirante's tariffs unchanged, as the new methodology for the 3rd Tariff Review cycle was not fully decided. Meanwhile, the discussion about this new methodology, resulted in the publication by ANEEL in Nov-11 of a new regulatory framework in which was set a new Return on RAB at 7.5% after taxes. This new methodology will only be applied on the next regulatory period (Bandeirante in Oct-12 but with retroactive effects from Oct-11 onwards and Escelsa from Aug-13 onwards). Bandeirante's regulatory review is currently under public consultation with a preliminary impact of -3.55% in Bandeirante's tariffs having implicit a RAB of R$1,489m (+22% vs. the regulatory review in 2007).

Electricity volumes sold and distributed in 1H12: Volume of electricity sold rose 3.6% YoY, (5.8% in 2Q12 vs 1Q11) reflecting an increase in the residential, commercial & other of 6.5%, justified by the increase of 3.2% in the number of clients and also of the consumption of electricity per capita on the back of low unemployment rate and increase of the families' income. This was partially offset by a drop of 4% in the industrial segment, as a result of lower industrial activity in Bandeirante's concession area, as well as migration of clients to the free market. Electricity distributed, rose by 1.5%, recovering in 2Q12 (+2.7% vs 2Q11), but being penalized by the energy distributed to clients in the free market, mostly industrials, due to the industrial activity slowdown in the Bandeirante's concession area and due to stoppages for maintenance work and the restart of autoproduction of some clients.

Tariff deviations at gross profit level had a negative impact in 1H12 (-R$186m) vs. a positive contribution in 1H11 (+R$36m). Gross profit for distribution in Brazil includes the cash flow impact from deviations vs. annual regulated revenues. On the back of the freeze of its tariff by Oct-11, Bandeirante is facing higher energy, transmission and sector costs than the ones included in tariffs. However, Bandeirante's tariffs still do not include the new methodology regarding the lower RoR which will be reviewed in Oct-12 with retroactive effects from Oct-11 onwards (R$103m in 1H12). Tariff deviation created in previous years and being returned through tariffs in 1H12 amounted to R$14m in line with the 1H11 figure. On the other hand, a new tariff deviation of -R$178m was created in 1H12 (vs. tariff deviation of +R$44m in 1H11) prompted by: (i) incurred transmission and sector costs not considered in the tariffs; (ii) higher costs of energy than the ones reflected in the tariffs, magnified by higher prices of the energy on the back of dry weather; (iii) higher discounts on distribution tariffs in the free market, due to the migration of several clients to the liberalised market. As a result, the amount of regulatory receivables increased from R$45m to be returned to customers by Jun-11 to R$91m to be collected by EDPB from the next annual tariff revisions onwards.

Controllable operating costs increased by 4% YoY in 1H12. Personnel costs were flat as the annual average salary update of +1.0% by Mar-11 and +7.3% by Nov-11 and the slight increase in the average headcount were compensated by a new method of intragroup allocation costs with no impact at consolidation level. Supplies and services increased 7% reflecting inflation and also additional maintenance.

Other operating costs fell by R$15m in 1H12 explained by a one-off gain obtained with the sale of buildings (R$16m).

Capex dropped 39% YoY to R$89m, due mostly to higher levels of subsidies in Bandeirante on the back of ANEEL's normative resolution. Most of the Capex amount was devoted to network expansion and reinforcement of the quality of service.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net) (2) Supplies & services and personnel costs
(3) Regulatory receivables that EDP is recovering in current tariff, related to amounts that the system owed us due to lower than expected gross profit in past periods (4) Includes R$103m from the retroactive impact, regarding 1H12, of ANEEL's proposal for Bandeirante's tariff review to occur by Oct-12 (5) Regulatory receivables being generated in the current period to be recovered by EDP through tariffs in the next annual tariff adjustment.

