



## Financial Results 1Q09

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# EDP 1Q09 Financial Performance: Main Highlights



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

Income Statement (€ m)	1Q09	1Q08	% Δ	Δ Abs.
<b>Gross Profit</b>	<b>1,261</b>	<b>1,258</b>	<b>0.2%</b>	<b>+3</b>
Supplies and services	166	171	-3.0%	-5
Personnel costs	141	148	-4.8%	-7
Costs with social benefits	35	29	21.7%	+6
Concession fees	62	59	4.6%	+3
Other operating costs (net)	8	42	-82.0%	-35
<b>Operating costs</b>	<b>412</b>	<b>450</b>	<b>-8.4%</b>	<b>-38</b>
<b>EBITDA</b>	<b>849</b>	<b>809</b>	<b>5.0%</b>	<b>+40</b>
Provisions	5	0	-	+4
Net Depreciation and amortisation <sup>(1)</sup>	312	267	17.2%	+46
<b>EBIT</b>	<b>532</b>	<b>542</b>	<b>-1.8%</b>	<b>-10</b>
Capital gains/(losses)	13	27	-52.2%	-14
Financial Results	(166)	(184)	10.2%	+19
Results from associated companies	5	10	-52.5%	-5
<b>Pre-tax profit</b>	<b>384</b>	<b>394</b>	<b>-2.6%</b>	<b>-10</b>
Income taxes	88	93	-5.1%	-5
Discontinued Activities	-	-	-	-
Net Profit for the period	296	301	-1.8%	-5
<b>Net Profit attribut. to EDP shareholders</b>	<b>265</b>	<b>263</b>	<b>0.8%</b>	<b>+2</b>
Minority interests	31	38	-19.4%	-7

Key Operational Data	1Q09	1Q08	% Δ	Δ Abs.
Employees	12,081	13,007	-7.1%	-926
Installed Capacity (MW)	18,695	16,122	16.0%	+2,573

Key Financial Data (€ m)	1Q09	1Q08	% Δ	Δ Abs.
FFO (Funds from Operations)	633.1	615.9	2.8%	+17
Capex	840.5	606.6	38.6%	+234
Maintenance	124.2	141.0	-11.9%	-17
Expansion	716.3	465.6	53.8%	+251
Net Financial Investment in the period	3.8	8.6	-55.8%	-5

Key Balance Sheet Data (€ m)	Mar-09	Dec-08	% Δ	Δ Abs.
Equity Book Value	6,743.1	6,365.2	5.9%	+378
Net Debt	13,544.6	13,889.5	-2.5%	-345
Regulatory Receivables	852.0	1,891.4	-55.0%	-1,039
Net debt/EBITDA (x)	4.0x	4.4x	-9.4%	-0.4
Adjusted <sup>2</sup> Net debt/EBITDA (x)	3.7x	3.8x	-1.7%	-0.1

**Consolidated EBITDA** grew 5% (€40m), to €849m in 1Q09, driven by liberalized activities in Iberia (+€63m) and wind operations (+€29m). EBITDA from LT contracted generation and from regulated networks, in turn, were penalized by lower non-recurrent results in 1Q09 (vs 1Q08): (1) €11m negative impact mainly from fuel procurement costs above international indexes in 1Q09 (vs €22 positive impact in 1Q08), in LT Contracted generation and (2) €31m positive impact in 1Q08 from previous years' adjustments in electricity distribution in Portugal. Recurrent EBITDA rose 16%, to €867m.

**Operational costs** retreated 8.4% YoY, to €412m, reflecting important efficiency gains. The results achieved by our OPEX program totalled €27m, allowing for a 2% decrease in operating costs. Costs with supplies and services declined 3% YoY, to €166m, reflecting tight cost control and the positive impact from asset swap in Brazil, on one hand, and increasing activity, on the other hand. Personnel costs declined 4.8% YoY, reflecting recent HR restructuring effort, namely in Brazil and Portugal distribution. Cost with social benefits increased 22% (+€6m) inflated by €4.4m HR restructuring costs booked in Brazil and by higher pension premium booked in Portugal distribution. Other operating costs decreased 82% (-€35m), reflecting lower CO2 clawback (€7.3m in 1Q09 vs €14m cost in 1Q08) and higher revenues from PTCs in 1Q09.

**Net depreciation and amortization charges** increased 17% YoY, to €312m, reflecting larger scale of operations in renewables and conventional generation.

**Net financial costs** declined 10% YoY, to €166m in 1Q09, mainly reflecting: (1) lower net financial interests paid (-5.4% YoY) thanks to an average cost of debt 100bp lower (at 4.7%); (2) Lower other financials costs mainly resulting from lower losses (€29m in 1Q09 to reflect the lower market value our stake in BCP vs €33m booked in 1Q08 in respect of the stake in Sonaecom).

**Net profit** was flat at €265m, penalized by lower capital gains: (1) €13m in 1Q09 resulting from the entry of Sonatrach in Soto 4 capital (with 25%), in line with what was defined in the partnership signed in 2007; (2) €27m booked in 1Q08 on the sale of a 3.5% stake in REN and in the exercise of a put option over 40% of Edinfor.

In 1Q09, **funds from operations** amounted €633m, posting a 3% (+€17m) increase driven by higher EBITDA excluding non-cash items. **Capex** totaled €841m, of which 85% referred to expansion projects. Note that the YoY increase in capex is explained by the payment in Jan-09 of €232m for the concession rights of Fridão/Alvito hydro plants. **Regulatory receivables** decreased from €1,891m in Dec-08 to €852m in the wake of the sale without recourse of the right to receive tariff deficit in Portugal (€1.2bn) and an increase in receivables from CMECs revisibility in Portugal and tariff deficit in Spain. Overall, **net debt** in Mar-09 amounted €13.5bn, down from €13.9bn in 2008.

By the end of Mar-09, EDP's net debt/EBITDA was 4.0x. Excluding regulatory receivables, net debt/EBITDA stood at 3.7x. In 1Q09, EDP further strengthened its financial and liquidity positioned with a €1bn bond issue and the replacement of a €1.3bn RCF due in Jul-09 by a 3-year €1.6bn RCF. Total cash position and available credit lines in Mar-09 amounted €4.1bn.

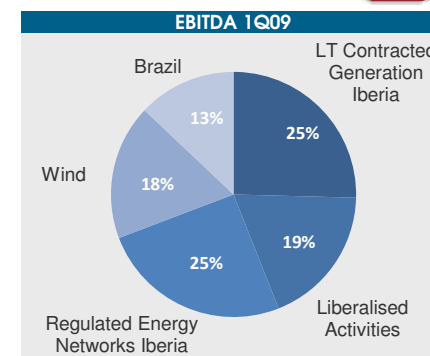
(1) Depreciation and amortisation expense net of compensation of depreciation and amortisation

(2) Excluding Regulatory receivables.

## EBITDA Breakdown



EBITDA (€ m)	1Q09	1Q08	% Δ	Abs. Δ	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
LT Contracted Generation	220.2	227.5	-3.2%	(7.3)	227.5	215.6	212.7	193.5	220.2			
Liberalised Activities Iberia	161.0	98.4	63.6%	62.6	98.4	136.5	44.5	150.9	161.0			
Regulated Networks Iberia	218.4	228.1	-4.2%	(9.7)	228.1	210.2	265.7	235.4	218.4			
Wind Power	154.4	125.5	23.0%	28.9	125.5	101.2	79.7	131.4	154.4			
Brazil	111.9	160.7	-30.3%	(48.7)	160.7	137.0	156.3	108.3	111.9			
Other & Adjustments	(16.8)	(31.5)	46.8%	14.7	(31.5)	(24.6)	26.6	(34.8)	(16.8)	-	-	-
<b>Consolidated</b>	<b>849.1</b>	<b>808.7</b>	<b>5.0%</b>	<b>40.4</b>	<b>808.7</b>	<b>775.9</b>	<b>785.6</b>	<b>784.8</b>	<b>849.1</b>			



EDP showed a 5% (+€40m) YoY increase consolidated EBITDA in 1Q09, to €849m from €809m. Excluding non-recurrent items, EBITDA rose 16%, from €744m to €867m. Main highlights are as follows:

**LT CONTRACTED GENERATION IBERIA** - 1Q09 EBITDA declined 3% (-€7m) YoY, penalised by non-recurrent losses of €11m (vs €22m gain in 1Q08) largely related to fuel procurement. Note that as a result of EDP's strategy to hedge through financial instruments the change in fuel prices between the moment of purchase and the moment of consumption, this negative impact is compensated at the level of financial results, either in the previous, current or following quarters. Recurrent EBITDA rose 13% (€26m) to €231m propelled by (i) 5.6% (+€13m) rise in PPA/CMECs recurrent gross profit, (2) special regime's wider consolidation perimeter (+€8m) and (3) higher mini-hydro's output.

**LIBERALISED ACTIVITIES IBERIA** - EBITDA from liberalised activities rose 64% (+€63m), propelled by a 37% (+€59m) increase in gross profit and a 7% (€4m) decrease in operational costs. Out of total liberalised output, 78% was sold to liberalised retail clients. As a result of EDP's strategy of forward contracting sales and locking-in its margins, this unit achieved realised unit gross profit of €30MWh (+23%). EDP was a net buyer in the wholesale market, profiting from electricity wholesale prices below its own marginal generation cost (defined by Spanish CCGTs). Coal production rose 34%, with load factors at 76% and well above the Spanish average (46%). Overall, output from our liberalised generation plants decreased 12% reflecting lower nuclear output (-54% YoY due to Trillo's 7-week outage) and lower CCGTs output (-49% YoY due to commercial reasons). Electricity sales to clients rose 36% and average selling price rose 9% YoY.

**REGULATED NETWORKS IBERIA** - EBITDA decreased 4% (-€10m) to €218m reflecting mostly the performance of electricity distribution in Portugal (-€5m) and gas distribution in Portugal (-€8m). In electricity distribution in Portugal (71% of EBITDA from regulated networks Iberia), regulated revenues in the 1Q09 were slightly affected by a 0.9% YoY decrease in electricity consumption, driven by industrial clients. Note that declines in consumption from industrial clients have a low impact on this activity's regulated revenues.

EBITDA YoY performance in gas distribution in Portugal is penalized by the regulatory review occurred in Jul-08 which extended the concession period but decreased short term gross profit.

**WIND** - EBITDA from EDP Renováveis (EDPR) rose 23% (€29m) fuelled by higher gross profit in US (+96%, +€30m). In the US, 1Q09 gross profit adjusted for PTCs and other revenues related to institutional partners rose 92%, to €88m, thanks to (i) volumes 75% higher, backed by a 53% increase in installed capacity and load factors 2p.p. higher at 40%, and (ii) stronger US dollar vs euro. This was only partially offset by a 6% decline in average electricity price. In Europe, the 35% decrease in avg. achieved Spanish pool price was partly compensated by forward contracted sales, with a positive impact of €8m. Also, output increased by 8%, with installed capacity 39% higher YoY and load factor 3p.p lower YoY, at 28% (-2pp at 29% in Spain, -5 p.p. at 27% in Portugal and -9pp at 26% in rest of Europe). Overall, gross profit in Europe stood at €110m in the 1Q09, in line with the 1Q08.

**BRAZIL** - As from Oct-08, following the conclusion of asset swap with Grupo Rede, the distribution company Enersul was excluded from consolidation perimeter while our Lajeado hydro plant (ownership increased to 73% from 27.6%) started to be fully consolidated. EBITDA from Energias do Brasil retreated 30% (-€49m) YoY, to €112m, dragged by a 13% depreciation of Brazilian real against euro. Also, Energias do Brasil's 1Q09 EBITDA in local currency retreated 20.3% to R\$335.6m supported by HR restructuring costs (R\$13m), lower EBITDA in distribution and growth slowdown in volume of electricity sold to clients. This was only partially compensated by growth in generation.

## Profit & Loss Items below EBITDA



Provisions, Depreciations & Amortizations (€m)	1Q09	1Q08	% Δ	Abs. Δ
<b>EBITDA</b>	<b>849.1</b>	<b>808.7</b>	<b>5.0%</b>	<b>+40.4</b>
Provisions	4.7	0.3	-	+4.4
Depreciation and amortisation	338.5	293.1	15%	+45.4
Compensation of deprec. and amortisation	(26.2)	(26.6)	1%	+0.4
<b>EBIT</b>	<b>532.1</b>	<b>541.8</b>	<b>-1.8%</b>	<b>-9.7</b>
Financial Results (€m)	1Q09	1Q08	% Δ	Abs. Δ
Net financial interest	(159.7)	(168.8)	5.4%	+9.1
Net foreign exchange differences	4.8	2.1	130%	+2.7
Investment income	0.0	0.0	-	+0.0
Other Financials	(10.6)	(17.6)	40%	+7.0
<b>Financial results</b>	<b>(165.5)</b>	<b>(184.3)</b>	<b>10.2%</b>	<b>+18.8</b>
Income from Equity Method (€m)	1Q09	1Q08	% Δ	Abs. Δ
Setgás (19.8%)	0.9	0.9	1.1%	+0.0
CEM (21%)	1.7	2.7	-37%	-1.0
Turbogás (40%)	-	3.2	-	-3.2
DECA II (EEGSA (21%))	-	2.0	-	-2.0
Portfólios	0.8	0.1	-	+0.7
EDP Renováveis subsidiaries	0.6	0.6	10%	+0.0
Other	0.5	0.3	-	+0.2
<b>Results from associated companies</b>	<b>4.6</b>	<b>9.8</b>	<b>-52.5%</b>	<b>-5.1</b>
Capital Gains/(Losses) (€m)	1Q09	1Q08	% Δ	Abs. Δ
REN (1.5%)	-	17.0	-	-17.0
Edinfor (40%)	-	4.8	-	-4.8
Soto IV	12.9	-	-	+12.9
Other	0.0	5.2	-	-5.2
<b>EDP Group</b>	<b>12.9</b>	<b>27.0</b>	<b>-52.2%</b>	<b>-14.1</b>
Income Tax (€m)	1Q09	1Q08	% Δ	Abs. Δ
<b>Pre-tax profit</b>	<b>384.1</b>	<b>394.2</b>	<b>-2.6%</b>	<b>-10.1</b>
Income taxes	88.0	92.8	-5.1%	-4.8
Effective Tax rate (%)	22.9%	23.5%	-0.6 pp	-
Discontinued Activities	-	-	-	-
Minority Interests (€m)	1Q09	1Q08	% Δ	Abs. Δ
EDP Renováveis	13.5	1.8	-	+11.7
HC Energia + Naturgas	0.8	1.4	-43%	-0.6
Portgás and subsidiaries	0.4	2.3	-83%	-1.9
Energias do Brasil	15.8	32.4	-51%	-16.6
Other	0.3	0.2	50%	+0.1
<b>EDP Group</b>	<b>30.8</b>	<b>38.1</b>	<b>-19%</b>	<b>-7.3</b>

**Depreciation and amortization** increased by 15.5% YoY, on the back of: i) an increase of EDPR depreciations, following investments made in new capacity; ii) the investments that were undertaken in PPA/CMEC Desox facilities; and iii) the start of operations of Soto 4 CCGT in Spain in Jan-08.

### Financial Results:

i) Net financial interests decreased by 5.4% YoY, to €160m in the 1Q09, following a 100bp decrease in the average cost of debt from 5.7% in the 1Q08 to 4.7% in the 1Q09, driven by the decline in short term interest rates (note that c60% of EDP's debt has floating rate, with the most significant indexing being the Euribor 3 months that fell from an avg. of 4.476% in 1Q08 to 2.007% in 1Q09), which offset the increase in average net debt;

ii) Other financials include: i) a loss of €29m in the 1Q09, to reflect the decrease in market value of EDP's 3.2% stake in BCP (vs. €33m in the 1Q08 to reflect the decrease in market value of EDP's 8% stake in Sonaecom); ii) a €13m net cost related to the Portuguese tariff deficit securitization deal (concluded in Mar-09); and iii) a €0.5m gain related to hedging operations in energy markets from our generation activity (vs. a €4.1m gain in the 1Q08).

**Results from associated companies** amounted to €4.6m in the 1Q09, down by €5.1m YoY: i) 1Q08 includes a €3.2m contribution from Turbogás (disposed of in May-08); and ii) 1Q08 includes a €2.0m contribution from DECA II (vs. no contribution in the 1Q09)

**Capital gains/(losses)** amounted to €12.9m in the 1Q09, following the entry of Sonatrach into the capital of Soto 4 (with a 25% stake), in line with what was defined in the strategic partnership established in 2007. Capital gains in the 1Q08 include €17m from the sale of a 1.5% stake in REN and a €4.8m gain booked on the exercise of EDP's put option over the 40% owned in Edinfor.

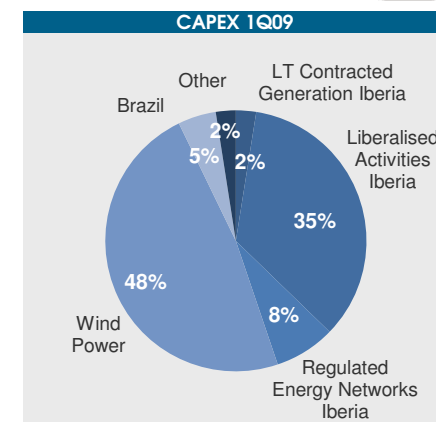
EDP Group's **effective tax rate** remained flat YoY at around 23%.

**Minority interests** decreased 19% YoY to €31m, on the back of a decrease in minority interests at Energias do Brasil following: i) the share buyback programs and the minorities buy-out that resulted from the application of the Enersul/lajeado asset swap regulatory rules (Oct-08), which led to an increase of EDP's stake in the company from 64.5% to 71.9%; and ii) lower net income in the period (€35m in the 1Q09 vs. €68m in the 1Q08). Looking at EDPR, the strong increase in minorities reflects the IPO of EDPR that occurred in Jun-08 (free-float of 22.5%).

