

**Financial Results** 

2012

#### Investor Relations Department

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

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### Main Highlights

Income Statement (€ m)	2012	2011	Δ%	Δ Abs.
Gross Profit	5,428	5,436	-0.2%	-8
Supplies and services	928	901	3.0%	+27
Personnel costs	582	574	1.5%	+9
Costs with social benefits Other operating costs (net)	89 200	61 145	46% 38%	+28 +55
Net Operating costs (1)	1,800	1,681	<b>7.1%</b>	+119
EBITDA	3,628	3,756	-3.4%	-127
Provisions	16	1	-	+15
Net depreciation and amortisation (2)	1,469	1,488	-1.2%	-19
EBIT	2,143	2,267	-5.5%	-124
Capital gains/(losses)	3	21	-87%	-18
Financial results	(705)	(715)	1.4%	+10
Results from associated companies	24	19	22%	+4
Pre-tax Profit	1,465	1,592	-8.0%	-128
Income taxes	283	260	8.5%	+22
Discontinued activities	-	-	-	-
Net profit for the period	1,182	1,332	-11%	-150
Net Profit Attributable to EDP Shareholders	1,012	1,125	-10%	-112
Non-controlling Interest	170	207	-18%	-38
Key Operational Data	2012	2011	Δ%	Δ Abs.
Key Operational Data Employees	<b>2012</b> 12,382	<b>2011</b> 12,305	<b>Δ%</b> 0.6%	Δ Abs. +77
Employees	12,382	12,305	0.6%	+77
Employees Installed capacity (MW)	12,382 23,380	12,305 23,212	0.6% 0.7%	+77 +168
Employees Installed capacity (MW) Key Financial Data (€ m)	12,382 23,380 <b>2012</b>	12,305 23,212 <b>2011</b>	0.6% 0.7% <b>Δ %</b>	+77 +168 Δ Abs.
Employees Installed capacity (MW) Key Financial Data (€ m) FFO (Funds from operations)	12,382 23,380 <b>2012</b> 2,689 2,011 692	12,305 23,212 <b>2011</b> 2,827 2,161 752	0.6% 0.7% <b>∆%</b> -4.9% -6.9% -8.0%	+77 +168 Δ Abs. -138 -150 -60
Employees Installed capacity (MW) Key Financial Data (€ m) FFO (Funds from operations) Capex	12,382 23,380 <b>2012</b> 2,689 2,011	12,305 23,212 <b>2011</b> 2,827 2,161	0.6% 0.7% <b>Δ %</b> -4.9% -6.9%	+77 +168 Δ Abs. -138 -150
Employees Installed capacity (MW) Key Financial Data (€ m) FFO (Funds from operations) Capex Maintenance	12,382 23,380 <b>2012</b> 2,689 2,011 692	12,305 23,212 <b>2011</b> 2,827 2,161 752	0.6% 0.7% <b>∆%</b> -4.9% -6.9% -8.0%	+77 +168 Δ Abs. -138 -150 -60
Employees Installed capacity (MW) Key Financial Data (€ m) FFO (Funds from operations) Capex Maintenance Expansion	12,382 23,380 <b>2012</b> 2,689 2,011 692 1,319	12,305 23,212 2011 2,827 2,161 752 1,408	0.6% 0.7% <b>Δ %</b> -4.9% -6.9% -8.0% -6.4%	+77 +168 <b>∆ Abs.</b> -138 -150 -60 -90
Employees Installed capacity (MW) Key Financial Data (€ m) FFO (Funds from operations) Capex Maintenance Expansion Net financial investment in the period	12,382 23,380 <b>2012</b> 2,689 2,011 692 1,319 (6)	12,305 23,212 2011 2,827 2,161 752 1,408 146	0.6% 0.7% <b>Δ %</b> -4.9% -6.9% -8.0% -6.4%	+77 +168 ▲ Abs. -138 -150 -60 -90 -151
Employees Installed capacity (MW) Key Financial Data (€ m) FFO (Funds from operations) Capex Maintenance Expansion Net financial investment in the period Key Balance Sheet Data (€ m)	12,382 23,380 <b>2012</b> 2,689 2,011 692 1,319 (6) <b>Dec-12</b>	12,305 23,212 2011 2,827 2,161 752 1,408 146 Dec-11	0.6% 0.7% <b>Δ %</b> -4.9% -6.9% -6.9% -6.4% -	+77 +168 Δ Abs. -138 -138 -150 -90 -151 Δ Abs.
Employees Installed capacity (MW) Key Financial Data (€ m) FFO (Funds from operations) Capex Maintenance Expansion Net financial investment in the period Key Balance Sheet Data (€ m) Equity book value	12,382 23,380 2012 2,689 2,011 692 1,319 (6) Dec-12 8,192	12,305 23,212 2011 2,827 2,161 752 1,408 146 <b>Dec-11</b> 8,110	0.6% 0.7% <b>Δ %</b> -4.9% -6.9% -8.0% -6.4% - - <b>Δ %</b> 1.0%	+77 +168 Δ Abs. -138 -138 -150 -60 -90 -151 Δ Abs. +83
Employees Installed capacity (MW) Key Financial Data (€ m) FFO (Funds from operations) Capex Maintenance Expansion Net financial investment in the period Key Balance Sheet Data (€ m) Equity book value Net debt	12,382 23,380 <b>2012</b> 2,689 2,011 692 1,319 (6) <b>Dec-12</b> 8,192 18,233	12,305 23,212 2011 2,827 2,161 752 1,408 146 <b>Dec-11</b> 8,110 16,880	0.6% 0.7% <b>Δ%</b> -4.9% -6.9% -6.4% - - <b>Δ%</b> 1.0% 8.0%	+77 +168 Δ Abs. -138 -150 -60 -90 -151 Δ Abs. +83 +1,353