Brazil: Electricity Generation and Supply

Income Statement (R$M)	Generation 1H12	1H11	Δ %	Δ Abs.
Gross Profit	**520.1**	**431.0**	**21%**	**+89**
Supplies and services	32.5	27.1	20%	+5
Personnel costs	21.0	19.9	5.7%	+1
Costs with social benefits	2.1	1.7	21%	+0
Other operating costs (net)	(4.1)	(0.3)	1201%	-4
Net Operating Costs (1)	**51.4**	**48.4**	**6.3%**	**+3**
EBITDA	**468.7**	**382.6**	**22%**	**+86**
Provisions	0.4	0.8	-47%	-0
Net depreciation and amortisation	74.1	85.3	-13%	-11
EBIT	**394.1**	**296.5**	**33%**	**+98**

Generation	1H12	1H11	Δ %	Δ Abs.
Gross Profit (R$ m)	**520.1**	**431.0**	**21%**	**+89**
Lajeado	221.0	169.4	30%	+52
Peixe Angical	177.1	154.6	15%	+23
Energest (15 hydro plants)	121.7	107.1	14%	+15
Installed Capacity - Hydro (MW)	**1,794**	**1,790**	**0.2%**	**+4**
Lajeado	903	903	-	-
Peixe Angical	499	499	-	-
Energest (15 hydro plants)	393	389	1.0%	+4
Electricity Sold (GWh)	**4,179**	**4,014**	**4.1%**	**+165**
Lajeado	1,782	1,735	2.7%	+47
Peixe Angical	1,202	1,173	2.5%	+30
Energest (15 hydro plants)	1,195	1,106	8.0%	+89
Average Selling Price (R$/MWh)	**138.3**	**129.0**	**7.2%**	**+9**
Lajeado	118.9	112.9	5.4%	+6
Peixe Angical	172.1	160.4	7.3%	+12
Energest (15 hydro plants)	122.4	117.2	4.5%	+5
Capex (R$ million)	**294.0**	**136.7**	**115%**	**+157**
Maintenance	17.6	7.1	148%	+10
Expansion	276.5	129.6	113%	+147
Pécem	180.5	118.9	52%	+62
Jari	95.8	-	-	+96
Other	0.2	10.7	-98%	-11
Employees (#)	**413**	**267**	**54%**	**+146**

EBITDA in our electricity generation activities in Brazil increased by 22% reflecting essentially the inflation update on PPA's and higher volumes sold in 1H12 vs. 1H11.

Installed capacity went up by 4MW due to the conclusion of a part of Mascarenhas' repowering (4MW) in 2Q12.

Electricity volumes sold rose 4.1% in 1H12, reflecting the increase in installed capacity and also the allocation of PPA's yearly contracted volumes with an overall impact at gross profit of +R$89m. By Dec-11 it was expected a rise in the spot price in the 1Q12. Thus, distribution companies decided for a flattish yearly allocation vs. 2011,demanding higher volumes on electricity contracted for the 1H12 vs. 1H11. The dry weather in 1H12 led to a significant rise in the spot market price: R$115.4/MWh in 1H12 vs. R$27.0/MWh in 1H11.

Average selling price increased 7% YoY in 1H12 supported mostly by the update of prices to inflation. Almost all EDPB's installed capacity is contracted under PPA long term contracts.

Personnel costs rose 6%, yet not reflecting the increase of the headcount due to Pécem's workforce, as these costs are still being capitalized.

Net Depreciation and amortization declined R$11m to R$74m as in 1Q11 it was recognized a write-off of development costs associated to pipeline projects (biomass).

Capex more than doubled YoY, rising to R$294m. Expansion capex represents 94% of total capex from which 65% refers to the construction of Pécem coal plant and 35% to Jari hydro plant. EDPB has already invested R$1,603m in Pécem's coal plant and R$155m in Jari hydro plant, including capitalized costs. The start-up of Jari is expected to begin by 2015.

In Pecém coal plant (720MW), EDPB holds a 50% stake in partnership with MPX Mineração e Energia. The conditions contracted with the Brazilian electricity system include the availability of an installed capacity of 615MW for a 15-year term starting in January 2012. Due to force majeure causes which led to the delay in construction works, ANEEL approved the prorogation of the plant commissioning and availability date for 23-Jul-2012. In Jul-12, EDPB and MPX announced an agreement to acquire for the symbolic price of R$1, 100% of MABE Brasil, the consortium responsible for the construction works of Pécem, in order to ensure the efficient management and to avoid any disruption until the conclusion of the project. Also in Jul-12 EDPB and MPX sent a letter to ANEEL, asking for the pass-through of the purchase of energy costs incurred while the plant is not operational. The first group is expected to be operational by 3Q12 and the second group by 4Q12. Pecém will provide an expected EBITDA of R$200m (EDPB's 50% share) in the first 12 months of full operation having the right to total pass through of fuel costs. The project is financed with long term debt, which is already contracted.