# Capital Expenditure Breakdown



Capex (€m)	1Q09	1Q08	% Δ	Abs. Δ	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
LT Contracted Gen. Iberia	21.0	24.7	-15%	-3.7	24.7	27.2	45.4	42.7	21.0			
Liberalised Activities Iberia	292.2	85.6	241%	+206.6	85.6	167.2	101.7	162.4	292.2			
Regulated Networks Iberia	63.4	58.9	7.7%	+4.5	58.9	73.9	88.8	139.2	63.4			
Wind Power	403.5	369.6	9%	+33.8	369.6	390.2	489.1	841.9	403.5			
Brazil	39.7	57.0	-30%	-17.3	57.0	72.6	53.2	246.2	39.7			
Other	20.6	10.8	92%	+9.9	10.8	7.2	47.9	14.9	20.6			
<b>EDP Group</b>	<b>840.5</b>	<b>606.6</b>	<b>39%</b>	<b>+233.9</b>	<b>606.6</b>	<b>738.2</b>	<b>826.1</b>	<b>1,447.3</b>	<b>840.5</b>			
<b>Expansion Capex</b>	<b>716.3</b>	<b>465.6</b>	<b>54%</b>	<b>+250.7</b>	<b>465.6</b>	<b>579.3</b>	<b>606.9</b>	<b>1,186.8</b>	<b>716.3</b>			
<b>Maintenance Capex</b>	<b>124.2</b>	<b>141.0</b>	<b>-12%</b>	<b>-16.8</b>	<b>141.0</b>	<b>159.0</b>	<b>219.2</b>	<b>260.4</b>	<b>124.2</b>			



Generation Projects Installed in 2009 (€m)	MW <sup>(1)</sup>	Capex '09
Wind Power	99	208.8
<b>Total</b>	<b>99</b>	<b>208.8</b>

Gen. Projects Under Development (€m)	MW	Capex '09	Acc. Capex
<b>Under Construction</b>			
Hydro Portugal	866	22.1	126.0
Wind Power	1,017	194.7	1,302.7
CCGT Iberia	1,286	32.0	467.4
Coal Brazil	360	4.6	183.3
Hydro Brazil	52	4.9	66.1
<b>Total</b>	<b>3,581</b>	<b>258.2</b>	<b>2,145.6</b>
<b>Hydro Concession Payments</b>		<b>231.7</b>	<b>479.8</b>
<b>Total</b>		<b>489.9</b>	<b>2,625.4</b>

**Consolidated capex** rose 39% YoY (or €234m) to €840m, essentially driven by a €251m increase in expansion capex (which represents 85% of total capex). The main growth driver of expansion capex was our liberalized generation activity in Iberia, following the payment of €232m regarding the concession rights of the Fridão (231 MW) and Alvito (220 MW) hydro power plants. Note that 65% of EDP's 1Q09 capex was allocated to operations with a low risk profile. In 1Q09, EDP installed 99 MW of wind capacity. Moreover, by Mar-09, EDP had close to 3,600 MW of additional capacity under construction, with a total amount of €2,146m already invested. Maintenance capex decreased 11% YoY, following the exclusion of Enersul from the consolidation perimeter, as well as lower Denox investments at our Sines coal power plant.

A total of €292m were invested in our **liberalized generation activity** in Iberia, up by €207m YoY. A total of €254m were invested in **hydro** generation in Portugal, out of which €232m relate to the payment of Fridão (231 MW) and Alvito (220 MW) hydro power plants concession rights (expected to start operations in 2016). The balance was mostly invested in the construction works of 4 hydro power plants: 3 repowering (Picote II, Bemposta II and Alqueva II, totaling 696 MW) and 1 new dam (Baixo Sabor with 170 MW). Regarding **CCGTs**, a total of €32m was invested during the 1Q09 in the construction works of: i) Soto5 in Spain (424 MW), which is expected to start operations in 2011; and ii) and Lares I & II in Portugal (862 MW), due to come on stream in the 3Q09.

Capex at our **regulated networks in Iberia** increased 8% YoY to €63m in the 1Q09, on the back of an increase in capex at our electricity distribution activity in Portugal, in order to expand the network (+5,666 Km) and to improve service quality.

In **wind power**, total capex amounted to €403m: i) €209m were invested in the 99 MW that started operations in the 1Q09 (including some payments related to capacity installed in late 2008); and ii) €195m were invested in capacity under construction by the end of Mar-09 (1,017 MW) and projects still under development but already with capex committed (namely upfront payments to manufacturers on wind turbines ordered).

In Brazil, **capex** amounted to €40m in the 1Q09: i) €9m were invested in the expansion of the generation capacity, with the construction of Pecém PPA coal plant (720 MW, 50% owned by Energias do Brasil) due to start operations in Dec-2011, and Santa Fé PPA Hydro power plant (29 MW) that is expected to start operations in Jul-09; ii) €22m were invested in the electricity distribution grid (maintenance capex).

<sup>(1)</sup> MW EBITDA

# Cash Flow



Consolidated Cash Flow (€m)	1Q09	1Q08	% Δ	Abs. Δ
<b>Net profit before minorities</b>	<b>296.1</b>	<b>301.4</b>	<b>-2%</b>	<b>(5.4)</b>
Net depreciation and amortization	312.3	266.5	17%	45.8
Net provisions	29.9	64.1	-53%	(34.2)
Non cash financial results	(34.1)	(2.1)	-	(32.0)
Taxes	(10.0)	18.4	-	(28.4)
Other adjustments	38.9	(32.5)	-	71.4
<b>FFO (Funds From Operations)</b>	<b>633.1</b>	<b>615.9</b>	<b>3%</b>	<b>17.2</b>
Net financial interest	161.6	173.9	-7%	(12.2)
Net Income from Associates and other Investments	(4.6)	(9.8)	53%	5.1
Change in operating working capital	724.2	(321.5)	-	1,045.7
Regulatory Receivables	1,039.5	(234.6)	-	1,274.0
<b>Operating Cash Flow</b>	<b>1,514.3</b>	<b>458.5</b>	<b>230%</b>	<b>1,056</b>
Expansion Capex	(716.3)	(465.6)	-54%	(250.7)
Maintenance Capex	(124.2)	(141.0)	12%	16.8
Change in working capital from equipment suppliers	(224.4)	(34.5)	-551%	(190.0)
<b>Net Operating Cash Flow</b>	<b>449.4</b>	<b>(182.6)</b>	<b>-</b>	<b>632.0</b>
Net financial (investments)/Divestments	3.8	8.6	-56%	(4.8)
Net financial interest paid	(102.1)	(110.6)	8%	8.5
Dividends received from Associates and other Investments	0.0	0.0	78%	0.0
Dividends paid	0.0	(0.0)	-	0.0
Anticipated proceeds from institutional partnership in US wind	39.3	0.0	-	39.3
Other non-operating changes	(45.5)	133.8	-	(179.3)
<b>Decrease/(Increase) in Net Debt</b>	<b>344.9</b>	<b>(150.8)</b>	<b>-</b>	<b>495.7</b>
<b>Major Net Financial Investments (€m)</b>	<b>1Q09</b>	<b>1Q08</b>	<b>% Δ</b>	<b>Abs. Δ</b>
<b>MAJOR FINANCIAL INVESTMENTS</b>	<b>13.2</b>	<b>54.1</b>	<b>-76%</b>	<b>(40.9)</b>
Consolidation Perimeter EDP Renováveis	12.9	8.5	52%	4.4
Energias do Brasil	-	45.5	-	(45.5)
Other	0.3	-	-	0.3
<b>MAJOR FINANCIAL DIVESTMENTS</b>	<b>17.0</b>	<b>62.7</b>	<b>-73%</b>	<b>(45.7)</b>
CCGT Soto IV	16.5	-	-	16.5
Consolidation Perimeter EDP Renováveis	-	7.7	-	(7.7)
Edinfor (40%)	-	55.0	-	(55.0)
Other	0.5	-	-	-
<b>Major Net Financial Investments</b>	<b>3.8</b>	<b>8.6</b>	<b>-56%</b>	<b>(4.8)</b>

**Funds from operations (FFO)** rose 3% YoY to €633m in line with the growth rate showed by EBITDA. Note that FFO does not include the impact of tariff deviations in the regulated or long term contracted activities, reflected at the level of changes in working capital.

**Consolidated operating cash flow** increased by 2.3x in 1Q09 to €1,514m reflecting the sale without recourse of the right to receive the Portuguese's tariff deficit accumulated in 2007 and 2008 in the amount of €1.2bn. Excluding this deal, regulatory receivables generated in the 1Q09 had a negative contribution of €161m for EDP's free cash flow in the period, essentially due to additional tariff deficit in Spain and negative cash flow deviations from the CMECs system in the period to be recovered over the next 2 years. Excluding regulatory receivables investment in working capital increased €315m, reflecting essentially an increase in the accounts of suppliers in 1Q09.

**Expansion capex rose** 54% to €716m in 1Q09 following the payment of €232m regarding the concession rights of the Fridão/Alvito hydro plants in Portugal. The decline of maintenance capex is related to the disco/genco asset swap in Brazil. The increase in "change in working capital related to property and equipment suppliers" is due to payments done in 1Q09 associated to investments in fixed assets made in 4Q08.

**Financial divestments** mainly include the cash proceeds from the entry of Sonatrach into the capital of Soto 4 (with a 25% stake). Financial investments in 1Q09 include the acquisition by EDPR of CENAEEL, company that holds several wind farms and projects in Brazil. The closing of the acquisition was approved in Feb-09.

In 1Q09, our US wind subsidiary, received from institutional equity partners €39m, related to agreements signed in Dec-08.

The decrease of **net financial interest paid** reflects the decrease in the average cost of debt driven by the decline in short term interest rates (note that c60% of EDP's debt has floating rate).

Overall, net debt in 1Q09 decreased €0.3bn.



# Consolidated Balance Sheet



Assets (€ m)	Quarter-on-Quarter			Year-on-Year	
	Mar-09	Dec-08	Δ abs.	Mar-08	Δ abs.
Property, plant and equipment, net	21,706	21,126	581	18,760	2,947
Intangible assets, net	6,350	5,842	508	5,489	861
Financial Investments, net	529	524	5	698	-170
Deferred Tax asset	702	540	162	702	0
Inventories	240	277	-37	249	-9
Accounts receivable - trade, net	1,816	1,759	58	2,009	-193
Accounts receivable - other, net	3,847	4,845	-999	3,168	679
Financial assets held for Trading	85	83	2	60	25
Cash and cash equivalents	1,473	714	760	663	810
<b>Total assets</b>	<b>36,748</b>	<b>35,709</b>	<b>1,256</b>	<b>31,797</b>	<b>3,638</b>
<b>Equity (€ m)</b>	<b>Mar-09</b>	<b>Dec-08</b>	<b>Δ abs.</b>	<b>Mar-08</b>	<b>Δ abs.</b>
Share capital	3,657	3,657	-	3,657	-
Treasury stock and share premium	376	375	0	424	-48
Reserves and retained earnings	2,445	1,241	1,204	1,999	447
Consolidated net profit EDP shareholders	265	1,092	-827	263	2
Minority Interest	2,249	2,182	67	934	1,315
<b>Total equity</b>	<b>8,992</b>	<b>8,547</b>	<b>445</b>	<b>7,276</b>	<b>1,717</b>
<b>Liabilities (€ m)</b>	<b>Mar-09</b>	<b>Dec-08</b>	<b>Δ abs.</b>	<b>Mar-08</b>	<b>Δ abs.</b>
Medium/ Long-term debt & borrowings	12,069	10,874	1,194	10,387	1,682
Short-term debt & borrowings	3,034	3,812	-778	2,179	855
Provisions	331	324	7	373	-42
Hydrological correction account	240	238	3	230	10
Deferred Tax liability	676	656	20	647	29
Accounts payable - other, net	11,405	11,258	147	10,796	609
<b>Total liabilities</b>	<b>27,756</b>	<b>27,162</b>	<b>594</b>	<b>24,613</b>	<b>3,143</b>
<b>Total equity and liabilities</b>	<b>36,748</b>	<b>35,709</b>	<b>1,039</b>	<b>31,889</b>	<b>4,859</b>
<b>Regulatory Receivables (€m)</b>	<b>Mar-09</b>	<b>Dec-08</b>	<b>Δ abs.</b>	<b>Mar-08</b>	<b>Δ abs.</b>
Portugal <sup>(1)</sup>	(36)	1,145	-1,182	446	-483
Spain	475	415	60	239	236
Brazil <sup>(1)</sup>	55	56	-2	60	-6
Annual Deviation - Mkt vs. CMEC	359	275	84	208	151
<b>Total</b>	<b>852</b>	<b>1,891</b>	<b>-1,039</b>	<b>954</b>	<b>-102</b>
<b>Prov. for Social Benefits &amp; I. P. Liability (€m)</b>	<b>Mar-09</b>	<b>Dec-08</b>	<b>Δ abs.</b>	<b>Mar-08</b>	<b>Δ abs.</b>
Pensions <sup>(2)</sup>	1,062.4	1,082.9	-20.5	934.7	127.6
Medical Care	758.3	751.0	7.3	785.6	-27.3
Adjusted Institutional Partnership Liability <sup>(3)</sup>	924.2	851.8	72.3	620.4	303.8
<b>Total</b>	<b>2,744.8</b>	<b>2,685.7</b>	<b>59.1</b>	<b>2,340.7</b>	<b>404.1</b>

**Tangible fixed assets** rose by €2.9bn YoY and by €0.6bn QoQ to €21.7bn following the investments made in the construction of new generation plants, namely wind power and CCGT plants. The €0.5bn increase QoQ of intangible assets is related to the €232m payment for the concession right to build and operate the Fridão/Alvito hydro plants in Portugal and a seasonal impact from the increase in the level of inventories of CO2 emission rights (€253m impact, fully balanced by a similar increase on the liabilities side at accounts payable level). Note that in Mar-09 EDP's balance sheet include €4.4bn of works in progress, (15.5% of total consolidated fixed assets of €28bn) related to investments already made in plants, equipment or concession rights which are not yet operating neither being depreciated.

The book value of **financial investments & financial assets** amounted to €614m including of essentially our financial stakes at BCP (3%), REN (3.5%), Ampla (7%), Deca (21%), CEM (21%) and Sonaecom (8%).

**Accounts receivable - other** recorded a strong €1.0bn decline QoQ, following the securitization in Mar-09 of €1.2bn of the Portuguese tariff deficit generated in 2007 and 2008. By Mar-09, EDP's balance sheet continued to include €797m of net regulatory receivables (ex-Brazil).

The €0.4bn YoY increase of **equity attributable to EDP's shareholders** reflects the higher level of net profit in the period and the annual dividend payment of €455m made in May-08. The €0.4bn QoQ increase of EDP's shareholders' equity reflects the €265m net profit in the period plus reserves variation in the period (related to forex, market value of financial assets, etc.).

The €1.3bn YoY increase of **equity attributable to minority interests** is mostly related to the IPO of EDP Renováveis which took place in Jun-09 through a capital increase which led to a reduction of EDP's stake in the company from 100% to 77.5%.

The €11.4bn of accounts payable (other, net) include €1.8bn of **unfunded pension fund and medical care liabilities**. This amount is gross of taxes, and more than 70% of these liabilities are related to employees from regulated electricity distribution in Portugal, meaning that most of these liabilities should be part of the regulated cost base in the moment of payment.

The €147m QoQ increase in **accounts payable (other, net)** reflects the recognition of a tariff surplus in 1Q09 in the Portuguese last resource electricity supply activity, to be repaid to the tariff system in the future, the seasonal increase in CO2 emission rights and a decline in the accounts of current and equipment suppliers.

**Adjusted institutional partnership liability**, related to investments made by our financial partners in our wind power plants in USA amounted to €924m in Mar-09. This amount of investment should be gradually reduced over the lifetime of each wind power plant.

<sup>(1)</sup> Tariff deviations to be recovered in the following years through tariffs

<sup>(2)</sup> Pensions include the Provision for the HR Restructuring Program costs of EDP Distribuição, which is being recovered through the tariffs

<sup>(3)</sup> Adjusted by the non-current deferred revenue.



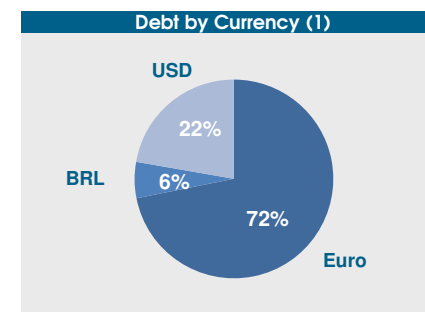
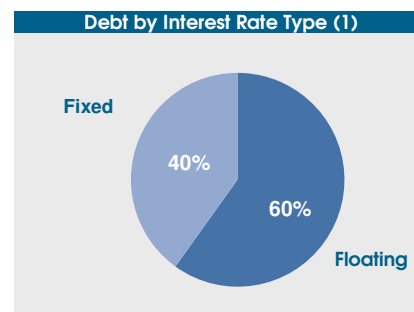
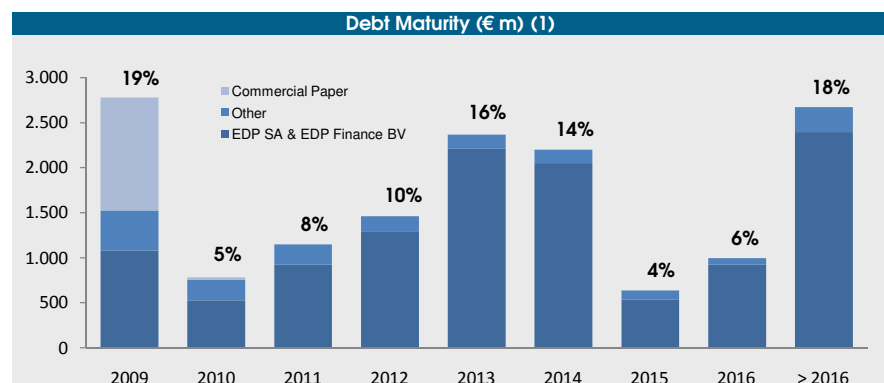
# Consolidated Net Financial Debt



Nominal Financial Debt by Company (€m)	1Q09	YE2008	EDP %
EDP S.A. and EDP Finance BV	12,747.1	12,417.5	100%
EDP Produção	195.5	190.2	100%
HC Energia	512.4	448.7	97%
EDP Renováveis	555.1	558.1	78%
Portgás	104.6	111.4	72%
Energias do Brasil	934.7	935.5	72%
Other	0.0	(0.0)	-
<b>Nominal Financial Debt</b>	<b>15,049.3</b>	<b>14,661.5</b>	
Accrued Interest on Debt	143.8	142.2	
<b>Nominal Financial Debt + Accrued Interest</b>	<b>15,193.1</b>	<b>14,803.7</b>	
Fair Value of Hedged Debt	(90.2)	(117.3)	
<b>Total Financial Debt</b>	<b>15,102.9</b>	<b>14,686.3</b>	
<b>Cash and cash equivalents</b>	<b>1,473.2</b>	<b>713.6</b>	
EDP S.A., EDP Finance BV and Other	1,052.1	290.1	
HC Energia and Subsidiaries	30.3	23.8	
EDP Renováveis	251.7	229.7	
Portgás	1.5	-	
Energias do Brasil	137.6	170.0	
<b>Financial assets held for trading</b>	<b>85.1</b>	<b>83.2</b>	
<b>EDP Consolidated Net Debt</b>	<b>13,544.6</b>	<b>13,889.5</b>	

Debt Ratings	S&P	Moody's	Fitch
<b>EDP SA &amp; EDP Finance BV</b>	<b>A-/Stab/A2</b>	<b>A2/Neg/P1</b>	<b>A-/Stab/F2</b>
Last Rating Action	03-07-2008	19-10-2007	06-02-2009

Debt Ratios	1Q09	YE2008
Net Debt / EBITDA	4.0x	4.4x
Net Debt / EBITDA adjusted by Reg. Receivables	3.7x	3.8x



EDP's net debt/EBITDA and net debt/EBITDA adjusted for regulatory receivables in 1Q09 was 4.0x and 3.7x, respectively.