**EBITDA fell by 3% (-€127m) YoY, to €3,628m in 2012**, penalised by a 22% (-€147m) fall in Brazil mainly due to tariff deviations (-€67m due to be recovered in the coming years) and to the delay in the start up of Pecém (-€41m). EBITDA from wind operations rose by 17% (+€137m), backed by portfolio expansion, stronger wind resources and higher prices. EBITDA from operations in Iberia (ex-wind) fell 5.7% (-€131m), penalised by regulatory changes in Portugal (-€39m from interruption of capacity payments) and in Spain (-€18m); past year's gain from disposal of electricity transmission assets in Spain (-€27m) and one-off costs in LT Contracted (-€26m in 2012 vs. €14m in 2011). ForEx impact on EBITDA totalled - €19m reflecting 7% depreciation of BRL and an 8% appreciation of USD vs. Euro.

In 2012, 91% of EBITDA derived from LT contracted and regulated activities, reflecting EDP's low-risk operational profile. EDP continues to diversify its portfolio geographically: in 2012, Portugal accounted for 46% of the group's EBITDA, Spain for 25%, Brazil for 15%, US for 9% and the Rest of Europe (excluding Iberia) accounted for 5% of EBITDA. Also noteworthy is that, by Dec-12, CO<sub>2</sub> free technologies accounted for 65% of EDP's installed capacity, mirroring the group's strategy to expand in green and low-cost technologies.

Net operating costs<sup>(1)</sup> rose 7.1% (+€119m), to €1,800m in 2012, driven by a €64m increase in operating costs and a €55m rise in other net operating costs (inflated by lower one-off gains in 2012). Operating costs rose by 4%, to €1,600m backed by: (i) +3% in Iberia, prompted by higher costs related to clients'switching to the free market as part of the liberalisation process and by restructuring costs, (ii) +13% at EDPR backed by larger scale of operations and adverse ForEx impact; and (iii) a 1% fall in Brazil supported by favourable ForEx impact. In 2012, EDP achieved €76m of cost savings within its corporate efficiency program (OPEX III), meeting its 2012 target.

EBIT was 5.5% lower YoY, at €2,143m in 2012, as net depreciation, amortisation and provisions were almost flat, reflecting the mixed impact from the extension of EDPR's wind farms useful life and the commissioning of new investments. Financial results totalled -€705m in 2012, mainly driven by (i) a 7% rise in average net debt coupled with lower average cost of debt (-10bp to 4.0%); (ii) lower impairment on our financial stake at BCP (€58m in 2011 and €5m in 2012); and (iii) lower provisions in Brazil (€22m in 2011). Non-controlling interest fell 18% YoY, backed by lower results at EDP Brasil. Net profit was 10% lower in 2012, at €1,012m.

**Capex** fell by 6.9% in 2012, to  $\leq 2.0$ bn, driven by lower maintenance (- $\leq 60$ m, mostly reflecting the completion of DeNOx facilities at our Sines coal plant in 2011) and expansion capex (- $\leq 90$ m, following a slower pace of growth in wind and the conclusion of 3 hydro projects in Portugal). Expansion capex in 2012 was mostly devoted to wind and hydro.

Net debt in Dec-12 rose by €1.35bn YoY, to €18.2bn in Dec-12 (flat from Sep-12), reflecting: (i) +€1.1bn of regulatory receivables mainly prompted by Portugal (+€0.8bn in distribution, +€0.3bn in CMEC on very dry weather); (ii) +€1.3bn of expansion capex; and (iii) €0.7bn paid in dividends by EDP. Funds from operations declined by 5% YoY driven by lower EBITDA. Up to Dec-12, EDP spent €1.5bn in 2.2GW under construction.

L Excluding regulatory receivables, EDP's adjusted net debt/EBITDA stood at 4.3x in Dec-12 (vs. 4.1x in Dec-11), penalised by accumulated expenditure in projects under construction and by a lower EBITDA. In Jul-12, EDP agreed to sell its gas transmission assets in Spain to Enagas, but the settlement (€258m EV) only happened in Feb-13. In Dec-12, EDP agreed to sell a 49% equity stake and 25% of shareholders loans in EDPR Portugal to CTG, but the cash in (pending regulatory approvals) is expected to happen only in 1H13.