Santo António do Jari hydro plant, a 373MW project (following regulator's approval of an additional 73MW, on top of initial 300MW of installed capacity), has already an average 190 MW contracted by a 30-year PPA at a price of R$104/MWh. The total disbursement will vary between R$1,270m and R$1,410m. The preliminary construction works started in Aug-11 and in Oct-11 it was issued a R$300m bond and contracted a bridge-loan with Banco do Brasil, worth of R$360m both with a two-year maturity and at a cost of 110.5% and 109% over the CDI respectively.

Supply	1H12	1H11	Δ %	Δ Abs.
Gross profit (R$ m)	26.7	28.9	-7.6%	-2
Operating costs (R$ m)	(2.9)	2.7	-	-6
EBITDA (R$ m)	29.6	26.1	13%	+3
Electricity sales (GWh)	5,213	4,980	4.7%	+233
Number of clients (#)	199	100	99%	+99

Our trading and supply activity is carried out by our Enertrade subsidiary in the free market essentially through a service of energy sourcing to large industrial clients without incurring in material energy market risk. **In 1H12, EBITDA in supply grew by 13% to R$30m** as a result of: (i) compensation received from a client due to the cancelling of the energy contract (R$6m); (ii) increase of volumes by 5% which was more than compensated by a decrease in the unit margins due to higher costs of energy purchased.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net)

Income Statements & Annex

Income Statement by Business Area

1H12 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	EDP Group
Gross Profit	**487.0**	**399.6**	**934.2**	**602.4**	**459.2**	**(93.3)**	**2,789.2**
Supplies and services	39.3	132.8	209.6	119.6	87.4	(143.0)	445.6
Personnel costs	36.5	48.6	77.8	25.7	52.6	53.6	294.7
Costs with social benefits	0.0	3.5	13.2	3.6	10.9	4.3	35.5
Other operating costs (net)	8.9	32.6	113.7	(50.0)	10.5	12.6	128.3
Operating costs	**84.7**	**217.5**	**414.3**	**98.9**	**161.3**	**(72.5)**	**904.1**
EBITDA	**402.3**	**182.1**	**520.0**	**503.5**	**297.9**	**(20.8)**	**1,885.1**
Provisions	1.0	(1.8)	0.1	-	1.6	5.9	6.8
Net depreciation and amortisation (1)	99.1	130.1	156.8	221.7	71.0	25.3	704.0
EBIT	**302.2**	**53.8**	**363.1**	**281.9**	**225.3**	**(51.9)**	**1,174.4**

1H11 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	EDP Group
Gross Profit	**502.1**	**408.2**	**907.8**	**485.6**	**561.1**	**(77.0)**	**2,787.7**
Supplies and services	39.7	124.0	217.9	107.4	83.5	(151.5)	421.0
Personnel costs	48.6	48.7	78.0	23.6	51.0	38.8	288.7
Costs with social benefits	0.0	5.0	40.7	1.8	11.3	18.4	77.2
Other operating costs (net)	1.2	38.4	46.8	(56.4)	22.9	47.6	100.4
Operating costs	**89.5**	**216.1**	**383.4**	**76.4**	**168.6**	**(46.7)**	**887.4**
EBITDA	**412.6**	**192.1**	**524.4**	**409.2**	**392.4**	**(30.3)**	**1,900.4**
Provisions	1.7	4.6	5.6	(0.3)	12.5	-3.7	20.4
Net depreciation and amortisation (1)	94.3	118.3	173.5	211.3	73.5	33.4	704.2
EBIT	**316.6**	**69.2**	**345.3**	**198.3**	**306.4**	**(60.1)**	**1,175.7**

(1) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets.

Quarterly Income Statement - Restated (1)