In Feb-09, Fitch confirmed EDP's long term credit rating of 'A-' with stable outlook. In Jul-08, reflecting the IPO of EDP Renováveis, which generated proceeds of €1.56bn, S&P had also revised the outlook of EDP's rating from negative to stable.

In Mar-09, EDP signed a three year revolving credit facility ("RCF") in the amount of €1,600m. This RCF replaces the €1,300m RCF signed in 2004 that was due to mature in July 2009, keeping the same purpose: backup credit facility. The transaction, initially targeted at €1,000m, closed with an amount 1.6x higher. It was self-arranged as a club deal, involving 19 international banks.

In Feb-09, EDP signed with European Investment Bank a €145m 15-year maturity loan to finance the repowering of Picote (+241 MW) and Bemposta (+191 MW) hydro plants.

In Feb-09, EDP issued a €1bn 5-year bond, to strengthen EDP's liquidity position ahead of refinancing coming due in 2009 and improve its financial flexibility by extending the average life of its debt portfolio. A significant amount of this bond was swapped to USD-fixed rate, increasing weight of USD currency and fixed rate in Group's consolidated debt (67% Floating/33% Fixed in 2008 vs. 60% Floating/40% Fixed in 1Q09).

Our main reference in floating interest rate is Euribor 3 months.

For 2009, the largest debt issue maturity will be the €1bn bond that matures in Oct-09.

As at Mar-09, committed liquidity facilities amounted to €3,728m, of which €2,590m were available. All in all, EDP has €4,063m of cash and liquidity facilities available.

Cash and cash equivalents increased by 106% primarily due to the sale without recourse of the rights to receive the tariff deficit for 2007 and 2008 in Mar-09 (€1,204m).

<sup>(1)</sup> Nominal Value



**Business Areas**

# Iberian Electricity and Gas Markets



Electricity Balance (GWh)	Portugal			Spain		
	1Q09	1Q08	Δ%	1Q09	1Q08	Δ%
Hydro	3,033	1,237	145%	7,833	3,498	124%
Nuclear	-	-	-	14,240	16,523	-14%
Coal	3,103	3,207	-3.2%	11,258	14,085	-20%
CCGT	2,323	3,362	-31%	15,840	23,310	-32%
Fuel/Gas/Diesel	211	73	188%	514	384	33.8%
Own consumption	-	-	-	(1,906)	(2,227)	-14.4%
(-)Pumping	(148)	(255)	-42%	(1,160)	(1,222)	-5.1%
<b>Conventional Regime</b>	<b>8,522</b>	<b>7,624</b>	<b>12%</b>	<b>46,617</b>	<b>54,352</b>	<b>-14.2%</b>
Wind	1,738	1,512	15%	9,458	8,614	10%
Other	1,747	1,486	18%	10,507	9,620	9.2%
Special Regime	3,485	2,998	16%	19,965	18,234	9.5%
Import / (Export) net	994	2,532	-61%	(1,568)	(2,312)	-32%
<b>Gross demand (before grid losses)</b>	<b>13,001</b>	<b>13,154</b>	<b>-1.2%</b>	<b>65,015</b>	<b>70,274</b>	<b>-7.5%</b>
Adjusted to temperature and working days			-1.6%			-9.0%

Gas Demand (GWh)	Portugal			Spain		
	1Q09	1Q08	Δ%	1Q09	1Q08	Δ%
Conventional Demand	n.a.	7,349	-	71,990	79,439	-9%
Demand for Electricity Generation	4,675	6,593	-29%	33,084	47,710	-31%
<b>Total Demand</b>	<b>n.a.</b>	<b>13,942</b>	<b>-</b>	<b>105,074</b>	<b>127,149</b>	<b>-17%</b>

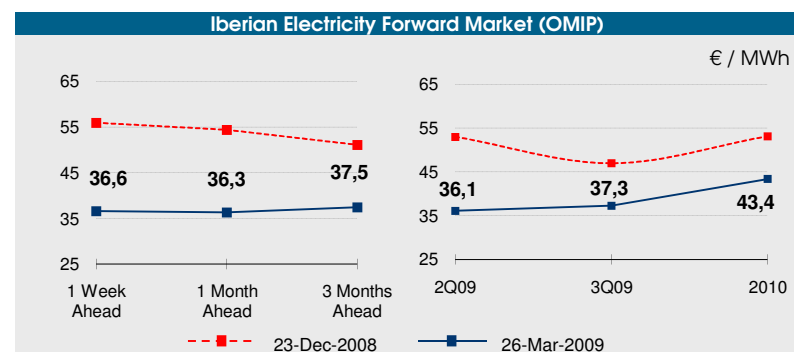
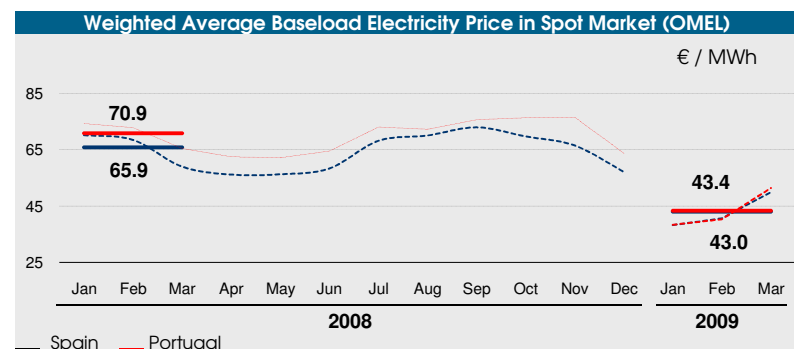
Electricity demand in the Iberian market declined 6.5% in 1Q09, affected by lower demand from the industrial segment. Even so, Portugal's demand (-1.2% YoY in 1Q09) proved more resilient than Spain's (-7.5%).

As a result of the combined impact of lower electricity demand, higher output from hydro (+130% YoY), wind (+10% YoY) and other special regime technologies (+9% YoY) residual thermal demand declined 25% (-11TWh) YoY in 1Q09. This decline was more striking in Spain than in Portugal since the latter benefited from a 60% reduction in net imports. Even so, it is noteworthy that residual thermal demand was helped by lower availability of nuclear capacity (output down 14%) on some plants' outages (Trillo 1, SM Garona, Vandellos 2). The rise in hydro output (14% of total system output) was prompted an almost normal raining quarter (output equivalent to 82% of the historical average) versus a very dry quarter in 2008. The increase in output from wind (14% of system output) reflected a 12% increase in installed capacity over the past year and an average load factor of 27%. Coal generation was cheaper than gas in 1Q09 reflecting lower CO2 costs (-48% QoQ) and slower adjustment of gas sourcing costs (+21% YoY based on CMP reference for Iberian LT contracts) to the decline in Brent prices since June 2008. As a result, the decline in CCGTs output (-32% YoY) was more pronounced than in coal plants (-17%). In fact, for most of the quarter, coal plants worked on baseload, leading to an average load factor of 54% in Iberia (46% in Spain). In turn, CCGTs booked an average load factor of 37%, little helped by Portugal's higher load factor (50% vs Spain's 34%).

The decline in fuel and CO2 costs, together with the decline in demand for thermal energy in 1Q09 (-18% QoQ) led to a 33% QoQ decline in average electricity spot price in Spain. In Portugal, despite the interconnection capacity restrictions within 18% of the hours, the average pool price was only €0.4/MWh higher than in Spain in 1Q09 (vs €5/MWh in 1Q08), due to lower availability from nuclear capacity in Spain and wet weather.

In the gas market, demand's decline was sharper (-17% in Spain), not only due to lower consumption at CCGTs (-30%) but also due to lower conventional demand (-9% in Spain) reflecting gas' larger exposure to industrial's demand.

Installed Capacity in Electricity Generation (MW)	Iberian Peninsula		
	1Q09	1Q08	Δ%
Hydro	21,248	21,248	-
Nuclear	7,439	7,439	-
Coal	12,210	12,072	1.1%
CCGT	22,878	20,078	14%
Fuel/Gas/Diesel	5,952	6,427	-7.4%
Wind	19,072	17,031	12%
Other Special Regime	15,351	12,560	22%
<b>Total</b>	<b>104,150</b>	<b>96,854</b>	<b>8%</b>



Main Drivers of Generation Costs	1Q09	1Q08	Δ%
Hydro Coefficient (1.0 = average year)			
Portugal	0.82	0.31	165%
Spain	0.82	0.30	173%
CO <sub>2</sub> Allowances (EUA) €/ton <sub>1</sub>	11.4	21.98	-48%
Coal (API2 CIF ARA) USD/t <sub>1</sub>	81.0	112.4	-28%
Gas (CMP Spain) €/MWh <sub>1</sub>	26.7	22.0	21%
Brent (USD/bbl) <sub>1</sub>	45.5	95.9	-53%
Eur/USD <sub>1</sub>	1.31	1.50	-13%

<sub>1</sub> Average in the period

# LT Contracted Generation in the Iberian Market: PPAs/CMECs and Special Regime



Income Statement (€ m)	1Q09	1Q08	Δ %	Δ Abs.
<b>PPA/CMEC Revenues</b>	<b>323.8</b>	<b>420.6</b>	<b>-23%</b>	<b>-97</b>
Revenues in the market <sup>1</sup>	252.0	336.9	-25%	-85
Annual Deviation <sup>2</sup>	98.5	106.0	-7.1%	-7
PPAs/CMECs Accrued Income <sup>3</sup>	(44.1)	(39.7)	11%	-4
Base CMEC Fee <sup>4</sup>	17.4	17.4	-	-
<b>PPA/CMEC Direct Costs</b>	<b>92.5</b>	<b>165.6</b>	<b>-44%</b>	<b>-73</b>
Coal	65.5	63.3	3.6%	+2
Fuel Oil	13.0	8.1	62%	+5
CO2 and Other Costs (Net)	14.0	94.3	-85%	-80
<b>Gross Profit PPAs/CMECs</b>	<b>231.3</b>	<b>255.0</b>	<b>-9.3%</b>	<b>-24</b>
Thermal (Cogener., Waste, Biomass)	12.7	13.4	-5.5%	-1
Mini-Hydro	14.7	3.7	300%	+11
<b>Gross Profit Special Regime</b>	<b>27.4</b>	<b>17.1</b>	<b>60%</b>	<b>+10</b>
Operating Costs	38.6	44.6	-13.6%	-6
<b>EBITDA</b>	<b>220.2</b>	<b>227.5</b>	<b>-3.2%</b>	<b>-7</b>
Net Depreciation and Provision	64.9	57.3	13%	+8
<b>EBIT</b>	<b>155.2</b>	<b>170.1</b>	<b>-8.8%</b>	<b>-15</b>
At Fin. results: <b>Hedging Gains (Losses)</b>	7.1	-5.3	-	+12
Employees	1,464	1,479	-1.0%	-15

PPA/CMECs: key data	1Q09	1Q08	Δ %	Δ Abs.
<b>Real/Contr.Availability Factor (Km)</b>				
Hydro Plants	1.00	1.02	-1.8%	-0.0
Thermal Plants	1.08	1.06	1.8%	+0.0
<b>Installed Capacity (MW)</b>	<b>6,987</b>	<b>6,987</b>	-	-
Hydro	4,094	4,094	-	-
Coal	1,180	1,180	-	-
Fueloil	1,713	1,713	-	-

Special Regime: Key data	1Q09	1Q08	Δ %	Δ Abs.
<b>Output (GWh)</b>	<b>533</b>	<b>395</b>	<b>35%</b>	<b>+138</b>
Mini-Hydro Portugal	169	40	318%	+128
Thermal Portugal	199	185	7.7%	+14
Thermal Spain*	165	170	-3%	-4
<b>Average Tariff (€/MWh)</b>				
Mini-Hydro Portugal	87	91	-4.1%	-3.7
Thermal Portugal	102	92	11%	+10
Thermal Spain *	131	105	25%	+26

Capex (€ m)	1Q09	1Q08	Δ %	Δ Abs.
<b>PPA/CMEC Generation</b>	<b>11.9</b>	<b>21.4</b>	<b>-45%</b>	<b>-10</b>
Hydro Recurrent	4.1	0.9	373%	+3.2
Thermal Recurrent	2.1	3.5	-39%	-1.3
Non recurrent (environmental)	5.6	17.0	-67%	-11
<b>Special Regime</b>	<b>9.2</b>	<b>3.3</b>	<b>178%</b>	<b>+5.9</b>
Expansion	8.2	2.7	202%	+5.5
Maintenance	1.0	0.6	67%	+0.4
<b>Total</b>	<b>21.0</b>	<b>24.7</b>	<b>-15%</b>	<b>-3.7</b>

In 1Q09, **gross profit from LT contracted generation** retreated 5% YoY (-€13m), penalised by non-recurrent losses of €13m (vs €23m gain in 1Q08): (1) €13m loss (vs €19m gain in 1Q08) stemming from fuel procurement costs above the international indexes in PPA/CMECs and (2) €3.8m revenue booked in 1Q08 in respect of an adjustment related to PPAs in 1H07. Note that as a result of EDP's strategy to hedge through financial instruments the change in fuel prices between the moment of purchase and the moment of consumption, this negative impact is compensated at the level of financial results.

**PPA/CMECs'** recurrent gross profit in 1Q09 was 6% (€13m) higher YoY. On the one hand, growth was prompted by: (1) higher than contracted availability ratios, namely in thermal plants; (2) gross profit's CPI link, (3) additional contracted gross profit resulting from the new Sines coal plant's Desox facilities (under PPA), which involved a total investment of €196m (remaining 50% commissioned in Jun-08). On the other hand, there were some hydro plants which availability levels were penalised by maintenance works, which will continue until Jun-09 (Frades) and late 2009 (Aguieira and Cabril).

On an yearly basis, it is calculated the adjustment to CMECs stemming from deviations between CMECs assumptions and real market data. These amounts are due to be recovered up to 2 years later, through tariff paid by all consumers. In 1Q09, the amount receivable grew by €84m, to €359m, following lower margins (than assumed in CMECs calculation) and hydro output below the average year.

Gross profit from **special regime** rose 60% (+€10m) in 1Q09. Mini-hydros' gross profit increase (+€11m) reflected higher output stemming from better weather conditions (+€3m) and wider consolidation perimeter (+€8m), with the inclusion of Pebble Hydro (89MW) as from Jul-08. Thermal plants posted a 6% (-€1m) decline in gross profit, penalised by operations in Spain, with lower volumes of electricity, namely in cogeneration and waste (reflecting a slowdown in economic activity) and lower margins due to higher costs.

In 1Q09 **EBITDA from LT contracted generation** declined 3% (-€7m) YoY, penalised by lower one-off gains from fuel procurement (-€36m). In recurrent terms, EBITDA grew 13% (+€26m), to €231m, driven by good cost performance, the consolidation of Pebble Hydro and Rodão Power (€8m) and stable recurrent gross profit.

**Capex** in LT contracted generation amounted €21m in 1Q09, the bulk of which (67%), devoted to non-recurrent investments: (1) €6mn in the Denox new facilities at Sines, due to be in place until 2011, recovered until 2017 and remunerated at 8.5% ROA before inflation and taxes; (2) new capacity under special regime, namely new cogeneration (24MW in Barreiro, due in 2010) and biomass projects (40MW due in 2009). Maintenance capex amounted 7.2m in 1Q09 (vs €5m in 1Q08) reflecting works in several hydro plants.

## Explanatory note on PPA/CMECs:

In June 2007 the long term contracts that EDP had with the Portuguese electricity regulated system (PPAs) were replaced by the CMECs financial system to conciliate: (1) the preservation of the NPV of PPAs, based on real pre-tax ROA of 8.5%, and a stable contracted gross profit over the next 10 years; and (2) the increase in liquidity of 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/CMECs gross profit has 4 components:

- (1) **Revenues in the market**, resulting from the sale of electricity in the Iberian wholesale market and including both ancillary services and capacity payments.
- (2) **Annual deviation**, equivalent to the difference between CMECs' main assumptions (outputs, market prices, fuel and CO2 costs) and market real data, which will be paid/received by EDP, through regulated tariffs, up to two years after taking place.
- (3) **PPAs/CMECs Accrued Income**, reflecting the differences in the period, in terms of cash flow profile, between PPAs and CMECs assumed at the beginning of the system.
- (4) **Base CMEC Fee**, the fixed monthly fee of €6.8m EDP will receive through regulated tariffs over the 20.5 years lifetime of the CMECs system, if not securitized before.

\*Does not include Millennium Energy

# Liberalised Activities in the Iberian Market



Income Statement (€ m)	1Q09	1Q08	Δ%	Δ Abs.
<b>Gross Profit</b>	<b>217.2</b>	<b>158.6</b>	<b>37%</b>	<b>+59</b>
Electricity Generation	166.7	116.1	44%	+51
Portugal	57.5	44.7	29%	+13
Spain	108.6	67.7	60%	+41
Adjustments	0.5	3.7	-86%	-3.2
Electricity Supply	14.6	19.7	-26%	-5.1
Gas Supply	35.8	22.8	57%	+13
Operating costs	56.2	60.2	-6.6%	-4.0
<b>EBITDA</b>	<b>161.0</b>	<b>98.4</b>	<b>64%</b>	<b>+63</b>
Provisions	3.6	1.2	209%	+2.4
Net Depreciation and amortisation	49.1	33.0	49%	+16
<b>EBIT</b>	<b>108.3</b>	<b>64.2</b>	<b>69%</b>	<b>+44</b>

At Financial results:

<b>Hedging Gains (Losses) in Energy Markets</b>	<b>0.5</b>	<b>4.1</b>	<b>-88%</b>	<b>-3.6</b>
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Performance in Electricity	1Q09	1Q08	Δ%	1Q09	1Q08	Δ%
	Output (GWh)			Variable Cost (€/MWh)		
Generation Output	4,594	5,246	-12%	31.2	37.0	-16%
Electricity Purchases & Other	1,298	780	66.5%	47.7	68.4	-30%
<b>Electricity Sources</b>	<b>5,892</b>	<b>6,026</b>	<b>-2%</b>	<b>34.9</b>	<b>43.0</b>	<b>-19%</b>
	Volumes Sold (GWh)			Average Price (€/MWh)		
Grid Losses & Other	76	178	-57.3%	n.a.	n.a.	-
Retail	3,721	2,732	36%	67.0	61.5	9%
Wholesale						
Spot <sup>1</sup>	564	2,898	-81%	58.6	74.6	-21.5%
Forward	1,531	218	601%	63.4	66.6	-4.7%
<b>Total Volume</b>	<b>5,892</b>	<b>6,026</b>	<b>-2%</b>	<b>65.3</b>	<b>67.7</b>	<b>-3.6%</b>
<b>Avg. Gross Profit (€/MWh)<sup>2</sup></b>				<b>30.4</b>	<b>24.7</b>	<b>23%</b>

Gas Sources and uses (TWh)	1Q09	1Q08	Δ%	Δ Abs.
Consumed at thermal plants	4.0	6.6	-40%	-2.6
Sold to Clients	6.0	6.7	-11%	-0.7

(1) Includes revenues in day, intra-day markets and system revenues.

(2) Realised clean spreads: equivalent to average price net of variable cost with CO2 emission cost.

**EBITDA** from liberalised activities rose 64% (+€63m), propelled by a 37% (+€59m) increase in gross profit and a 7% (€4m) decrease in operational costs. Gross profit growth was supported by Spanish electricity generation and gas supply. Gross profit from generation in Spain rose 60% (+€41m), on higher coal volumes and margins (+€37m YoY), higher hydro output (+€17m) and higher capacity payments (+€4m stemming from new capacity on stream) which was not fully compensated by higher CO2 costs (€8m) and lower contribution from Trillo nuclear plant (-€7m). Gross profit from gas supply activities rose 57% (+€13m) YoY in 1Q09 supported by an improvement in margins of sales to clients, which shall be diluted in the coming quarters. The decrease in operational costs was prompted by lower costs from CO2 clawback (-€6.5m).

Out of volumes produced in liberalized electricity generation, 78% was sold to retail clients. **Volumes:** Our sales to retail clients increased 36% reflecting increased room for growth created by 2009 tariffs in Portugal and by the end regulated final tariffs for industrial clients (excluding G4) in Jun-08, in Spain. Moreover, hedged sales in forward wholesale markets, (namely OTC, regulated supply auctions and OMIP) recorded a significant increase. Note that most of these contracts were closed in 2H08, before the strong decline in electricity prices. EDP was a net buyer in the spot market, profiting from electricity spot prices below its own marginal generation cost (determined by Spanish CCGTs). Overall, output from our liberalised generation plants decreased 12% reflecting lower nuclear output (-54% YoY due to Trillo's 7-week outage) and lower CCGTs output (-49% YoY due to commercial reasons).

**Margins:** In 1Q09, the average gross margin achieved in our liberalised electricity business rose 23% (+€5.7/MWh) to €30/MWh, supported by lower average sourcing costs (-19%,-€8.1/MWh YoY) only partially offset by lower realised prices. The decline in average sourcing costs was driven by: (1) lower costs per MWh from CO2 emissions, (2) lower fuel costs, particularly gas in Portugal and coal in Spain and (3) higher weight of coal in the production mix. Average realised price declined 3.6% YoY, supported by (1) realised price in the spot market of €59/MWh (-21% YoY) based on achieved pool price of €47.4/MWh and other system revenues and (2) €63.4/MWh achieved in the forward market. This was only partially offset by a 9% increase in average selling price to clients. This performance reflects EDP's successful hedging strategy to forward contracting sales, fuel procurement and lock-in of margins. **For 2009** EDP has already contracted over 90% of expected liberalized output in the Iberian market, at prices around €60/MWh, locking spark CDS at over €20/MWh and CSS at over €15/MWh. **For 2010**, EDP has already forward contracted over 50% of expected output at prices above the current forward price levels.

Our gas sourcing activity is currently based on a 4.5bcm/year portfolio of long term contracts. In 1Q09, our consumption of gas declined 25% YoY, to 10TWh, driven by lower demand in retail and lower consumption at our CCGT/cogeneration plants. Looking forward, we expect gas needs to pick-up, supported by: (1) increase in working hours of our CCGTs, particularly in Spain, (2) start-up operations of Lares 1 and 2 in Jul-09 and Sep-09, respectively, (3) start-up of liberalised gas retail operations in Portugal, expected in the coming months.

Our coal sourcing activity is currently based on spot and forward contracted purchases, for imported coal. Moreover, we have recently extended until 2012 our sourcing contract of national coal, with Hunosa.

# Liberalised Electricity Generation in the Iberian Market



Income Statement (€ m)	1Q09	1Q08	Δ%	Δ Abs.
<b>Gross Profit</b>	<b>166.7</b>	<b>116.1</b>	<b>44%</b>	<b>+51</b>
Portugal	57.5	44.7	29%	+13
Spain	108.6	67.7	60%	+41
Supplies and services	17.1	15.0	15%	+2
Personnel costs	10.9	10.7	1.6%	+0
Costs with social benefits	1.3	1.3	-4.4%	-0
Other operating costs (net)	7.0	16.5	-58%	-9
<b>Operating costs</b>	<b>36.3</b>	<b>43.5</b>	<b>-17%</b>	<b>-7</b>
<b>EBITDA</b>	<b>130.4</b>	<b>72.6</b>	<b>80%</b>	<b>+58</b>
Provisions	2.7	0.2	1629%	+3
Net Depreciation and amortisation	48.3	32.3	49%	+16
<b>EBIT</b>	<b>79.4</b>	<b>40.1</b>	<b>98%</b>	<b>+39</b>
Employees	<b>813</b>	<b>833</b>	<b>-2%</b>	<b>-20</b>
Key Operating data	1Q09	1Q08	Δ%	Δ Abs.
<b>Generation Output (GWh)</b>	<b>4,594</b>	<b>5,246</b>	<b>-12%</b>	<b>-653</b>
CCGT	1,476	2,866	-49%	-1,390
Coal	2,390	1,783	34%	+607
Hydro	581	279	108%	+302
Nuclear	147	318	-54%	-172
<b>Generation Costs (€/MWh)</b>	<b>31.2</b>	<b>37.0</b>	<b>-16%</b>	<b>-5.8</b>
CCGT	43.7	50.5	-14%	-6.8
Coal	32.9	27.2	21%	+5.7
Hydro	-	-	-	-
Nuclear	3.0	3.1	-3.5%	-0.1
<b>Load Factors (%)</b>				
CCGT	28%	66%	-28p.p.	-
Coal	76%	56%	-76p.p.	-
Hydro	30%	14%	-30p.p.	-
Nuclear	44%	94%	-44p.p.	-
<b>Installed Capacity (MW)</b>				
CCGT	2,405	1,987	21%	+418
Coal	1,460	1,460	-	-
Hydro	910	910	-	-
Nuclear	156	156	-	-
Fueloil	165	165	-	-
Capex (€m)	1Q09	1Q08	Δ%	Δ Abs.
<b>Expansion</b>	<b>286.4</b>	<b>74.6</b>	<b>284%</b>	<b>+212</b>
CCGT	32.0	66.1	-52%	-34
Hydro	254.5	8.5	2907%	+246
<b>Maintenance</b>	<b>3.9</b>	<b>10.6</b>	<b>-63%</b>	<b>-7</b>
Recurrent	4.1	9.1	-54%	-5
Non recurrent (environmental)	(0.2)	1.5	-	-2
<b>Total</b>	<b>290.3</b>	<b>85.2</b>	<b>241%</b>	<b>+205</b>

The performance of our merchant electricity generation fleet was marked by lower average generation costs per MWh, higher coal generation volumes in Spain, and lower operational costs (-17%, -€7m), driven by lower impact from CO2 clawback. Out of our total output, 78% was sold to liberalised retail clients. In 1Q09, total output declined 12% YoY (-0.65TWh), and average production costs declined 15%.

In 1Q09, coal production costs were lower than gas', thanks to lower CO2 costs (-48% YoY) and to the existing time lag between the decline in brent price and the adjustment in the cost of LT gas contracts, namely in our gas contracts in Spain.

**CCGTs: Output** from our CCGTs declined 49%. In Portugal, output from our CCGT (c50% of our CCGT installed capacity in Iberia) retreated 34% YoY. This comparison is penalised by very high load factors in 1Q08, prompted by a very dry quarter and interconnection restrictions with Spain. Even so, Portugal's load factor in 1Q09 stood at 51%, well ahead of the Spanish average (34%) thanks to: (1) Portugal's lower reserve margin, (2) interconnection restrictions between Portugal and Spain and (3) our competitive gas sourcing conditions. In our Spanish CCGTs the longer time lag between the evolution of brent price and our gas sourcing costs justify our commercial strategy of low load factors in 1Q09, a situation overcome in early 2Q09. As to **average production costs**, it is worth to highlight two different movements: (1) In Portugal, the 14% YoY (-25% QoQ) decline in average gas generation cost reflected the competitive sourcing conditions of our fleet and the lower CO2 cost resulting from both lower unit costs and lower deficit of CO2 emission licenses; (2) in Spain, gas sourcing costs remained high, still reflecting the 2008 brent price peak (as the decline in this latter was only reflected in our gas sourcing costs as from April onwards).

**Coal: Output** surged 34% YoY, reflecting a load factor of 76% (vs 56% in 1Q08 and well above the Spanish average of 46%). The main drivers were: (1) coal's lower production cost when compared to gas', prompted by lower CO2 costs and by the existing time lag between the decline in brent price and the adjustment in the cost of LT gas contracts in Iberia; (2) outage for maintenance works and Desox investments of Soto 3 in the entire 1Q08 and (3) efficiency rates of our plants above the Spanish average. Coal **variable cost** increased 21% (though flat QoQ), driven by (i) higher (YoY) average coal cost, penalised by the low cost of coal consumed in 1Q08 (purchased in 2007) and the lower contribution from blast furnace gases at Aboño, and (ii) larger CO2 emission deficit stemming from higher coal output.

**Hydro & Nuclear:** Hydro output surged +108% YoY, reflecting more favourable weather conditions in this quarter (vs a very dry 1Q08). Conversely, nuclear output declined 54% YoY in 1Q09 as a result of Trillo's 7-week outage for maintenance works and fuel recharge.

**Operational costs** declined 17% (€7m) YoY in 1Q09, mainly reflecting lower costs from CO2 clawback (€7.3m vs €14m in 1Q08) and lower maintenance costs, on the one hand, and higher costs stemming from maintenance works at Trillo plant, on the other hand.

**Capex** in liberalised generation totalled €290m (+€205m YoY) the bulk of which related to expansion projects: (1) €232m payment of Fridão and Alvito's concession rights, in Jan-09, (2) €23m incurred on execution of Picote II, Bemposta II, Alqueva II (all repowerings) and Baixo Sabor (new plant), due in 2011/13, (3) €24m spent on construction works of 3 new CCGT groups. Lares 1 and 2 in Portugal (862MW, €458m total capex), absorbed €12m capex, with 83% of total capex already incurred and start up of operations scheduled for Jul-09 and Sep-09. Investment in Soto5 (424MW, due in 2011) totalled €12m in 1Q09.



# Liberalised Electricity and Gas Supply in the Iberian Market



Income Statement (€ m)	Electricity Supply				Gas Supply			
	1Q09	1Q08	Δ%	Δ Abs	1Q09	1Q08	Δ%	Δ Abs
<b>Gross Profit</b>	<b>14.6</b>	<b>19.7</b>	<b>-26%</b>	<b>-5.1</b>	<b>35.8</b>	<b>22.8</b>	<b>57%</b>	<b>13.0</b>
Supplies and services	11.1	11.9	-6%	-0.7	4.9	4.6	7%	0.3
Personnel costs	2.8	2.9	-4%	-0.1	1.0	0.9	17%	0.1
Costs with social benefits	0.1	0.1	-10%	0.0	0.0	0.0	23%	0.0
Other operating costs (net)	-3.4	-6.4	-46%	3.0	3.4	2.8	22%	0.6
<b>Operating Costs</b>	<b>10.6</b>	<b>8.5</b>	<b>25%</b>	<b>2.1</b>	<b>9.3</b>	<b>8.2</b>	<b>13%</b>	<b>1.1</b>
<b>EBITDA</b>	<b>4.1</b>	<b>11.2</b>	<b>-64%</b>	<b>-7.2</b>	<b>26.5</b>	<b>14.6</b>	<b>82%</b>	<b>11.9</b>
Provisions	0.8	0.9	-19%	-0.2	0.1	0.1	4%	0.0
Depreciation and amortization	0.7	0.6	22%	0.1	0.1	0.1	23%	0.0
<b>EBIT</b>	<b>2.6</b>	<b>9.7</b>	<b>-73%</b>	<b>-7.1</b>	<b>26.3</b>	<b>14.4</b>	<b>83%</b>	<b>11.9</b>
Capex	1.6	0.4	297%	1.2	0.2	0.0	-	0.2
Employees	171	162	6%	9	69	74	-7%	-5.0

Key data	1Q09	1Q08	Δ%	Δ Abs
<b>Electricity in Portugal</b>				
Volume Sold (GWh)	421.0	376.3	12%	45
Market Share	98%	77%	28%	21 p.p.
Avg. Selling Price (€/MWh)	60.5	67.7	-11%	-7
Number Clients (th.)	212.2	162.8	30%	49
<b>Electricity in Spain</b>				
Volume Sold (GWh)	3,300	2,355	40%	945
Market Share	11%	12%	-3%	0 p.p.
Avg. Selling Price (€/MWh)	69.0	60.7	14%	8
Number Clients (th.)	126	91	39%	35
<b>Gas in Spain &amp; Portugal</b>				
Spain - Volume Sold (GWh)	6,013	6,723	-11%	-710
Spain - Market Share	5.7%	5.9%	-3%	0 p.p.
Portugal - Volume Sold (GWh)	-	-	-	-
Portugal - Market Share	-	-	-	-
Avg. Gross Margin (€/MWh)	3.0	2.1	42%	1
Number Clients (th.)	630	439	44%	191

EDP has a strong platform of electricity and gas liberalized supply to its clients in Portugal and Spain, an activity which is developed by HC Energia and Naturgas Comercialization (supply of electricity and gas in Spain) and EDP Comercial and EDP Gás.Com (supply of electricity and gas in Portugal). Our supply subsidiaries have intra-group electricity and gas procurement contracts with other companies of the group.

EDP has currently a diversified portfolio of clients, both in terms of activities, regions/countries and energy source (electricity/gas). By the end of Mar-09, the breakdown per activity of estimated consumption from electricity and gas clients contracted for 2009, shows that more than 40% are related to residential/SME/services clients while less than 30% of energy consumption in our portfolio is expected to come from the building materials and automotive sector, the two most affected by the current economic crisis.

Note that in 1Q09, following the 4Q08 season of closing of new contracts for 2009, and taking into consideration the evidence of lower demand from our industrial clients, we revised by an average of 15% downwards the estimated consumption for 2009 of electricity and gas by our total clients' portfolio.

**Spain Electricity Supply** - In 1Q09 electricity volumes supplied to our liberalized clients in Spain rose 40% YoY. Nevertheless, our market share fell from 12% in 1Q08 to 11% in 1Q09, reflecting the strong growth of electricity supplied to clients in the free market and a decline in volumes supplied in the regulated system following the end of the tariff option to industrial consumers in Jul-08 (excluding very large industrials – G4). Average selling price (excluding TPA tariffs) rose 14% YoY to €69/MWh reflecting a significant weight of contracts firmed during 2008, when electricity forward prices were closer from this level.

**Portugal Electricity supply** – Volumes sold in 1Q09 showed a 12% YoY increase, reflecting a sustained growth of the residential and SMEs segment both in terms of volumes and number of clients (+30% YoY to 212ths by Mar-09) and some recovery in volumes in the corporate segment following the new electricity tariffs in place since Jan-09 onwards.

The increase of EDP's market share in electricity supply is related to the lack of mass offer by competition in the residential/SMEs segment. Average selling price in Portuguese electricity retail fell 11% YoY reflecting a downward revision of pricing from Jan-09 onwards for the residential and SMEs segment the increase of the weight of the corporate segment in the portfolio.

**Spain gas Supply** - Volume of gas supplied in Spain declined 11% YoY with our market share remaining nearly flat at 5.7%. Per segment gas supplies to residential & SMEs showed a strong growth, boosted by the end of tariff option from Jul-09 onwards, while consumption by our industrial clients decreased significantly, namely in the steel and auto sectors, due to the deterioration of economic conditions. Nevertheless, average gross margin rose 42%, to €3/MWh, reflecting lower purchase cost in line with the movement of CMP and the decrease in oil price during the 4Q08. It is expected that in the coming quarters, average gross margin declines as average selling price start reflecting new sourcing conditions.

**Operational costs** in electricity supply rose 25% (€2.1m) YoY distorted by a €1m provisioning for bad debt clients in the Portugal's division. In gas supply operational costs increased 13% (€1.1m) on the back of the consolidation of the service company Tecman (€0.3m) and the reinforcement of commercial platform in Spain.

**Prospects:** By Mar-09 estimated volumes contracted for 2009 were already in line with total volume sold in 2008. For 2009 new contracting opportunities are expected to arise from (1) Liberalisation process is on course in Electricity supply in Spain with the termination of final tariff in Jul-09 to the remaining clients with consumption above 10KW and (2) in Portugal, we have already started to supply gas to clients in the liberalized market as from April onwards. Taking into consideration the current economic environment EDP has tightened control over clients' default risk, both on the management of the existing and the establishment of new contracts.