Quarterly P&L (€ m)	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	Δ YoY %	Δ QoQ %
Electricity Revenues	3,558.4	3,083.6	3,156.6	3,443.2	3,904.5	3,355.8	9%	-14%
Gas Revenues	418.9	391.5	413.4	465.1	482.7	416.2	6%	-14%
Other Revenues	37.7	52.9	48.9	50.6	25.0	29.4	-44%	18%
Operating Revenues	**4,015.0**	**3,528.0**	**3,618.9**	**3,958.9**	**4,412.2**	**3,801.4**	**8%**	**-14%**
Electricity	2,032.0	1,633.9	1,711.3	1,943.2	2,284.3	1,888.0	16%	-17%
Gas	334.9	299.4	326.8	366.9	390.6	322.5	8%	-17%
Fuel	191.3	211.6	256.9	255.4	279.4	217.3	3%	-22%
Materials and goods for resale	25.4	26.7	29.1	39.4	20.1	22.0	-18%	9.3%
Direct Activity Costs	**2,583.6**	**2,171.6**	**2,324.2**	**2,605.0**	**2,974.5**	**2,449.8**	**13%**	**-18%**
Revenue from assets assigned to concessions	86.3	109.2	113.4	131.7	94.3	84.6	-23%	-10%
Expenditure with assets assigned to concessions	(86.3)	(109.2)	(113.4)	(131.7)	(94.3)	(84.6)	23%	10%
Gross Profit	**1,431.4**	**1,356.4**	**1,294.8**	**1,354.0**	**1,437.6**	**1,351.6**	**-0%**	**-6.0%**
Supplies and services	208.3	212.8	229.1	250.9	216.3	229.3	8%	6.0%
Personnel costs	147.2	145.4	139.6	141.4	154.5	140.2	-4%	-9.3%
Costs with social benefits	9.1	19.4	11.1	21.7	15.0	20.5	6%	37%
Other operating costs (net)	36.0	64.4	85.2	(40.6)	48.4	79.9	24%	65%
Operating costs	**400.6**	**441.9**	**465.0**	**373.4**	**434.2**	**470.0**	6%	**8.2%**
EBITDA	**1,030.8**	**914.4**	**829.8**	**980.6**	**1,003.5**	**881.6**	**-4%**	**-12%**
Provisions	2.4	18.0	(18.7)	(1.0)	3.0	3.8	-79%	25%
Net depreciation and amortisation (2)	358.0	346.2	348.7	434.6	350.3	353.7	2%	1.0%
EBIT	**670.4**	**550.2**	**499.8**	**547.0**	**650.2**	**524.2**	**-5%**	**-19%**
Capital gains/(losses)	0.2	10.1	(0.1)	10.6	(0.0)	2.9	-72%	-
Financial Results	(156.1)	(154.8)	(235.0)	(169.4)	(166.8)	(186.2)	-20%	-12%
Results from associated companies	5.8	6.0	5.6	2.0	3.6	6.8	15%	87%
Pre-tax profit	**520.3**	**411.5**	**270.4**	**390.2**	**487.0**	**347.7**	**-16%**	**-29%**
Income taxes	123.4	97.1	21.7	18.2	79.0	79.9	-18%	1.2%
Discontinued Activities	-	-	-	-	-	-	-	-
Net Profit for the period	396.9	314.4	248.7	372.0	408.0	267.8	-15%	-34%
Net Profit Attributable to EDP	**342.4**	**266.3**	**215.0**	**301.0**	**337.2**	**244.5**	**-8%**	**-27%**
Non controling interests	54.5	48.1	33.7	71.0	70.7	23.2	-52%	-67%

(1) As of Sep-11, EDP changed its accounting policy as to the interest cost and estimated return of the fund assets: the respective amounts, so far accounted as operating costs are now accounted at financial results level. Both 2011 and 2012 income statements comply with this change, implying a positive impact on EBITDA of €45m in 1H11 and €46m in 1H12.
(2) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets.

Income Statement by Business Area - Restated [1]

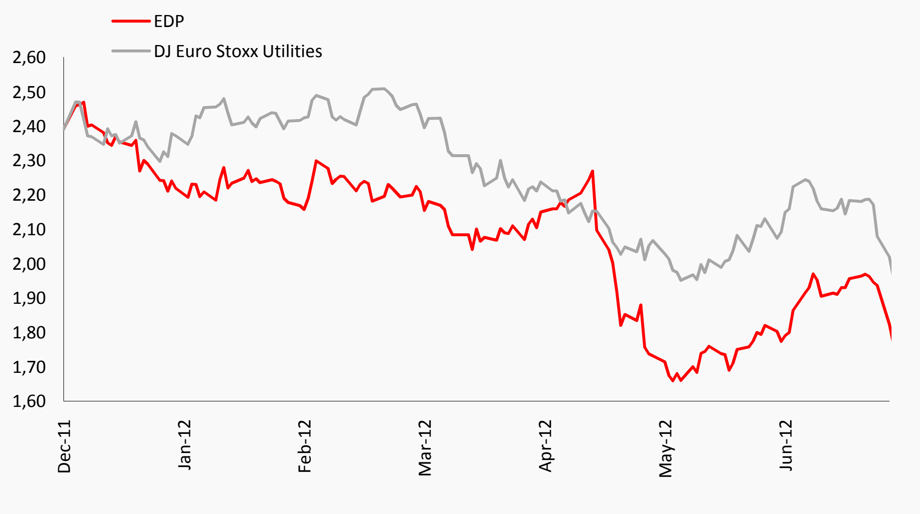
1H11 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	EDP Group
Gross Profit	**502.1**	**408.2**	**907.8**	**485.6**	**561.1**	**(77.0)**	**2,787.7**
Supplies and services	39.7	124.0	217.9	107.4	83.5	(151.5)	421.0
Personnel costs	48.6	48.7	78.0	23.6	51.0	38.8	288.7
Costs with social benefits	(5.5)	3.0	11.1	1.8	5.9	16.1	32.4
Other operating costs (net)	1.2	38.4	46.8	(56.4)	22.9	47.6	100.4
Operating costs	**84.0**	**214.1**	**353.7**	**76.4**	**163.3**	**(49.0)**	**842.5**
EBITDA	**418.1**	**194.1**	**554.0**	**409.2**	**397.8**	**(28.0)**	**1,945.3**
Provisions	1.7	4.6	5.6	(0.3)	12.5	(3.7)	20.4
Net depreciation and amortisation (2)	94.3	118.3	173.5	211.3	73.5	33.4	704.2
EBIT	**322.1**	**71.2**	**375.0**	**198.3**	**311.8**	**(57.7)**	**1,220.6**

(1) As of Sep-11, EDP changed its accounting policy as to the interest cost and estimated return of the fund assets: the respective amounts, accounted as operating costs until then, are now accounted at financial results level. Both 2011 and 2012 income statements comply with this change, implying a positive impact on EBITDA of €45m in 1H11.

(2) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets.

EDP Share Performance

YTD EDP Stock Performance on Euronext Lisbon



EDP Stock Market Performance	YTD	52W 25-07-2012	2011
EDP Share Price (Euronext Lisbon - €)			
Close	1.756	1.756	2.391
Max	2.484	2.537	2.920
Min	1.628	1.628	1.984
Average	2.061	2.170	2.488
EDP's Liquidity in Euronext Lisbon			
Turnover (€ m)	1,826	3,604	4,300
Average Daily Turnover (€ m)	12	14	17
Traded Volume (million shares)	886	1,661	1,728
Avg. Daily Volume (million shares)	6.0	6.3	6.6

EDP Share Data	1H12	1H11	Δ %
Number of shares Issued (million)	3,656.5	3,656.5	-
Treasury stock (million)	32.5	31.9	1.9%

EDP's Main Events

Feb-1: Standard & Poor's downgrades EDP to "BB+" with negative outlook

Feb-16: Moody's downgrades EDP to "Ba1" with negative outlook

Feb-20: EDP's General Shareholders Meeting

Feb-27: Appointment of Representatives for the General Supervisory Board by Cajastur Inversiones, José de Mello Energia and Senfora

Mar-13: Appointment of Representatives for the General Supervisory Board by Sonatrach and Parpública

Apr-3: Fitch places utilities with sizeable exposure to Spain on rating watch negative

Apr-17: EDP's Annual General Shareholders Meeting

May-4: EDP issues EUR 250 million 3 year retail bond through a public offering

May-7: Barclays notifies significant shareholding in EDP

May-11: CTG acquires and Parpublica reduces qualified shareholding in EDP. Appointment of Representatives for the General Supervisory Board by CTG

May-14: JP Morgan Chase notifies qualifying holding in EDP

May-16: Payment of gross dividend of EUR 0.185 per share for the 2011 financial year

May-17: Portuguese Government announces set of measures for the power sector

May-22: Qatar Holding notifies about transfer of qualifying holding in EDP

May-24: Barclays and JP Morgan Chase decreases its ownership interest in the share capital of EDP