# EDP Renováveis: installed capacity & capex



Installed Capacity (MW)	Gross	% Held <sup>(1)</sup>	Capacity Contrib. to EBITDA			
			Mar-09	Mar-08	Δ %	Δ Abs
<b>Spain</b>	<b>2,109</b>	<b>1,639</b>	<b>1,692</b>	<b>1,265</b>	<b>34%</b>	<b>+427</b>
RD 436/2004	1,474	1,086	1,101	1,101	0%	-
RD 661/2007	635	553	591	164	260%	+427
<b>Portugal</b>	<b>553</b>	<b>533</b>	<b>553</b>	<b>424</b>	<b>30%</b>	<b>+129</b>
Old Remuneration	553	533	553	424	30%	+129
New Remuneration	-	-	-	-	-	-
<b>France</b>	<b>185</b>	<b>185</b>	<b>185</b>	<b>87</b>	<b>113%</b>	<b>+98</b>
Old Remuneration	9	9	9	9	0%	-
New Remuneration	176	176	176	78	126%	+98
<b>Belgium</b>	<b>47</b>	<b>33</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>+47</b>
PPA	47	33	47	-	-	+47
<b>Europe</b>	<b>2,894</b>	<b>2,390</b>	<b>2,477</b>	<b>1,776</b>	<b>39%</b>	<b>+701</b>
PPA	1,623	1,568	1,549	1,149	35%	+401
Hedged	264	138	138	138	0%	-
Merchant	369	335	335	35	867%	+300
<b>USA</b>	<b>2,257</b>	<b>2,040</b>	<b>2,022</b>	<b>1,321</b>	<b>53%</b>	<b>+701</b>
<b>Brazil</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>+14</b>
<b>Total</b>	<b>5,165</b>	<b>4,444</b>	<b>4,513</b>	<b>3,097</b>	<b>46%</b>	<b>+1,416</b>

Gross MW	Under Constr.	Pipeline			Prosp.	Total
		Tier 1	Tier 2	Tier 3		
<b>Spain</b>	<b>477</b>	<b>373</b>	<b>479</b>	<b>1,702</b>	<b>2,250</b>	<b>5,281</b>
<b>Portugal</b>	<b>72</b>	<b>450</b>	<b>8</b>	<b>15</b>	<b>200</b>	<b>745</b>
<b>Rest of Europe</b>	<b>169</b>	<b>288</b>	<b>593</b>	<b>795</b>	<b>1,661</b>	<b>3,505</b>
- France	26	60	80	340	774	1,280
- Belgium	23	-	-	37	25	84
- Poland	120	-	456	406	306	1,288
- Romania	-	228	57	12	556	853
<b>Europe</b>	<b>717</b>	<b>1,111</b>	<b>1,080</b>	<b>2,512</b>	<b>4,111</b>	<b>9,531</b>
<b>USA</b>	<b>300</b>	<b>750</b>	<b>4,813</b>	<b>7,837</b>	<b>4,284</b>	<b>17,984</b>
<b>Brazil</b>	<b>-</b>	<b>70</b>	<b>381</b>	<b>125</b>	<b>968</b>	<b>1,544</b>
<b>Total</b>	<b>1,017</b>	<b>1,931</b>	<b>6,274</b>	<b>10,474</b>	<b>9,363</b>	<b>29,059</b>

CAPEX (€m)	1Q09	1Q08	Δ %	Δ Abs.
Spain	132	127	4%	+5
Portugal	19	13	43%	+6
Rest of Europe	78	7	-	+71
<b>Europe</b>	<b>230</b>	<b>148</b>	<b>55%</b>	<b>+82</b>
<b>USA</b>	<b>174</b>	<b>222</b>	<b>-22%</b>	<b>-48</b>
<b>Total</b>	<b>403</b>	<b>370</b>	<b>9%</b>	<b>+34</b>

Works in Progress (€ m)	Mar-09
<b>Under Constr. and Development MW</b>	<b>1,302.7</b>

In the past 12 months, EDP Renováveis (EDPR) increased its **installed capacity** by 1,416 MW, representing a 46% YoY increase. As a consequence EDPR currently manages a portfolio of 4,513 MW of capacity (or 5,165 MW of gross capacity). In the 1Q09, total additions amounted to 113 MW, of which 99 MW were installed in the USA. This level of new installations in the 1Q09 was 74% above the 1Q08 new installations and corresponds to close to 10% of the company's annual target for 2009. Note that during the 1Q09, EDPR added a new geography to its operating capacity with the conclusion, after regulatory approval, of the transaction to acquire 14 MW of operative wind farms in Brazil (signed in Jun-08). Currently, EDPR has operative capacity in 6 countries.

As of Mar-09, EDPR had 1,017 MW **under construction** (717 MW in Europe and 300 MW in the USA). In Europe, two thirds of the capacity under construction (477MW) is located in Spain, and from the capacity located in Portugal, 30 MW relate to 40% stake in the Eólicas de Portugal consortium. The balance of the capacity under construction is mostly located in Poland (120 MW). In the USA, EDPR initiated the construction of Meadow Lake I (200 MW) in Indiana and is currently concluding the construction of Rail Splitter (101 MW) in Illinois. Blue Canyon V (99 MW), with a PPA already signed, and Top Crop I (100 MW), started the construction phase in late April.

**Capex** amounted to €403m, reflecting the end of construction of 99 MW and 1,017 MW under construction. Capital expenditures related with the construction and development activities amounted to €370m, which reflects the final works with the capacity in operation, the capacity installed in the period and capacity under construction and development. Capex with turbines deposits amounted to €34m, representing 8% of total expenditures. It is important to highlight that total works in progress related to capacity under construction/development amounted to €1,303m, reflecting the capex already incurred with this projects.

Regarding new contracting of capex, EDPR contracted in Mar-09 a new order for the supply and installation of 228 MW of turbines from Vestas. EDPR has also been active on contracting of BoP (build of perimeter) construction works for the installation of turbines. In this area, EDPR recently achieved savings above USD125th/MW on new BoP contracts for 200MW to be installed in USA.

EDPR **pipeline** increased by 0.8 GW vs. Dec-08 to more than 29 GW, enhanced by the acquisition of 532 MW in different stages of development in Brazil, which adds even more options to foster EDPR profitable growth. In late April, EDPR started the construction of another 200 MW in the USA, thus increasing the under construction capacity to 1.2 GW. In addition, c600 MW in the USA should be eligible to receive cash grants until YE09. Note that in line with what happened in 2008, the bulk of the new capacity to be commissioned is expected for the 2H09. All in all, EDPR expects to commission some between 1.2 GW and 1.3 GW of capacity in 2009.

(1) MW not adjusted for the fact that EDPR has an 80% stake in Genesa sub-holding in Spain.

# EDP Renováveis



Income Statement (€ m)	EUROPE			USA			EDP Renováveis		
	1Q09	1Q08	Δ 09/08	1Q09	1Q08	Δ 09/08	1Q09	1Q08	Δ 09/08
<b>Gross Profit</b>	<b>109.7</b>	<b>109.7</b>	<b>0%</b>	<b>61.6</b>	<b>31.4</b>	<b>96%</b>	<b>171.8</b>	<b>141.1</b>	<b>22%</b>
Supplies and services	14.7	12.1	22%	18.2	7.8	135%	34.8	19.8	75%
Personnel costs and soc. benefits	2.8	4.6	-38%	5.5	4.1	34%	9.4	8.7	9%
Other operating costs (net) (1)	1.7	3.0	-42%	-28.9	-15.9	-82%	-26.8	-12.9	-107%
<b>Operating Costs</b>	<b>19.3</b>	<b>19.6</b>	<b>-2%</b>	<b>-5.2</b>	<b>-4.0</b>	<b>-31%</b>	<b>17.4</b>	<b>15.6</b>	<b>12%</b>
<b>EBITDA</b>	<b>90.4</b>	<b>90.1</b>	<b>0%</b>	<b>66.8</b>	<b>35.4</b>	<b>89%</b>	<b>154.4</b>	<b>125.5</b>	<b>23%</b>
Provisions	-0.1	-	-	-	-	-	-0.1	-	-
Net depreciation and amortisation	33.3	26.7	25%	36.4	18.6	96%	69.9	45.3	54%
<b>EBIT</b>	<b>57.2</b>	<b>63.4</b>	<b>-10%</b>	<b>30.4</b>	<b>16.8</b>	<b>81%</b>	<b>84.6</b>	<b>80.2</b>	<b>5%</b>
Employees	313	296	+17	279	223	+56	627	519	+108
Opex / Ava MW (€ 000) (2)	31.1	44.1	-29%	43.0	35.0	23%	39.4	40.5	-3%
Opex / MWh (€) (2)	16.6	18.3	-9%	12.5	10.8	16%	15.4	14.8	4%

EUROPE Gross Profit (€ m)	1Q09	1Q08	Δ %	USA Adjusted G. Profit (€ m)	1Q09	1Q08	Δ %
Portugal	28.2	28.8	-2%	Electricity Revenues & RECs	61.9	31.5	96.6%
Spain	65.9	71.2	-8%	Direct Costs	-0.4	-0.1	-
Rest of Europe	7.3	4.7	56%	<b>Gross Profit</b>	<b>61.6</b>	<b>31.4</b>	<b>96.1%</b>
Wind	101.4	104.7	-3%	PTC Revenues & Other	26.2	14.4	82.0%
Other & Adjustments	8.3	5.0	66%	<b>Adjusted Gross Profit</b>	<b>87.8</b>	<b>45.8</b>	<b>91.6%</b>
<b>Total</b>	<b>109.7</b>	<b>109.7</b>	<b>0%</b>				

Wind Electricity Output (GWh)	1Q09	1Q08	Δ %
Portugal	281	286	-2%
Spain	798	730	9%
Rest of Europe	84	56	50%
<b>Europe</b>	<b>1,163</b>	<b>1,072</b>	<b>8%</b>
<b>USA</b>	<b>1,675</b>	<b>960</b>	<b>75%</b>
<b>Brasil</b>	<b>8</b>	<b>-</b>	<b>-</b>
<b>Electricity Output (GWh)</b>	<b>2,845</b>	<b>2,032</b>	<b>40%</b>

Avg. Wind Load Factors (%)	1Q09	1Q08	Δ
Portugal	27%	32%	(5 pp)
Spain	29%	31%	(2 pp)
Rest of Europe	26%	35%	(9 pp)
<b>Europe</b>	<b>28%</b>	<b>31%</b>	<b>(3 pp)</b>
<b>USA</b>	<b>40%</b>	<b>38%</b>	<b>2 pp</b>
<b>Brasil</b>	<b>28%</b>	<b>-</b>	<b>-</b>

Avg. Wind Tariffs (%)	1Q09	1Q08	Δ %
<b>Europe Avg. Tariffs (€/MWh)</b>	<b>93.9</b>	<b>97.4</b>	<b>-4%</b>
Portugal	99.1	99.5	0%
Spain	92.5	97.6	-5%
Avg. Achieved Pool Price	40.8	62.8	-35%
Rest of Europe	88.4	83.9	5%
<b>Avg. portfolio price (USD/MWh)</b>	<b>46.6</b>	<b>49.3</b>	<b>-6%</b>
Avg. PPA/Hedged price	48.5	48.1	1%

**Electricity output** at EDPR totaled 2,845 GWh in the 1Q09. In Europe, electricity generation increased by 8% YoY to 1,163 GWh, on the back of the additional capacity that came on stream. However, 1Q09 production did not fully benefit from the 4Q08 capacity additions, as the bulk of it was installed in late 2008 and still is in the ramp-up phase. European load factor decreased from peak values of 31% in the 1Q08 to 28% in the 1Q09, affected by weather-driven lower availability levels and particularly a weaker wind resource. In USA, following the strong increase in capacity, electricity output went up 75% YoY, totalling 1,675 GWh in the 1Q09. Load factors in the period reached 40%, vs. 38% in the 1Q08, due to an outstanding wind resource and higher availability (up from 92% in the 1Q08 to 94% in the 1Q09).

**Gross Profit** in the 1Q09 was up 22% YoY, reaching €172m, on the back of both a 40% YoY increase in electricity output to 2,845 GWh and a low exposure to merchant power prices. In Europe, even with a 35% decrease in avg. achieved Spanish pool price and a lower load factor, EDPR was able to deliver a gross profit of €110m in the 1Q09, in line with the 1Q08. Avg. selling price in Europe only fell by 4% YoY to €93.9/MWh in the 1Q09. In Spain, EDPR benefited from the active risk management activity to reduce its exposure to the Spanish pool price. During this period EDPR sold forward c600 GWh, which resulted in an €8m gain (reflected at the EU Holding level) and a €92.5/MWh avg. tariff (down by only 5% vs. the 35% decrease in avg. achieved pool price). In the USA, gross profit adjusted for PTCs and other revenues related to institutional partners reached €88m in the 1Q09. Avg. electricity price in the period was

USD46.6/MWh, 6% lower than the 1Q08 figure due a lower selling price in the wind farms without PPA agreement. Avg. electricity price on wind farms with PPA or hedged sales increased 1% to USD48.5/MWh.

**Operating costs**, excluding PTCs and other revenues related to institutional partners (USA) increased 45% YoY (or €13.6m) to €43.7m in the 1Q09, reflecting higher O&M expenses and personnel costs related to the entry of new capacity and to the additional headcount needed to fuel the activity growth. Overall, EBITDA increase of 23% to €154m in the 1Q09.

In Feb-09, the American Recovery and Reinvestment Act was signed, including a number of energy-related tax and policy provisions to benefit the development of wind energy: i) extension of PTC through 2012, ii) option to elect a 30% ITC in lieu of the PTC; and iii) cash grant provided by the Secretary of Treasury in lieu of the ITC (for further details please see EDPR press release of February 17, 2009).

In order to further reduce its market exposure, EDPR is currently under negotiations to close new PPA contracts in USA for 300 MW that are commissioned and another 400 MW under construction. In addition, EDPR sold forward 2TWh of generation in the Spanish market.

# Electricity Distribution and Last Resource Supply in Portugal



Income Statement (€ m)	Distribution Portugal			
	1Q09	1Q08	Δ %	Δ Abs.
<b>Gross Profit</b>	<b>347.8</b>	<b>347.8</b>	<b>-0.0%</b>	<b>-0.1</b>
Supplies and services	68.0	67.0	1.5%	+1.0
Personnel costs	43.7	44.7	-2.2%	-1.0
Costs with social benefits	23.1	20.0	15.4%	+3.1
Concession fees	59.9	57.0	5.0%	+2.9
Other operating costs (net)	(3.0)	(2.0)	-48.8%	-1.0
<b>Operating Costs</b>	<b>191.6</b>	<b>186.6</b>	<b>2.7%</b>	<b>+5.0</b>
<b>EBITDA</b>	<b>156.2</b>	<b>161.2</b>	<b>-3.1%</b>	<b>-5.0</b>
Provisions	0.4	0.5	-11.6%	-0.1
Net depreciation and amortisation	65.3	63.1	3.4%	+2.2
<b>EBIT</b>	<b>90.5</b>	<b>97.6</b>	<b>-7.3%</b>	<b>-7.1</b>

**Gross profit** remained flat at €348m. Note that starting Jan-09, electricity gross profit equals regulated revenues for the current period, following the start of recognition of tariff deviations at gross profit in 2008.

**Electricity delivered to the grid** decreased 0.9% YoY to 12.9 TWh in the 1Q09 (down 1.3% YoY when adjusted for temperature and working days), with a negative impact from a lower than expected demand in the industrial segment. Looking at electricity consumption by voltage segment, the Low Voltage (LV) segment (mostly residential clients) increased by some 4% YoY, while the Normal Voltage <sup>(3)</sup> (NV) segment (mostly industrial clients) decreased by approximately 7% YoY. Note that this decline of demand from the industrial segment in 1Q09 was smaller in Portugal than in other European markets, as capital goods industries, such as steel and automotive sectors, have a relatively low weight in the Portuguese energy demand, and the construction activity in 1Q08 was already at a low level.

It is also worth mentioning that about 55% of the **distribution grid regulated revenues** are fixed, and out of the remaining 45% that are variable, 30% depend on electricity distributed in LV segment and only about 10% depend on electricity distributed in NV segment. As such, large changes in consumption from industrial clients have a low impact on this activity's regulated revenues. All in all, electricity distributed came 0.1TWh below ERSE's forecast when setting 2009 tariffs, which coupled with a consumption mix (per hour, per voltage ...etc) different from ERSE's assumption, led to a €30m negative tariff deviation for the period, to be recovered by the distribution grid activity over the next years.

Gross Profit Performance	1Q09	1Q08	Δ %	Δ Abs.
<b>Regulated Gross Profit (€m)</b>	<b>340.1</b>	<b>343.1</b>	<b>-0.9%</b>	<b>-3</b>
Current period	340.1	312.4	8.9%	+28
Recoveries from previous periods <sup>(4)</sup>	-	30.7	-	-31
<b>Cash-flow Adjust. to Gross Profit (€m)</b>	<b>-34.4</b>	<b>-294.1</b>	<b>88.3%</b>	<b>+260</b>
Tariff deviation in the period	41.9	-294.1	-	+336
Recoveries from previous periods <sup>(4)</sup>	-76.2	-	-	-76
<b>Distribution Grid</b>				
Reg. revenues - Current period (€m)	309.2	288.0	7.3%	+21
Electricity delivered to the grid (GWh)	12,917	13,039	-0.9%	-121
Number of clients connected (th)	6,082	6,050	0.5%	+32
<b>Last Resource Supply</b>				
Reg. revenues - Current period (€m)	31.0	24.4	27.1%	+7
Number of clients supplied (th)	5,869	5,886	-0.3%	-17
Electricity supplied (bef. losses) (GWh)	12,454	12,502	-0.4%	-48
Wholesale procurement price (€/MWh)	53.9	75.6	-28.8%	-22
<b>Acc. Regulatory Receivables (€m)</b>	<b>-36.4</b>	<b>446.2</b>	<b>-</b>	<b>-483</b>

In Jan-09, the distribution grid and last resource supply activities started a **new 3-year regulatory period**. The major changes implemented by the regulator were: i) a 55bp increase in the regulated RoA to 8.55% in 2009; ii) the recognition on an annual basis of the costs with all HR restructuring programs; and iii) the exclusion from the regulated assets base of €111m related to meters with a retroactive effect since May-08 (€18m negative impact on 2008 regulated revenues being given back to consumers via 2009 tariffs). Moreover in the last resource supply activity the regulator started remunerating this activity's working capital at 8.55% for 2009 (vs. no remuneration in 2008).

In the 1Q09, **EDP Serviço Universal (EDP SU)** supplied **11.5 TWh** (after losses) to regulated clients, which came 0.6 TWh above the regulator's assumption for 2009 tariffs, due to slower than expected switching of clients to the liberalized market. In addition, EDP SU avg. electricity procurement cost was €53.9/MWh in the 1Q09 vs. the regulator's assumption of €70.8/MWh. As a result of lower than expected procurement costs and slightly higher volumes supplied, EDP SU recorded a €72m positive tariff deviation in the 1Q09, to be returned to the tariffs over the next years.

As a result of the above mentioned impacts, a €42m tariff deviation to be returned to the electricity system clients was recognized in 1Q09 (with cash-flow impact but not reflected in 1Q09 gross profit), which in conjunction with the securitization, in Mar-09, of an accumulated tariff deficit of €1.28bn by Dec-09 (created in 2007 and 2008 with interests), among other, enabled a sharp reduction of the amount of accumulated **regulatory receivables**, from a positive €1.15bn in Dec-08 to a negative €36m in Mar-09.