Jul-3: MFS notifies qualified shareholding in EDP

Jul-20: EDP sells its gas transmission business in Spain to Enagás

Jul-26: China Development Bank Corporation agrees on €1,000 million loan to EDP

Source: Bloomberg

EDP - Installed capacity & electricity generation

Installed Capacity - MW (1)	1H12	1H11	Δ MW	Δ 12/11
PPA/CMEC	**6,220**	**6,220**	**-**	**0.0%**
Hydro	**4,094**	**4,094**	**-**	
Run off the river	1,860	1,860	-	
Reservoir	2,234	2,234	-	
Coal	**1,180**	**1,180**	**-**	
Sines	1,180	1,180	-	
Fuel oil	**946**	**946**	**-**	
Setúbal	946	946	-	
Carregado	-	-	-	
Special Regime (Ex-Wind)	**466**	**470**	**-4**	**-**
Small-Hydro	157	160	-3	
Cogeneration+Waste	275	275	-1	
Biomass	35	35	-	
Liberalised Electricity Generation	**6,864**	**7,137**	**-273**	**-3.8%**
Hydro	**1,347**	**910**	**437**	
Portugal	921	484	437	
Spain	426	426	-	
Coal	**1,460**	**1,460**	**-**	
Aboño I	342	342	-	
Aboño II	536	536	-	
Soto Ribera II	236	236	-	
Soto Ribera III	346	346	-	
CCGT	**3,736**	**3,736**	**-**	**0.0%**
Ribatejo (3 groups)	1,176	1,176	-	
Lares (2 groups)	863	863	-	
Castejón (2 group)	843	843	-	
Soto IV (1 group)	426	426	-	
Soto V (1 group)	428	428	-	
Nuclear	**156**	**156**	**-**	
Trillo	156	156	-	
Gasoil/Fuel oil	**165**	**875**	**-710**	
Tunes + Carregado	165	875	-710	
Wind (More detail on page 16)	**7,169**	**6,887**	**282**	**4.1%**
Europe	3,664	3,526	138	
USA	3,422	3,278	144	
Brazil	84	84	-	
Brazil (Ex-Wind)	**1,794**	**1,790**	**4**	**0.2%**
Hydro	**1,794**	**1,790**	**4**	**0.2%**
Lajeado	903	903	-	
Peixe Angical	499	499	-	
Energest	393	389	4	
TOTAL	**22,514**	**22,505**	**9**	**0.0%**

Electricity Generation (GWh)	1H12	1H11	Δ GWh	Δ 12/11
PPA/CMEC	**6,060**	**8,656**	**-2,596**	**-30%**
Hydro	**1,730**	**6,391**	**-4,662**	**-73%**
Run off the river	1,436	4,566	-3,130	
Reservoir	294	1,825	-1,532	
Coal	**4,330**	**2,268**	**2,062**	**91%**
Sines	4,330	2,268	2,062	
Fuel oil	**1**	**-3**	**3**	**-**
Setúbal	1	-3	3	
Carregado	-	-	-	
Special Regime (Ex-Wind)	**1,152**	**1,275**	**-123**	**-10%**
Small-Hydro	132	318	-186	
Cogeneration+Waste	920	861	59	
Biomass	100	96	4	
Liberalised Electricity Generation	**6,230**	**8,032**	**-1,803**	**-22%**
Hydro	**1,044**	**1,150**	**-106**	**-9.2%**
Portugal	648	722	-74	
Spain	396	428	-32	
Coal	**3,124**	**2,084**	**1,040**	**50%**
Aboño I	933	316	617	
Aboño II	1,333	1,451	-118	
Soto Ribera II	247	-3	250	
Soto Ribera III	611	321	290	
CCGT	**1,509**	**4,264**	**-2,755**	**-65%**
Ribatejo (3 groups)	184	784	-600	
Lares (2 groups)	530	1,866	-1,336	
Castejón (2 group)	360	600	-239	
Soto IV (1 group)	342	810	-468	
Soto V (1 group)	93	205	-112	
Nuclear	**553**	**534**	**19**	**3.5%**
Trillo	553	534	19	
Gasoil/Fuel oil	**0**	**0**	**-0**	
Tunes + Carregado	0	0	-0	
Wind	**9,918**	**8,790**	**1,127**	**13%**
Europe	4,217	3,657	560	
USA	5,607	5,105	502	
Brazil	93	29	65	
Brazil (Ex-Wind)	**4,472**	**4,283**	**189**	**4.4%**
Hydro	**4,472**	**4,283**	**189**	**4.4%**
Lajeado	2,138	2,079	59	
Peixe Angical	1,407	1,317	89	
Energest	927	887	40	
TOTAL	**27,832**	**31,037**	**-3,205**	**-10%**

(1) Installed capacity that contributed to the revenues in the period.

EDP - Volumes distributed, clients connected and networks

ELECTRICITY

Electricity Distributed (GWh)	1H12	1H11	Δ GWh	Δ %
Portugal	**22,237**	**23,576**	**-1,339**	**-5.7%**
Very High Voltage	984	895	89	10%
High / Medium Voltage	10,171	10,377	-207	-2.0%
Low Voltage	11,082	12,304	-1,222	-9.9%
Spain	**4,717**	**4,952**	**-234**	**-4.7%**
High / Medium Voltage	3,455	3,621	-166	-4.6%
Low Voltage	1,262	1,330	-68	-5.1%
Brazil	**12,477**	**12,296**	**181**	**1.5%**
Free Clients	4,608	4,700	-92	-2.0%
Industrial	2,036	2,118	-82	-3.9%
Residential, Comercial & Other	5,833	5,477	356	6.5%
TOTAL	**39,431**	**40,823**	**-1,392**	**-3.4%**

Clients Connected (th)	1H12	1H11	Abs. Δ	Δ %
Portugal	**6,117**	**6,154**	**-37.1**	**-0.6%**
Very High / High / Medium Voltage	24	24	0.1	0.4%
Special Low Voltage	34	34	-0.2	-0.5%
Low Voltage	6,059	6,096	-37.0	-0.6%
Spain	**657**	**654**	**2.6**	**0.4%**
High / Medium Voltage	1.1	1.1	0.0	0.9%
Low Voltage	656	653	2.6	0.4%
Brazil	**2,876**	**2,785**	**90.4**	**3.2%**
Bandeirante	1,570	1,521	49.0	3.2%
Escelsa	1,305	1,264	41.4	3.3%
TOTAL	**9,649**	**9,593**	**56.0**	**0.6%**

Networks	1H12	1H11	Abs. Δ	Δ %
Lenght of the networks (Km)	**332,245**	**329,358**	**2,887**	**0.9%**
Portugal	222,934	221,551	1,382	0.6%
Spain	22,850	22,479	370	1.6%
Brazil	86,462	85,328	1,134	1.3%
Losses (% of electricity distributed)				
Portugal (1)	-9.9%	-7.8%	-2.1 pp	
Spain	-4.6%	-3.1%	-1.5 pp	
Brazil				
Bandeirante	-10.2%	-10.7%	0.5 pp	
Technical	-5.5%	-5.5%	-0.0 pp	
Comercial	-4.7%	-5.2%	0.5 pp	
Escelsa	-13.1%	-13.6%	0.5 pp	
Technical	-7.3%	-8.1%	0.9 pp	
Comercial	-5.8%	-5.4%	-0.4 pp	

GAS

Gas Distributed (GWh)	1H12	1H11	Δ GWh	Δ %
Portugal	**4,125**	**3,767**	**358**	**9.5%**
Low Pressure (P ≤ 4 Bar)	586	1,096	-510	-47%
Medium Pressure (P > 4 Bar)	3,525	2,656	869	33%
LPG	15	15	0	1.0%
Spain	**31,259**	**25,789**	**5,470**	**21.2%**
Low Pressure (P ≤ 4 Bar)	6,222	5,719	502	8.8%
Medium Pressure (P > 4 Bar)	25,038	20,070	4,968	24.8%
TOTAL	**35,384**	**29,556**	**5,829**	**19.7%**

Supply Points (th)	1H12	1H11	Abs. Δ	Δ %
Portugal	**280.7**	**258.7**	**22.0**	**8.5%**
Final	275.7	258.0	17.7	6.9%
Access	5.0	0.7	4.3	578%
Spain	**1,001.6**	**987.5**	**14.1**	**1.4%**
Final	-	-	-	-
Access	1,001.6	987.5	14.1	1.4%
TOTAL	**1,282.3**	**1,246.2**	**36.1**	**2.9%**

Networks	1H12	1H11	Abs. Δ	Δ %
Lenght of the networks (Km)	**14,488**	**13,964**	**524**	**3.8%**
Portugal	4,219	3,944	276	7.0%
Spain	10,269	10,020	248	2.5%
Distribution	9,823	9,603	220	2.3%
Transmission	446	417	28	6.8%

(1) Excludes Very High Voltage

EDP - Sustainability performance

2Q12 Main Events

Apr: EDP and the Portuguese Sailing Federation sign a protocol in order to aid sailing schools by providing them more equipment

Apr: The programme EDP Solidária Barragens 2011 deliver 30 social plots to 28 underprivileged families from Mirandela

May: 165 suppliers apply for EDPartners, an initiative that awards the most distinguished EDP Group suppliers in 2011

Jun: EDP awarded as the most valuable Portuguese brand according to a study from the Brand Finance consultant, with a brand value of €2.4bn.