Capex & Opex Performance	1Q09	1Q08	Δ %	Δ Abs.
<b>Controllable Operating Costs <sup>(1)</sup></b>	<b>111.7</b>	<b>111.7</b>	<b>0.0%</b>	<b>+0</b>
Opex/client (€/client)	18.4	18.5	-0.5%	-0
Opex/km of network (€/Km)	517.0	530.8	-2.6%	-14
Employees (#)	4,565	4,821	-5.3%	-256
<b>Capex (net of subsidies) (€m)</b>	<b>45.5</b>	<b>37.5</b>	<b>21.4%</b>	<b>+8</b>
Network ('000 Km)	216.0	210.3	2.7%	+6
Equivalent Interruption Time (min) <sup>(2)</sup>	36	33	9.1%	+3

**Controllable operating costs** remained flat at €112m: (i) the 1.5% YoY increase in S&S mostly reflects higher costs imposed by the new legislation (law 12/2008: change from bi-monthly to monthly invoicing, among other); (ii) personnel costs decreased 1.5% YoY when excluding severance payments, indemnities and personnel costs capitalization, reflecting the decrease of the number of employees. The company's recurrent efforts to improve efficiency levels reflected into a 2.6% improvement of the "Opex/km of network" efficiency ratio.

**Capex** amounted to €46m in the 1Q09 and was mostly dedicated to the extension of the network and to improve quality of service. In consequence of slightly less favorable weather conditions, adjusted Equivalent Interruption Time increased by a mere 3 min. YoY to 36 min. in the 1Q09.

(1) Supplies and Services and Personnel Costs

(2) Adjusted for non-recurring impact (rainstorms, high winds and summer fires)

(3) Normal Voltage: Very High Voltage + High Voltage + Medium Voltage

(4) Recovery through the tariffs of tariff deviations from previous years

# Electricity Distribution in Spain



Income Statement (€ m)	1Q09	1Q08	Δ 09/08	Δ Abs.
<b>Gross Profit</b>	<b>43.0</b>	<b>38.6</b>	<b>11%</b>	<b>+4</b>
Supplies and services	15.2	14.3	6%	+1
Personnel costs	5.2	6.9	-25%	-2
Costs with social benefits	0.7	0.3	118%	+0
Other operating costs (net)	(1.4)	(3.8)	63%	+2
<b>Operating Costs</b>	<b>19.7</b>	<b>17.8</b>	<b>11%</b>	<b>+2</b>
<b>EBITDA</b>	<b>23.3</b>	<b>20.9</b>	<b>12%</b>	<b>+2</b>
Provisions	0.1	0.1	-32%	-0
Net depreciation and amortisation	6.6	6.1	9%	+1
<b>EBIT</b>	<b>16.6</b>	<b>14.7</b>	<b>13%</b>	<b>+2</b>
<b>Regulated Revenues</b>	<b>39.1</b>	<b>36.4</b>	<b>8%</b>	<b>+3</b>
Transmission	2.0	1.0	90%	+1
Distribution	35.1	33.3	5%	+2
Supply	2.0	2.0	1%	+0
<b>Regulatory Receivables (Tariff Deficit)</b>	<b>475.0</b>	<b>239.4</b>	<b>98%</b>	<b>+236</b>
Tariff deficit in the period	-	32.4	-	-32
Tariff deficit previous periods	475.0	207.0	129%	+268

**Gross profit** from our electricity distribution activity in Spain increased 11% YoY to €43m in the 1Q09, reflecting a 7.5% YoY increase in regulated revenues recognised in the 2009 tariffs and a €1.6m increase in other revenues (network connections and other).

The new regulation that was introduced last year in Spain for the electricity distribution activity aims at remunerating the investments made in the distribution grid for its expansion, for improving service quality and reduce grid losses, being much less dependent on volumes distributed. However, 2009 regulated revenues were defined in accordance with a transitory calculation formula, while the final calculation model is currently under discussion.

**Electricity distributed** by HC Distribución decreased 4.9% YoY to 2.4 TWh in the 1Q09, as a result of the current economic crisis. In Asturias, capital intensive industries, such as steel, have a significant weight in the energy demand, which reflected into a 7% decrease of electricity consumption from the HV and MV segments (mostly industrial), while the LV segment (mostly residential) posted a 1% YoY increase. Note that the undergoing switching of clients to the liberalized market, which is the result of lower market prices when compared to the regulated tariff for 2009, reflected into a 55% YoY increase in electricity distributed for access clients.

**Controllable operating costs** decreased 4% YoY (or €0.8m) to €20.4m in the 1Q09: (i) supplies and Services increased by €0.9m, mostly due to an increase in operating and maintenance costs, following the Klaus cyclone that affected the north of Spain in the beginning of the year, and back-office expenses; and (ii) personnel costs decreased by €1.7m, reflecting a decrease in the number of employees. In terms of operating efficiency, our electricity distribution activity in Spain continues posting efficiency improvements, keeping up with Iberian best practices: efficiency ratios of Opex/client and Opex/Km of network improved by 6.4% YoY and 5.5% YoY, respectively. All in all, EBITDA improved 11.8% YoY (or €2.5m) to €23.3m in the 1Q09.

Distribution in Spain	1Q09	1Q08	Δ %	Δ Abs.
<b>Electricity Consumers (th)</b>	<b>636</b>	<b>620</b>	<b>3%</b>	<b>+16</b>
Regulated Supply	549	567	-3%	-18
Liberalized Market Supply	87	53	64%	+34
<b>Electricity Distributed (GWh)</b>	<b>2,374</b>	<b>2,497</b>	<b>-5%</b>	<b>-123</b>
Low Voltage	731	724	1%	+7
Medium Voltage	323	302	7%	+21
High Voltage	1,320	1,471	-10%	-151
<b>Electricity Supplied (GWh)</b>	<b>1,676</b>	<b>2,048</b>	<b>-18%</b>	<b>-372</b>
Low Voltage	561	597	-6%	-36
Medium Voltage	14	46	-70%	-32
High Voltage	1,101	1,405	-22%	-304
<b>Controllable Operating Costs (1)</b>	<b>20.4</b>	<b>21.2</b>	<b>-4%</b>	<b>-1</b>
Opex/client (€/client)	32.0	34.2	-6%	-2
Opex/km of network (€/Km)	953.1	1,008.2	-5%	-55
Employees (#)	367	396	-7%	-29
<b>Capex (net of subsidies) (€m)</b>	<b>9.8</b>	<b>12.1</b>	<b>-19%</b>	<b>-2</b>
Network ('000 Km)	21.4	21.0	2%	+0
Equiv. Interruption Time (min)	93	19	388%	+74

**Capex** in this division decreased by €2m YoY to €9.8m in the 1Q09, due to lower investments with the expansion of the grid outside of Asturias. Note that 1Q09 equivalent interruption time worsened 74 min. YoY, consequence of the above mentioned Klaus cyclone that damaged the company's distribution grid.

In Jan-08, electricity tariffs in Spain have been increased by 3.3% and by an additional 5.6% in July. However, these increases in electricity tariffs were not enough to cover for electricity system costs, namely for special regime tariffs and electricity distribution and transmission costs, which translated into an estimated €5.8bn tariff deficit for Spain – Out of this amount, €313m belong to HC Energía (note that as of Dec-08, this amount was estimated at €252m).

For the 1Q09, the Spanish government defined a 3.4% average increase in electricity tariffs, which was not enough to cover for electricity system costs, translating into an estimated €0.7bn deficit, out of which €45m (6.08%) were attributed to HC Energía (by the end of Mar-09, this amount was not reflected in HC Energía's regulatory receivables as it had not yet been paid out).

In order to comply with an European directive, the Spanish government recently approved, starting July 1<sup>st</sup>, 2009, the termination of regulated tariffs along with the introduction of a last resource tariff for LV clients (<10kW). In accordance with RD 485/2009, the last resource tariff should be sufficient and additive, in order to reflect all of the supply and energy costs, and it will prepare the way for the liberalized market.

Additionally, Spanish government recently announced the possibility to securitize the Spanish tariff deficit supported by the electricity sector companies, upon state endorsement.

<sup>1</sup>Supplies and Services and Personnel Costs

## Gas - Regulated Activity



Income Statement (€ m)	Portugal			Spain			Total		
	1Q09	1Q08	Δ 09/08	1Q09	1Q08	Δ 09/08	1Q09	1Q08	Δ 09/08
<b>Gross Profit</b>	<b>8.8</b>	<b>16.3</b>	<b>-46%</b>	<b>47.0</b>	<b>42.0</b>	<b>12%</b>	<b>55.7</b>	<b>58.3</b>	<b>-4%</b>
Supplies and services	2.7	2.5	6%	6.2	5.0	24%	8.8	7.5	18%
Personnel costs	1.1	1.5	-25%	4.8	5.0	-5%	5.9	6.5	-9%
Costs with social benefits	0.0	0.0	-	0.1	0.1	6%	0.1	0.1	7%
Other operating costs(net)	0.8	(0.3)	-	1.1	(1.6)	-	1.9	(1.9)	-
<b>Operating Costs</b>	<b>4.7</b>	<b>3.8</b>	<b>24%</b>	<b>12.1</b>	<b>8.5</b>	<b>43%</b>	<b>16.8</b>	<b>12.3</b>	<b>37%</b>
<b>EBITDA</b>	<b>4.1</b>	<b>12.6</b>	<b>-67%</b>	<b>34.8</b>	<b>33.5</b>	<b>4%</b>	<b>38.9</b>	<b>46.0</b>	<b>-15%</b>
Provisions	(0.0)	-	-	-	0.0	-	(0.0)	0.0	-
Net Deprec. and amortisation	2.8	3.0	-7%	8.3	7.7	8%	11.1	10.6	4%
<b>EBIT</b>	<b>1.4</b>	<b>9.6</b>	<b>-86%</b>	<b>26.5</b>	<b>25.8</b>	<b>3%</b>	<b>27.9</b>	<b>35.4</b>	<b>-21%</b>
<b>Capex (€m)</b>	<b>3.1</b>	<b>2.0</b>	<b>52%</b>	<b>5.0</b>	<b>7.7</b>	<b>-34%</b>	<b>8.2</b>	<b>9.8</b>	<b>-16%</b>
Distribution	3.1	2.0	52%	3.3	4.1	-19%	6.5	6.2	4%
Transmission	-	-	-	1.7	3.6	-52%	1.7	3.6	-52%
<b>Employees (#)</b>	<b>104</b>	<b>106</b>	<b>-1.9%</b>	<b>279</b>	<b>267</b>	<b>4.5%</b>	<b>383.0</b>	<b>373.0</b>	<b>2.7%</b>

Regulated Activity	1Q09	1Q08	% Δ	Abs. Δ
<b>Number of supply points (th)</b>	<b>898.6</b>	<b>855.1</b>	<b>5.1%</b>	<b>+44</b>
Portugal	205.0	184.3	11%	+21
Final Clients	204.9	184.3	11%	+21
Access Clients	0.1	-	-	+0
Spain	694	671	3.4%	+23
<b>Gas Distributed (GWh)</b>	<b>7,899</b>	<b>7,942</b>	<b>-0.5%</b>	<b>-43</b>
Portugal	1,638	1,609	1.8%	+29
Final Clients	841	1,609	-48%	-768
Access Clients	797	-	-	+797
Spain	6,260	6,332	-1.1%	-72
<b>Regulated Revenues (€ m)</b>	<b>48.2</b>	<b>54.8</b>	<b>-12.0%</b>	<b>-6.6</b>
Portugal	8.8	16.3	-46%	-7.6
Spain	39.4	38.4	2.6%	+1.0
Transmission	4.8	4.0	18.9%	+0.8
Distribution	34.6	31.8	8.6%	+2.7
Regulated Supply	0.0	2.5	-99.7%	-2.5
<b>Network (Km)</b>	<b>9,128</b>	<b>8,521</b>	<b>7.1%</b>	<b>+607</b>
Portugal - Distribution	3,233	3,001	7.7%	+232
Spain - Distribution	5,556	5,213	6.6%	+343
Spain - Transmission	339	307	10%	+32

Our gas regulated activity includes EDP Gás' (ex-Portgás) gas distribution concession in the north of Portugal (72% owned by EDP), and Naturgas gas distribution and transmission networks in the Basque Country and Asturias in Spain (63.51% owned by EDP).

**EBITDA from gas regulated activity** decreased by 15% YoY to €39m. The volume of gas distributed in Portugal grew by 1.8% in 1Q09, supported by the new connection of a large industrial client in Sep-08. The volume of gas distributed by Naturgas in Spain decline by 1.1% in 1Q09, following a decline in demand from the industrial segment. The number of clients connected increased by 44,000 YoY and there was an increase in the extension of our networks by 7.1% YoY to 9,128 Kms.

**In Spain**, our gas regulated revenues showed an increase by 2.6% to €48.2m in 1Q09:

- **Gas distribution regulated** revenues grew by 8.6% to €34.6m reflecting 3.4% YoY increase in the number of supply points in our distribution network to 694,000 customers, and a 6.6% YoY increase in the extension of our gas distribution network to 5,556 kms. The volume of gas distributed decrease 1.1% YoY comparing with a 9.4% decrease of conventional gas demand in the Spanish market.
- **Gas transmission regulated** revenues rose by 18.9% YoY to €4.8m, as a result of an increase in the remuneration of new investments.
- **Regulated supply revenues** fell 99.7% YoY reflecting the end of gas supply regulated tariff by Jun-08. From Jul-08 onwards this business line includes only the last resource regulated gas supply activity in the Basque and Asturias regions.

Gross profit in Spain from other activities not included in regulated revenues increased from €3.6m in 1Q08 to €7.6m in 1Q09, due to new mandatory services to clients such as inspections and meter rentals and upfront connection fees paid by new clients.

**In Portugal**, a new concession contract was signed with the Portuguese State (this new concession with a 40 years duration, starting in Jan-08), which versus the situation defined in the old contract imply lower revenues in the first years and higher revenues in the last years maintaining the NPV of the concession. This new reality is in place since Jul-08, when a new regulatory period started, which will last until Jun-11, with the regulated return on assets set at 9%. As a result, in 1Q09 our gas regulated revenues decreased by 46% YoY to €8.8m, reflecting the new concession contract. The extension of our network in Portugal increased 7.7%, the number of supply points increased 11.2% YoY and the volume of gas distributed grew 1.8%.

**Controllable operating costs** (supplies and services and personnel costs) increased by 4% in line with the growth of the gas regulated activity. Other operating costs/revenues are supported by a non-recurrent revenue in Spain during 1Q08 (+€2.4m).

**Capex** in 1Q09 decreased by 16% YoY to €8.2m due to anticipation for the end of 2008 of investments in transmission network, mainly in Bergara-Irun. This transmission network to be fully operational by 2010YE, will have 88 kms extension and €67.5m expected total capex.



# Energias do Brasil: Financial Performance



Income Statement	Consolidated - R\$ Million			Consolidated - € Million		
	1Q09	1Q08	Δ 09/08	1Q09	1Q08	Δ 09/08
<b>Gross Profit</b>	<b>512.4</b>	<b>632.0</b>	<b>-19%</b>	<b>170.9</b>	<b>241.1</b>	<b>-29%</b>
Supplies and services	71.1	100.9	-30%	23.7	38.5	-38%
Personnel costs	55.7	63.5	-12%	18.6	24.2	-23%
Costs with social benefits	20.8	12.2	71%	6.9	4.6	49%
Other operating costs (net)	29.2	34.3	-15%	9.7	13.1	-26%
<b>Operating Costs</b>	<b>176.8</b>	<b>210.8</b>	<b>-16%</b>	<b>59.0</b>	<b>80.4</b>	<b>-27%</b>
<b>EBITDA</b>	<b>335.6</b>	<b>421.2</b>	<b>-20%</b>	<b>111.9</b>	<b>160.7</b>	<b>-30%</b>
Provisions	1.5	11.3	-	0.5	4.3	-89%
Net Depreciation and amortisation	78.9	78.7	0%	26.3	30.0	-12%
<b>EBIT</b>	<b>255.1</b>	<b>331.1</b>	<b>-23%</b>	<b>85.1</b>	<b>126.3</b>	<b>-33%</b>
Capital gains/(losses)	-	-	-	-	-	-
Financial Results	(51.5)	(45.8)	12%	(17.2)	(17.5)	-2%
Results from associates	(0.4)	0.0	-	(0.1)	0.0	-
<b>Pre-tax profit</b>	<b>203.2</b>	<b>285.3</b>	<b>-29%</b>	<b>67.8</b>	<b>108.8</b>	<b>-38%</b>
Income taxes	69.6	80.4	-13%	23.2	30.7	-24%
Discontinued Activities	-	-	-	-	-	-
Profit for the period	133.6	204.9	-35%	44.6	78.2	-43%
<b>Equity holders of Energias do Brasil</b>	<b>105.3</b>	<b>177.3</b>	<b>-41%</b>	<b>35.1</b>	<b>67.6</b>	<b>-48%</b>
Minority interests	28.3	27.6	2%	9.4	10.5	-10%
<b>Capex</b>	<b>119.0</b>	<b>149.2</b>	<b>-20%</b>	<b>39.7</b>	<b>56.9</b>	<b>-30%</b>
<b>Employees (#)</b>	<b>2,334</b>	<b>3,035</b>	<b>-701</b>			

On September 2008, Energias do Brasil concluded an **asset swap** with Grupo Rede, involving the exchange of Enersul's share capital for a controlling stake in Investco (holder of Lajeado hydro plant concession), implying the exclusion of Enersul from the consolidation perimeter and the reinforcement of our stake on Lajeado hydro plant from 27.65% to 73%, and change of Lajeado consolidation method from proportional to full consolidation.

In 1Q09, Energias do Brasil's contribution to consolidated EBITDA was negatively affected from 12.6% **depreciation of the Real against the Euro**, with an average BRL/Euro rate of 2.62 in 1Q08 to 3.00 in 1Q09 (-€16m impact on EBITDA).

In 1Q09, Energias do Brasil's **EBITDA** in local currency, retreated 20% to R\$335.6m supported by lower EBITDA in distribution due to the disposal of Enersul and growth slowdown in volume of electricity sold to clients, which was not compensated by growth in generation EBITDA given the existence of non-recurrent gains during 1Q08 (R\$44m).

**Operating costs and number of Employees** of Energias do Brasil decreased by 16% and 23% YoY respectively, mostly reflecting the impact of the asset swap. Costs with social benefits increased by 71% YoY due to the implementation of a new organizational model, which implied a reduction at middle-management level (-46 employees) in order to increase efficiency. This program implied one-off HR restructuring costs of R\$13m in 1Q09.

**Net debt** increased by 4.1%, mainly driven by a decrease in cash and cash equivalents by 19%.

Energias do Brasil	1Q09	1Q08	Δ 09/08
Share Price at end of period (R\$/share)	24.25	26.20	-7%
Number of Shares Issued (million)	158.8	165.0	-4%
Treasury Stock (million)	15.8	5.8	172%
Number of Shares owned by EDP (million)	102.9	102.9	0%
Real/Euro - End of period Rate	3.08	2.76	-10%
Real/Euro - Average of period Rate	3.00	2.62	-13%
Inflation Rate (IGP-M - 12 Months)	6.3%	-	-
Interest Rate (SELIC)	12.65	11.25	140 pp

Key Balance Sheet Figures (€ million)	1Q09	1Q08	Δ 09/08
Net Financial Debt	828	760	9%
Regulatory Receivables	55	60	-9%
Minority interests	552	258	114%

Rating	Moody's
Energias do Brasil	<b>Ba1/Sta</b>
Last Rating Action	04-03-2009

Debt Ratios	1Q09	1Q08
Net Debt / EBITDA	1.8x	1.2x

As a result of a good financial profile, Moody's improved company rating to "Ba1".