Jun: It is approved a revision of the Occupational Health and Safety Policy

Jun: In Brazil, Agência Virtual launched 11 new services to be provided to the clients of EDP Bandeirante and EDP Escelsa through its websites

EDP Internal Sustainability Index (base 2006)	1H12	1H11	Δ %
Sustainability Index	**127**	**127**	**0.2%**
Environmental	143	146	-2.2%
%Weight	36%	36%	
Economic	115	113	1.9%
%Weight	33%	33%	
Social	122	120	1.7%
%Weight	31%	31%	

This Sustainability Index was developed by EDP and is based on 26 sustainability performance indicators. (www.edp.pt/sustentabilidade/abordagemasustentabilidade/)

Economic Metrics	1H12	1H11	Δ %
Economic Value (€m)(1)			
Directly Generated	8,747	8,145	7.4%
Distributed	7,917	7,246	9.3%
Accumulated	830	899	-7.7%

Social Metrics	1H12	1H11	Δ %
Employees (c)	**12,235**	**12,073**	**1.3%**
Training (hours trainee)	**225,841**	**225,958**	**-0.1%**
On-duty Accidents	**19**	**21**	**-9.5%**
EDP Frequency rate (Tf)	128	168	-24%
EDP Severity Rate (Tg)	1.72	1.87	-7.8%
Freq. rate EDP+ESP(f) (Tf)	3.90	3.11	25%

Environmental Metrics	1H12	1H11	Δ %
Absolute Atmospheric Emissions (kt) (a)			
CO_2	8,867.8	7,325.8	21%
NO_x	7.3	5.9	24%
SO_2	8.1	2.7	196%
Particle	0.368	0.298	24%
Specific Atmospheric Emissions (g/KWh)			
CO_2	312.67	231.98	35%
NO_x	0.26	0.19	38%
SO_2	0.28	0.09	228%
GHG emissions (ktCO2 eq)			
Direct Emissions (scope 1)	8,892	7,343	21%
Indirect emissions (scope 2)	776	477	63%
Primary Energy Consumption (TJ) (b)	**98,628**	**84,227**	**17%**
Max. Net Certified Capacity (%)	**72%**	**70%**	**3 p.p.**
Water Use (10^3 m^3)	**774,783**	**587,622**	**32%**
Total Waste (t) (e)	**383,913**	**191,490**	**100%**
Environmental Costs (€ th)	**24,596**	**35,441**	**-31%**
Environmental Fees and Penalties (€ th)	**210.2**	**1.7**	**-**

Environmental Metrics - CO2 Emissions

CO2 Emissions	Absolute (ktCO2)		Specific (t/MWh)		Generation (d) (GWh)	
	1H12	1H11	1H12	1H11	1H12	1H11
PPA/CMEC	**3,885**	**2,129**	**0.90**	**0.94**	**4,331**	**2,265**
Coal	3,876	2,121	0.90	0.94	4,330	2,268
Fuel Oil & Natural Gas	9	8	-	-	1	(3)
Liberalised	**4,424**	**4,584**	**0.95**	**0.72**	**4,633**	**6,348**
Coal	3,813	2,925	1.22	1.40	3,124	2,084
CCGT	611	1,658	0.40	0.39	1,509	4,264
Special Regime	**559**	**613**	**0.27**	**0.30**	**2,103**	**2,035**
Thermal Generation	**8,868**	**7,326**	**0.80**	**0.69**	**11,067**	**10,648**
CO2 Free Generation					**17,295**	**20,932**
CO2 Emissions			**0.31**	**0.23**	**28,362**	**31,580**

(a) Excluding vehicle fleet
(b) Including vehicle fleet
(c) Including remunerated Executive Corporate Bodies
(d) Includes heat generation (1,083 GWh: 1H12 vs. 1,077 GWh: 1H11)
(e) Waste sent to final disposal
(f) ESP: External Services Provider

(1) Generated Economic Value (GEV): Turnover + other operating income + gains/losses with the sale of financial assets + gains/losses from associated companies + financial income
Distributed Economic Value (DEV): COGS + operating costs + other operating costs + current tax + financial costs + dividend payment; Accumulated Economic Value (AEV): GEV – DEV.