**Financial Results** increased by 12% YoY due to increase of average net financial debt.

**Treasury stock** increased from 3.5% to 9.9% share capital due to:

- 1) Energias do Brasil acquired 6.2m shares in a share buyback program concluded in Apr-08;
- 2) In Oct-08, Energias do Brasil announced the cancellation of shares held in treasury (6,2m shares) and a new share buyback program still running (2.7m shares acquired);
- 3) In Oct-08, the Enersul/Lajeado asset swap implied a minorities buyout due to regulatory rules, which implied the acquisition of 13.1m by Energias do Brasil, at R\$23.82/share.

**Minority interests** in balance sheet increased by 114% due to the asset swap, which implied the full consolidation of Lajeado hydro plant (73% owned by Energias do Brasil).

**Capex** decreased 20% YoY, to R\$119.1m in 1Q09, mostly related to the asset swap that was partially offset with start of construction of Pecém coal plant (+360MW/50%) in the end of 2008.

# Brazil: Electricity Distribution



Income Statement (R\$ m)	Bandeirante + Escelsa			Enersul			Distribution		
	1Q09	1Q08	Δ 09/08	1Q09	1Q08	Δ 09/08	1Q09	1Q08	Δ 09/08
<b>Gross Profit</b>	<b>304.3</b>	<b>276.7</b>	<b>10%</b>	-	<b>136.3</b>	-	<b>304.3</b>	<b>413.0</b>	<b>-26%</b>
Supplies and services	55.7	59.0	-6%	-	26.2	-	55.7	85.2	-35%
Personnel costs	40.8	36.1	13%	-	15.9	-	40.8	52.0	-22%
Costs with social benefits	14.9	10.6	41%	-	1.2	-	14.9	11.8	26%
Other operating costs (net)	18.6	15.5	20%	-	10.0	-	18.6	25.5	-27%
<b>Operating Costs</b>	<b>130.0</b>	<b>121.2</b>	<b>7%</b>	-	<b>53.4</b>	-	<b>130.0</b>	<b>174.6</b>	<b>-26%</b>
<b>EBITDA</b>	<b>174.3</b>	<b>155.5</b>	<b>12%</b>	-	<b>82.9</b>	-	<b>174.3</b>	<b>238.4</b>	<b>-27%</b>
Provisions	2.1	6.3	-67%	-	4.7	-	2.1	11.0	-81%
Net Deprec. and amortisation	41.2	38.9	6%	-	15.9	-	41.2	54.8	-25%
<b>EBIT</b>	<b>130.9</b>	<b>110.3</b>	<b>19%</b>	-	<b>62.3</b>	-	<b>130.9</b>	<b>172.7</b>	<b>-24%</b>
<b>IFRS Gross Profit</b>	<b>304.3</b>	<b>276.7</b>	<b>10%</b>	-	<b>136.3</b>	-	<b>304.3</b>	<b>413.0</b>	<b>-26%</b>
Tariff Deviation	37.6	33.5	12%	-	14.5	-	37.6	48.0	-22%
Deviation from previous year	(30.1)	(41.3)	-27%	-	(35.8)	-	(30.1)	(77.1)	-61%
Others	7.5	6.0	24%	-	1.0	-	7.5	7.0	7%
<b>Brazilian GAAP Gross Profit</b>	<b>319.2</b>	<b>275.0</b>	<b>16%</b>	-	<b>116.0</b>	-	<b>319.2</b>	<b>391.0</b>	<b>-18%</b>
<b>Regulatory Receivables (R\$ m)</b>	<b>164.2</b>	<b>216.7</b>	<b>-24%</b>	-	<b>(58.4)</b>	-	<b>164.2</b>	<b>158.3</b>	<b>4%</b>
<b>Capex (R\$ m)</b>	<b>67.0</b>	<b>68.3</b>	<b>-2%</b>	-	<b>32.6</b>	-	<b>67.0</b>	<b>100.9</b>	<b>-34%</b>

Distribution **gross profit** in 1Q09 decreased 26.3% due to the exclusion of Enersul from the consolidation perimeter. Considering only Bandeirante and Escelsa (Band+Esc), gross profit rose by 10% following (1) a 1.9% YoY growth of electricity sold volumes (2) positive impact from last tariff readjustments (3) YoY decrease in cash-in through tariffs of regulatory receivables accumulated in previous years, and (4) higher than expected energy costs vs. the ones assumed in tariffs' calculation which will be recover in the next annual tariff revisions. On a normalized base, gross profit increased by 16.1% YoY.

**1. Recurrent growth of electricity distribution gross profit:** volume of electricity sold in Band+Esc increased by 1.9% in 1Q09 following a double digit decline of demand from industrial clients and maintenance of growth in demand from residential and commercial clients. Note that use of grid electricity tariff for residential and commercial are much higher than for industrial clients, meaning that changes in industrial demand has a much more limited impact on gross profit than changes in residential/commercial demand. Regarding electricity distributed to free market clients, volume decreased by 23% YoY due to decrease of consumption of large industrial consumers namely in the mining sector supplied directly in the free wholesale market. Bear in mind that the breakdown of revenues from this clients are: a) 2/3 are fix and related with use of grid (capacity in MW) and b) 1/3 is variable and associated to regulatory costs that are received by distribution companies and pass-through to other entities based on electricity consumption (MWh). The number of clients connected rose 3.7% YoY.

**2. Regulatory framework:** Current regulatory period for our distribution companies will last until Sep-11 to Bandeirante and until Jul-10 to Escelsa for which the regulator set a RoRAB of 15% before taxes (previously RoRAB was 17%). The companies have annual tariff readjustments to reflect the annual evolution of assumptions such as CPI and energy costs. The last tariff readjustments of Bandeirante (Oct-08) and Escelsa (Aug-08) had a positive impact on the gross profit of these companies.

Distribution	1Q09	1Q08	% Δ	Abs. Δ
<b>Number of Clients (th)</b>	<b>2,612.8</b>	<b>2,518.7</b>	<b>3.7%</b>	<b>+94</b>
Bandeirante	1,457.7	1,407.6	3.6%	+50
Escelsa	1,155.1	1,111.1	4.0%	+44
<b>Electricity Distributed (GWh)</b>	<b>4,964</b>	<b>5,456</b>	<b>-9.0%</b>	<b>-493</b>
Bandeirante	3,165	3,314	-4.5%	-149
Escelsa	1,799	2,142	-16.0%	-343
From which:				
To clients in Free Market (GWh)	1,698	2,206	-23.0%	-508
<b>Electricity Sold (GWh)</b>	<b>3,266</b>	<b>3,250</b>	<b>1.9%</b>	<b>+16</b>
<b>Bandeirante</b>	<b>2,033</b>	<b>2,049</b>	<b>-0.8%</b>	<b>-16</b>
Resid., Commerc. & Other	1,397	1,333	4.8%	+64
Industrial	635	715	-11.2%	-80
<b>Escelsa</b>	<b>1,233</b>	<b>1,202</b>	<b>2.6%</b>	<b>+32</b>
Resid., Commerc. & Other	1,009	946	6.6%	+63
Industrial	224	255	-12.2%	-31
<b>Technical Elect. Losses</b>				
Bandeirante	5.2%	5.2%	0.2%	-
Escelsa	9.1%	8.1%	12.6%	-
<b>Commercial Elect. Losses</b>				
Bandeirante	5.8%	5.5%	4.8%	-
Escelsa	5.8%	5.6%	3.6%	-
<b>Employees (#)</b>	<b>2,016</b>	<b>2,729</b>	<b>-26.1%</b>	<b>-713</b>
Bandeirante+Escelsa	2,016	1,994	1.1%	+22

**3. Recovery through tariffs of regulatory receivables accumulated in the past:** The regulatory receivables which the system owed us due to lower than expected gross profit in past periods and that Band+Esc are recovering through tariffs decreased 32% YoY from R\$44m to R\$31m. In 1Q09, our distribution activity (Band+Esc) had total regulatory receivables of R\$164m, which should be recovered over the next quarters, meaning that Energias do Brasil distribution gross profit is expected to continue to be positively impacted by the cash-in through tariffs of these receivables.

**4. Tariff deviation in the period:** Distribution gross profit in 1Q09 includes a R\$38m negative tariff deviation from energy procurement costs higher than the ones set in the regulator's assumptions for tariff calculation, penalised mainly by the acquisition of electricity from Itaipu hydro plant at prices fixed in USD. This non recurrent negative impact will be recovered by EDP through tariffs in the next annual tariff adjustment.

**Operating costs** in Band+Esc rose by 7.3% YoY. This was mainly driven by an increase of costs with social benefits (see previous page) and other operating costs (net) due to raise of provisions for doubtful clients in Bandeirante. Considering only supplies and services and personnel costs, costs presented a flat performance showing the results of the ongoing efficiency programs.

**Capex** remained flat YoY. On March 2009, European Investment Bank approved a credit facility for distribution companies of €90m for the financing of Energias do Brasil's power distribution companies investments for 2009 and 2010.

**Electricity losses** increased in both companies, due to the higher weight of residential and commercial segments (low voltage), in the total mix of electricity distributed, a segment that have a structurally high percentage of losses.



# Brazil: Electricity Generation and Supply



Income Statement (R\$ m)	Generation		
	1Q09	1Q08	Δ 09/08
<b>Gross Profit</b>	<b>198.2</b>	<b>195.1</b>	<b>2%</b>
Supplies and services	8.4	8.0	5%
Personnel costs	9.7	5.7	69%
Costs with social benefits	1.0	0.3	-
Other operating costs (net)	3.3	4.6	-29%
<b>Operating Costs</b>	<b>22.4</b>	<b>18.6</b>	<b>20%</b>
<b>EBITDA</b>	<b>175.9</b>	<b>176.5</b>	<b>-0%</b>
Provisions	(0.6)	0.4	-
Net Depreciation and amortisation	34.2	19.8	73%
<b>EBIT</b>	<b>142.3</b>	<b>156.3</b>	<b>-9%</b>

Generation	1Q09	1Q08	Δ 09/08
<b>Gross Profit (R\$ million)</b>	<b>198.2</b>	<b>195.1</b>	<b>1.6%</b>
Lajeado	83.9	21.2	295%
Peixe Angical	70.8	109.9	-36%
Energest (13 Hydro plants)	43.5	63.9	-32%
<b>Installed Capacity - Hydro (MW)</b>	<b>1,696.7</b>	<b>1,043.7</b>	<b>63%</b>
Lajeado	902.5	249.5	262%
Peixe Angical	452.0	452.0	-
Energest (13 Hydro plants)	342.2	342.2	-
<b>Electricity Sold (GWh)</b>	<b>1,889.8</b>	<b>1,537.9</b>	<b>23%</b>
<b>Electricity Generated (GWh)</b>	<b>2,116.4</b>	<b>1,493.1</b>	<b>42%</b>
Lajeado	1,066.5	374.7	185%
Peixe Angical	612.1	664.1	-7.8%
Energest (13 Hydro plants)	437.8	454.3	-3.6%
<b>Average Selling Price (R\$/MWh)</b>	<b>116.3</b>	<b>119.7</b>	<b>-2.8%</b>
Lajeado	103.0	93.4	10%
Peixe Angical	146.7	132.0	11%
Energest (13 Hydro plants)	104.8	117.7	-11%
<b>Capex (R\$ million)</b>	<b>51.7</b>	<b>48.0</b>	<b>7.8%</b>
Lajeado	1.3	0.8	74%
Peixe Angical	1.4	3.0	-53%
Energest (13 Hydro plants)	20.7	5.8	256%
New Capacity	28.3	38.4	-26%
<b>Employees (#)</b>	<b>247</b>	<b>231</b>	<b>+16</b>

Supply	1Q09	1Q08	Δ 09/08
Gross Profit (R\$ m)	9.9	23.8	-58%
Operating Costs (R\$ m)	6.6	6.2	6.7%
EBITDA (R\$ m)	3.2	17.5	-82%
Electricity Sales (GWh)	1,727	1,789	-3.5%
Number of clients (#)	86	94	-8.5%

## GENERATION CAPACITY IN OPERATION:

All Energias do Brasil's installed capacity is contracted under PPAs with prices adjusted to inflation and an average maturity of 15 years. **Gross profit** increased just by 1.6% YoY supported by:

**1. Conclusion of asset swap operation:** As a result of this operation which allow Energias do Brasil a full consolidation of Lajeado/Investco (902 MW), installed capacity increased from 1,044 MW to 1,697 MW, with a positive impact of R\$66m on 1Q09 gross profit.

**2. High spot prices in 1Q08:** Due to very high prices in the residual electricity market, we had a seasonal increase of volumes sold in the 1Q08, which allowed us to have non-recurrent positive impact in 1Q08 gross profit of R\$44m. For 2009, the regulator no longer allows this kind of operations (modulation of electricity sold) during the year. The generation companies now have to define in the end of year, how much energy they are going to sell in each month of the year ahead. The annual values of the contract stay flat but the companies can make a seasonal distribution of monthly values. For 2009, Energias do Brasil has contracted a higher volume of electricity to be sold in the 2H09, than in 1H09.

**3. Prices adjusted to inflation:** Average selling price decreased by 2.8% supported by higher prices in Energest during 1Q08, where the company take advantage of higher prices in the spot market, which offset the positive impact of inflation update of PPAs contacted prices.

**Operating costs** rose by 20.1% YoY due to an increase in personnel costs driven by asset swap operation. All of Lajeado's workforce were already considered in the total number of generation employees in 1Q08.

**Capex** rose by 8% YoY driven by start of construction of Pécem coal plant, which compensated the deceleration of capex in Santa Fé hydro plant (+29MW), that we expect to start operations in Jul-09.

## GENERATION CAPACITY UNDER DEVELOPMENT:

The construction of **Pecém coal plant** has started in Jul-08, project in which it holds a 50% stake in partnership with MPX Mineração e Energia. The conditions contracted in the electricity auction promoted by the Brazilian regulatory authorities include the availability of an installed capacity of 615 MW for a 15-year term starting in January 2012 and a gross margin of R\$417.4m per year (amount at 2007 nominal prices to be updated at inflation) with the full pass through of fuel costs. According to the engineering and procurement signed with suppliers, the new plant will represent a USD1.2bn capex. The project should be financed with 75% of long term debt with the Brazilian development bank BNDES and in the market. On March 2009, Inter-American Development Bank approved a USD149m loan to finance the construction of this plant.

Regarding **new hydro capacity**, Santa Fé hydro plant will have an installed capacity of 29 MW (assured energy of 16 MW) and should start-up in Jul-09. On Apr-09, Energias do Brasil was granted with operation license of Santa Fé. The hydro plant sold 16 average MW, for the updated price of R\$137/MWh for a 30-year period, starting in 2009. On April 2009, BNDES approved financing for Santa Fé Small Hydro Power Plant in the amount of R\$76m.

Additionally, ANEEL ratified power upgrade in the Mascarenhas (17.5 MW), Rio Bonito (5.22 MW) and Suíça (2.3 MW). The last two hydro plants should be operational in 2009 and Mascarenhas hydro plant in 2010. Assured energy from power upgrades (11.7 average MW) has been contracted in the liberalised market at R\$ 130/MWh.

Our trading and supply activity is carried out by Enertrade in the free market through a service of energy sourcing to large industrial clients without incurring in energy market risk. In 1Q09, **gross profit** decreased by 58.4% YoY due to existence in 1Q08 of some non recurrent gains related to the abnormally high electricity spot price in the period.



**Income Statements**

# Income Statement by Business Area



1Q09 (€ m)	LT Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	Wind Power	Brazil	Other & Adjustments	EDP Group
<b>Gross Profit</b>	<b>259.0</b>	<b>217.2</b>	<b>446.5</b>	<b>171.8</b>	<b>170.9</b>	<b>(4.5)</b>	<b>1,260.8</b>
Supplies and services	17.0	33.2	92.0	34.8	23.7	(35.2)	165.5
Personnel costs	18.6	14.7	54.8	10.1	18.6	24.5	141.3
Costs with social benefits	4.7	1.4	23.9	(0.6)	6.9	(0.8)	35.4
Concession rents	0.8	0.3	59.9	1.3	-	(0.4)	61.8
Other operating costs (net)	(2.5)	6.7	(2.5)	(28.1)	9.7	24.3	7.6
<b>Operating costs</b>	<b>38.6</b>	<b>56.2</b>	<b>228.1</b>	<b>17.4</b>	<b>59.0</b>	<b>12.5</b>	<b>411.7</b>
<b>EBITDA</b>	<b>220.4</b>	<b>161.0</b>	<b>218.4</b>	<b>154.4</b>	<b>111.9</b>	<b>(17.0)</b>	<b>849.1</b>
Provisions	(0.4)	3.6	0.5	(0.1)	0.5	0.6	4.7
Net Depreciation and amortisation <sup>(1)</sup>	65.3	49.1	83.0	69.9	26.3	18.7	312.3
<b>EBIT</b>	<b>155.5</b>	<b>108.3</b>	<b>135.0</b>	<b>84.6</b>	<b>85.1</b>	<b>(36.3)</b>	<b>532.1</b>

1Q08 (€ m)	LT Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	Wind Power	Brazil	Other & Adjustments	EDP Group
<b>Gross Profit</b>	<b>272.5</b>	<b>158.6</b>	<b>444.8</b>	<b>141.1</b>	<b>241.1</b>	<b>0.3</b>	<b>1,258.3</b>
Supplies and services	20.3	31.4	88.7	19.8	38.5	(28.2)	170.6
Personnel costs	18.8	14.5	58.2	8.5	24.2	24.3	148.5
Costs with social benefits	3.9	1.4	20.4	0.2	4.6	(1.5)	29.1
Concession rents	1.0	-	57.0	1.1	-	-	59.1
Other operating costs (net)	0.6	12.8	(7.7)	(14.0)	13.1	37.5	42.3
<b>Operating costs</b>	<b>44.6</b>	<b>60.2</b>	<b>216.7</b>	<b>15.6</b>	<b>80.4</b>	<b>32.1</b>	<b>449.6</b>
<b>EBITDA</b>	<b>227.8</b>	<b>98.4</b>	<b>228.1</b>	<b>125.5</b>	<b>160.7</b>	<b>(31.9)</b>	<b>808.7</b>
Provisions	(0.2)	1.2	0.5	-	4.3	(5.6)	0.3
Net Depreciation and amortisation <sup>(1)</sup>	57.5	33.0	79.8	45.3	30.0	20.9	266.5
<b>EBIT</b>	<b>170.5</b>	<b>64.2</b>	<b>147.7</b>	<b>80.2</b>	<b>126.3</b>	<b>(47.2)</b>	<b>541.8</b>

<sup>(1)</sup> Depreciation and amortisation expense net of compensation of depreciation and amortisation

# Quarterly Income Statement



Quarterly P&L (€m)	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
Electricity Sales	3,152.7	2,888.8	3,147.3	3,180.8	2,866.6	-	-	-
Gas Sales	336.0	254.3	288.1	348.5	316.3	-	-	-
Other Sales	17.2	10.1	75.0	34.2	12.6	-	-	-
Services Provided	25.7	35.6	31.9	68.0	37.9	-	-	-
<b>Operating Revenues</b>	<b>3,531.6</b>	<b>3,188.7</b>	<b>3,542.3</b>	<b>3,631.6</b>	<b>3,233.3</b>	-	-	-
Electricity	1,694.0	1,563.3	1,693.0	1,677.0	1,464.8	-	-	-
Gas	218.6	167.0	167.2	270.3	218.3	-	-	-
Fuel	351.7	255.0	427.0	448.8	272.3	-	-	-
Materials and goods for resale	8.9	16.6	18.6	19.9	17.1	-	-	-
<b>Direct Activity Costs</b>	<b>2,273.2</b>	<b>2,001.9</b>	<b>2,305.8</b>	<b>2,415.9</b>	<b>1,972.5</b>	-	-	-
<b>Gross Profit</b>	<b>1,258.3</b>	<b>1,186.7</b>	<b>1,236.5</b>	<b>1,215.7</b>	<b>1,260.8</b>	-	-	-
Supplies and services	170.6	184.6	174.9	205.7	165.5	-	-	-
Personnel costs	148.5	153.0	133.4	138.7	141.3	-	-	-
Costs with social benefits	29.1	28.7	76.2	27.1	35.4	-	-	-
Concession fees	59.1	58.4	59.3	58.8	61.8	-	-	-
Other operating costs (net)	42.3	(14.0)	7.1	0.5	7.6	-	-	-
<b>Operating costs</b>	<b>449.6</b>	<b>410.8</b>	<b>450.9</b>	<b>430.9</b>	<b>411.7</b>	-	-	-
<b>EBITDA</b>	<b>808.7</b>	<b>775.9</b>	<b>785.6</b>	<b>784.8</b>	<b>849.1</b>	-	-	-
Provisions	0.3	17.2	11.0	3.6	4.7	-	-	-
Depreciation and amortisation	293.1	355.0	310.6	347.0	338.5	-	-	-
Compensation of depreciation and amortisation	(26.6)	(27.8)	(27.3)	(31.9)	(26.2)	-	-	-
<b>EBIT</b>	<b>541.8</b>	<b>431.6</b>	<b>491.3</b>	<b>466.2</b>	<b>532.1</b>	-	-	-
Capital gains/(losses)	27.0	454.6	1.3	(1.1)	12.9	-	-	-
Financial Results	(184.3)	(327.1)	(180.6)	(250.7)	(165.5)	-	-	-
Results from associated companies	9.8	9.2	8.5	7.2	4.6	-	-	-
<b>Pre-tax profit</b>	<b>394.2</b>	<b>568.2</b>	<b>320.5</b>	<b>221.7</b>	<b>384.1</b>	-	-	-
Income taxes	92.8	91.3	57.4	42.3	88.0	-	-	-
Discontinued Activities	-	(8.5)	0.0	-	-	-	-	-
Net Profit for the period	301.4	468.5	263.1	179.4	296.1	-	-	-
<b>Net Profit Attributable to EDP</b>	<b>263.3</b>	<b>439.7</b>	<b>237.1</b>	<b>151.7</b>	<b>265.3</b>	-	-	-
Minority interests	38.1	28.8	26.0	27.6	30.8	-	-	-

# Income Statement by Business Area



1Q09 (€ m)	Generation Iberia	Supply Iberia	EDP Renováveis	Distribution Iberia	Gas Iberia	Energias do Brasil	Other & Adjustments	EDP Group
<b>Operating Revenues</b>	<b>811.0</b>	<b>334.3</b>	<b>173.4</b>	<b>1,499.7</b>	<b>371.6</b>	<b>371.7</b>	<b>(328.3)</b>	<b>3,233.3</b>
<b>Direct Activity Costs</b>	<b>385.3</b>	<b>319.6</b>	<b>1.6</b>	<b>1,108.9</b>	<b>280.1</b>	<b>200.8</b>	<b>(323.9)</b>	<b>1,972.5</b>
<b>Gross Profit</b>	<b>425.7</b>	<b>14.6</b>	<b>171.8</b>	<b>390.8</b>	<b>91.5</b>	<b>170.9</b>	<b>(4.4)</b>	<b>1,260.8</b>
Supplies and services	34.2	11.1	34.8	83.1	13.7	23.7	(35.1)	165.5
Personnel costs	29.5	2.8	10.1	48.9	6.9	18.6	24.5	141.3
Costs with social benefits	6.0	0.1	(0.6)	23.8	0.1	6.9	(0.8)	35.4
Other operating costs (net)	7.0	(3.4)	(26.8)	55.5	5.3	9.7	22.2	69.5
<b>Operating costs</b>	<b>76.6</b>	<b>10.6</b>	<b>17.4</b>	<b>211.3</b>	<b>26.1</b>	<b>59.0</b>	<b>10.8</b>	<b>411.7</b>
<b>EBITDA</b>	<b>349.0</b>	<b>4.1</b>	<b>154.4</b>	<b>179.5</b>	<b>65.4</b>	<b>111.9</b>	<b>(15.2)</b>	<b>849.1</b>
Provisions for risks and contingencies	2.4	0.8	(0.1)	0.5	0.1	0.5	0.6	4.7
Net Depreciation and amortisation <sup>(1)</sup>	113.6	0.7	69.9	71.9	11.2	26.3	18.7	312.3
<b>EBIT</b>	<b>233.0</b>	<b>2.6</b>	<b>84.6</b>	<b>107.1</b>	<b>54.2</b>	<b>85.1</b>	<b>(34.5)</b>	<b>532.1</b>

1Q08 (€ m)	Generation Iberia	Supply Iberia	EDP Renováveis	Distribution Iberia	Gas Iberia	Energias do Brasil	Other & Adjustments	EDP Group
<b>Operating Revenues</b>	<b>1,000.0</b>	<b>299.4</b>	<b>142.2</b>	<b>1,548.8</b>	<b>378.4</b>	<b>485.4</b>	<b>(322.5)</b>	<b>3,531.6</b>
<b>Direct Activity Costs</b>	<b>611.4</b>	<b>279.6</b>	<b>1.1</b>	<b>1,162.3</b>	<b>297.4</b>	<b>244.3</b>	<b>(322.9)</b>	<b>2,273.2</b>
<b>Gross Profit</b>	<b>388.5</b>	<b>19.7</b>	<b>141.1</b>	<b>386.5</b>	<b>81.0</b>	<b>241.1</b>	<b>0.4</b>	<b>1,258.3</b>
Supplies and services	35.2	11.9	19.8	81.2	12.1	38.5	(28.2)	170.6
Personnel costs	29.5	2.9	8.5	51.6	7.4	24.2	24.3	148.5
Costs with social benefits	5.3	0.1	0.2	20.3	0.1	4.7	(1.5)	29.1
Other operating costs (net)	18.9	(6.0)	(12.9)	51.2	0.8	13.1	36.4	101.4
<b>Operating costs</b>	<b>89.0</b>	<b>8.9</b>	<b>15.6</b>	<b>204.4</b>	<b>20.4</b>	<b>80.4</b>	<b>31.0</b>	<b>449.6</b>
<b>EBITDA</b>	<b>299.6</b>	<b>10.8</b>	<b>125.5</b>	<b>182.0</b>	<b>60.6</b>	<b>160.7</b>	<b>(30.6)</b>	<b>808.7</b>
Provisions for risks and contingencies	0.0	0.9	-	0.5	0.1	4.3	-5.6	0.3
Net Depreciation and amortisation <sup>(1)</sup>	89.8	0.6	45.3	69.2	10.7	29.5	21.4	266.5
<b>EBIT</b>	<b>209.7</b>	<b>9.3</b>	<b>80.2</b>	<b>112.3</b>	<b>49.8</b>	<b>126.8</b>	<b>(46.4)</b>	<b>541.8</b>

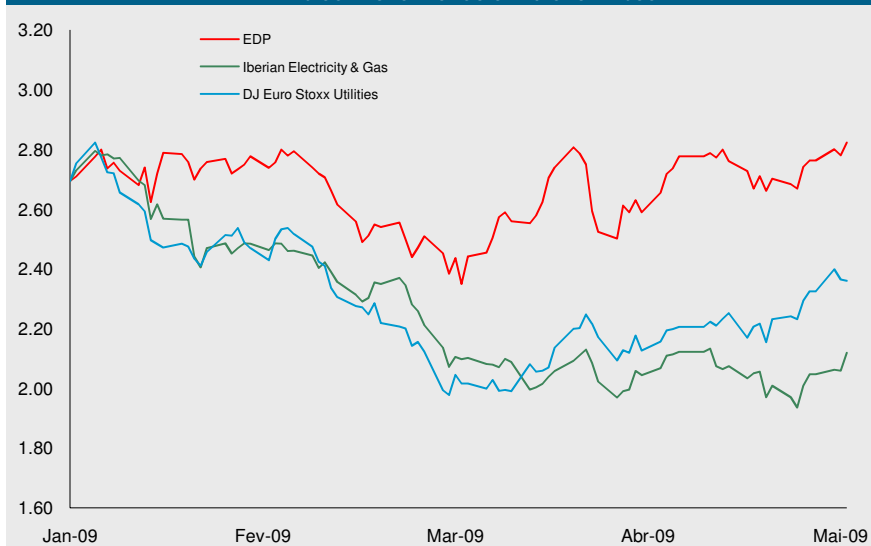
<sup>(1)</sup> Depreciation and amortisation expense net of compensation of depreciation and amortisation



# EDP Share Performance



YTD EDP Stock Performance on Euronext Lisbon



EDP's Main Events

- Feb-05:** EDP signs a €145 million loan with European Investment Bank
- Feb-06:** Fitch confirms EDP's long term credit rating to 'A-'
- Feb-10:** EDP issues EUR1bn 5 year bond
- Mar-05:** EDP assigns the right to receive the extraordinary tariff adjustments in respect of 2007 and 2008
- Mar-05:** EDP signed credit facility of €1,600 million
- Mar-06:** Resignation of members of the General and Supervisory Board
- Mar-11:** Tolling agreement with Iberdrola on Aguieira and Raiva hydro plants in Portugal
- Mar-08:** EDP acquires 532MW of wind projects in Rio Grande do Sul
- Apr-15:** EDP's Annual General Shareholders Meeting
- Apr-23:** EDP announces dividend payment to May 14th (€0.14 - Gross dividend)

## EDP Stock Market Performance

YTD 52W 2008

(06-05-2009)

### EDP Share Price (Euronext Lisbon - €)

Close	2.82	2.82	2.70
Max	2.88	4.22	4.76
Min	2.34	2.06	2.06
Average	2.66	3.02	3.52

### EDP's Liquidity in Euronext Lisbon

Turnover (€ m)	1,395	6,622	9,864
Average Daily Turnover (€ m)	15	25	38
Traded Volume (million shares)	523	2,192	2,801
Avg. Daily Volume (million shares)	5.8	8.4	10.7

### EDP Market Value

Market Capitalisation (€ million)	10,326	-	9,854
Enterprise Value (€ million)	26,120	-	25,648



# EDP installed capacity & electricity generation



Installed Capacity - MW <sup>(1)</sup>	1Q09	1Q08	Δ MW	Δ 09/08
<b>LT Contracted Generation (PPAs/CMECs)</b>	<b>6,987</b>	<b>6,987</b>	-	<b>0%</b>
<b>Hydro</b>	<b>4,094</b>	<b>4,094</b>	-	
Run off the river	1,860	1,860	-	
Reservoir	2,234	2,234	-	
<b>Coal</b>	<b>1,180</b>	<b>1,180</b>	-	
Sines	1,180	1,180	-	
<b>Fuel oil</b>	<b>1,713</b>	<b>1,713</b>	-	
Setúbal	946	946	-	
Carregado	710	710	-	
Barreiro	56	56	-	
<b>Special Regime (Ex-Wind)</b>	<b>403</b>	<b>316</b>	<b>87</b>	<b>27%</b>
Small-Hydro	160	79	81	
Cogeneration+Waste	225	226	-1	
Biomass	18	11	6	
<b>Liberalised Electricity Generation</b>	<b>5,096</b>	<b>4,678</b>	<b>418</b>	<b>9%</b>
<b>Hydro</b>	<b>910</b>	<b>910</b>	-	
Portugal	484	484	-	
Spain	426	426	-	
<b>Coal</b>	<b>1,460</b>	<b>1,460</b>	-	
Aboño I	342	342	-	
Aboño II	536	536	-	
Soto Ribera II	236	236	-	
Soto Ribera III	346	346	-	
<b>CCGT</b>	<b>2,405</b>	<b>1,987</b>	<b>418</b>	<b>21%</b>
Ribatejo (3 groups)	1,176	1,176	-	
Castejón (2 group)	811	811	-	
Soto IV (1 group)	418	-	418	
<b>Nuclear</b>	<b>156</b>	<b>156</b>	-	
Trillo	156	156	-	
<b>Gasoil</b>	<b>165</b>	<b>165</b>	-	
Tunes	165	165	-	
<b>Wind (More detail on page 16)</b>	<b>4,512</b>	<b>3,097</b>	<b>1,415</b>	<b>46%</b>
Europe	2,477	1,776	701	39%
USA	2,022	1,321	701	53%
Brazil	14	-	14	-
<b>Brazil (Ex-Wind)</b>	<b>1,697</b>	<b>1,044</b>	<b>653</b>	<b>63%</b>
<b>Hydro</b>	<b>1,697</b>	<b>1,044</b>	<b>653</b>	<b>63%</b>
Lajeado	903	250	653	262%
Peixe Angical	452	452	-	
Energest	342	342	-	
<b>TOTAL</b>	<b>18,695</b>	<b>16,122</b>	<b>2,573</b>	<b>16%</b>

Electricity Generation (GWh)	1Q09	1Q08	Δ GWh	Δ 09/08
<b>LT Contracted Generation (PPAs/CMECs)</b>	<b>5,263</b>	<b>3,401</b>	<b>1,862</b>	<b>55%</b>
<b>Hydro</b>	<b>2,845</b>	<b>1,097</b>	<b>1,748</b>	<b>159%</b>
Run off the river	1,870	622	1,248	
Reservoir	975	475	500	
<b>Coal</b>	<b>2,207</b>	<b>2,231</b>	<b>-24</b>	<b>-1%</b>
Sines	2,207	2,231	-24	
<b>Fuel oil</b>	<b>211</b>	<b>73</b>	<b>138</b>	<b>188%</b>
Setúbal	186	51	134	
Carregado	1	-3	4	
Barreiro	25	25	0	
<b>Special Regime (Ex-Wind)</b>	<b>534</b>	<b>395</b>	<b>139</b>	<b>35%</b>
Small-Hydro	169	40	129	
Cogeneration+Waste	350	346	3	
Biomass	15	8	6	
<b>Liberalised Electricity Generation</b>	<b>4,593</b>	<b>5,246</b>	<b>-653</b>	<b>-12%</b>
<b>Hydro</b>	<b>581</b>	<b>279</b>	<b>302</b>	<b>108%</b>
Portugal	216	140	76	
Spain	365	139	226	
<b>Coal</b>	<b>2,390</b>	<b>1,783</b>	<b>607</b>	<b>34%</b>
Aboño I	587	581	6	
Aboño II	915	969	-53	
Soto Ribera II	322	238	84	
Soto Ribera III	566	-4	570	
<b>CCGT</b>	<b>1,476</b>	<b>2,866</b>	<b>-1,390</b>	<b>-49%</b>
Ribatejo (3 groups)	1,287	2,089	-803	
Castejón (2 group)	102	777	-675	
Soto IV (1 group)	87	-	87	
<b>Nuclear</b>	<b>147</b>	<b>318</b>	<b>-172</b>	<b>-54%</b>
Trillo	147	318	-172	
<b>Gasoil</b>	<b>-0</b>	<b>-0</b>	<b>0</b>	
Tunes	-0	-0	0	
<b>Wind</b>	<b>2,845</b>	<b>2,032</b>	<b>814</b>	<b>40%</b>
Europe	1,163	1,072	91	8%
USA	1,675	960	715	75%
Brazil	8	-	-	-
<b>Brazil (Ex-Wind)</b>	<b>2,116</b>	<b>1,493</b>	<b>623</b>	<b>42%</b>
<b>Hydro</b>	<b>2,116</b>	<b>1,493</b>	<b>623</b>	<b>42%</b>
Lajeado	1,067	375	692	
Peixe Angical	612	664	-52	
Energest	438	454	-17	
<b>TOTAL</b>	<b>15,352</b>	<b>12,567</b>	<b>2,785</b>	<b>22%</b>

<sup>(1)</sup> Installed capacity that contributed to the revenues in the period.

## EDP CO2 Emissions



CO2 Emissions	CO2 Emissions (absolute, MtCO2)		Specific (tones/GWh)		Gross Production (GWh)	
	1Q09	1Q08	1Q09	1Q08	1Q09	1Q08
<b>TOTAL PPA's/CMECs</b>	<b>2,135</b>	<b>2,045</b>			<b>2,704</b>	<b>2,564</b>
Coal	1,920	1,934	0.81	0.82	2,369	2,372
Fuel Oil + Natural Gas	215	111	0.64	0.58	335	192
<b>TOTAL LIBERALISED GENERATION</b>	<b>3,302</b>	<b>3,018</b>			<b>4,165</b>	<b>4,871</b>
Coal	2,753	2,129	1.04	1.11	2,645	1,912
CCGT	550	889	0.36	0.30	1,520	2,959
<b>SPECIAL REGIME</b>	<b>208</b>	<b>245</b>	<b>0.27</b>	<b>0.31</b>	<b>774</b>	<b>795</b>
<b>TOTAL PRODUCTION THERMAL</b>	<b>5,645</b>	<b>5,308</b>	<b>0.74</b>	<b>0.64</b>	<b>7,643</b>	<b>8,229</b>
<b>CO<sub>2</sub> FREE GENERATION</b>					<b>8,585</b>	<b>5,071</b>
<b>TOTAL PRODUCTION</b>			<b>0.35</b>	<b>0.40</b>	<b>16,228</b>	<b>13,301</b>