As of Dec-12, total cash position and available credit facilities amounted €3.9bn. This liquidity position, along with a 5-year €1.6bn term loan signed in Jan-13 and the €0.6bn expected cash (in 1H13) from the sales to Enagas and CTG; allows
 EDP to cover its refinancing needs beyond 2014.

EDP will submit to shareholders approval a proposal for the distribution of €0.185 dividend per share as to 2012FY.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); '(2) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets. (3) Net of regulatory receivables. (4) In Brazil regulatory receivables are out of Consolidated Financial Position

#### EBITDA Breakdown

EBITDA (€ m)	2012	2011	Δ%	Δ Abs.	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	EBITDA 2012
LT Contracted Generation	802.1	838.0	-4.3%	-36	206.0	212.1	204.4	215.5	197.0	205.3	206.2	193.6	Brazil 15% LT Contracted Generation
Liberalised Activities Iberia	316.3	368.5	-14%	-52	121.5	72.6	85.3	89.1	94.5	87.5	98.3	35.9	Iberia
Regulated Networks Iberia	1,057.4	1,100.5	-3.9%	-43	289.9	264.1	245.5	301.0	274.9	245.0	289.3	248.1	26% 9% Liberalised
Wind & Solar Power	937.6	800.7	17%	+137	220.1	189.1	139.1	252.4	263.5	240.1	171.2	262.9	Activities Iberia
Brazil	534.7	681.7	-22%	-147	200.8	197.0	156.6	127.4	177.4	120.5	99.4	137.4	Wind 29%
Other	(19.6)	(33.9)	42%	+14	(7.5)	(20.5)	(1.1)	(4.8)	(3.9)	(16.9)	(6.9)	8.1	Regulated Energy
Consolidated	3,628.5	3,755.6	-3.4%	-127	1,030.8	914.4	829.8	980.6	1,003.5	881.6	857.3	886.0	Networks Iberia

**EDP consolidated EBITDA amounted to €3,628m (-3.4% YoY)**, penalised by operations in Brazil (-€147m) mainly due to tariff deviations and delay in the start up of Pecém coal plant, liberalised activities (-€52m), regulated networks (-€43m) and LT Contracted generation (-€36m). In turn, EBITDA from wind operations advanced by +€137m. ForEx impact on EBITDA totalled -€19m: -€42m stemming from BRL depreciation vs. Euro; +€24m stemming from USD appreciation. Adjusted for EDP Brasil's one-off items and ForEx impact, EBITDA was 0.5% lower YoY.

**LONG TERM CONTRACTED IBERIA** – EBITDA was 4.3% lower YoY at €802m in 2012, due to: (i) lower output from our mini-hydro plants (-€17m YoY on gross profit); (ii) lower results with fuel and CO<sub>2</sub> procurement (-€21m YoY); and (iii) €26m of one off costs in 2012 (vs. €14m in 2011), mainly with curtailment). Excluding the impact from results with fuel and CO<sub>2</sub> procurement , growth in gross profit from PPA/CMECs was prompted by higher inflation, higher-than-contracted availability at our CMEC plants and by the commissioning of Sines DeNOx facilities.

**LIBERALISED ACTIVITIES IBERIA** – EBITDA was 14% lower YoY, at €316m in 2012, supported by (i) +€13m of electricity gross profit; (ii) -€20m of gross profit in the gas supply business and (iii) +€33m of operating costs. Growth in **electricity gross profit** was prompted by higher avg. unit margin earned before hedging (+€5/MWh to €12.8/MWh) and partially offset by the impact from lower total volumes (-8%), lower results from hedging and interruption of capacity payments in Portugal (-€39m). Volumes sold to retail clients were 1.5% lower YoY driven by Spain (-5% YoY). In Portugal, volumes supplied rose by 8% YoY following a strong expansion in Portugal's electricity client base in the wake of the ongoing liberalisation process. The fall in gas supply gross profit was due to lower volume sold (-4%) and to a contraction in average unit margin backed by rising gas costs and strong competition.

**REGULATED NETWORKS IBERIA** – EBITDA declined 3.9%, to €1,057m in 2012, including the impact of some non-recurrent items in 2011 (+€60m of which €21m intra-group) and 2012 (+€28m). Excluding these impacts, EBITDA decreased 1% YoY (-€11m), to €1,029m, mainly driven by an 8% decrease of regulated revenues in electricity distribution in Spain (due to regulatory changes unveiled in Mar-12). Portugal distribution grid regulated revenues rose by 8% following a rise in the rate of return on RAB from 8.56% in 2011 to 10.05% in 2012, in line with the evolution of Portuguese Republic 5Y CDS.

**WIND POWER** – EDPR's EBITDA rose 17% YoY to €938m in 2012, reflecting a 6% increase in installed capacity, stable avg. load factor in 2012 (at 29%) and a higher avg. selling price (+10% YoY to €63/MWh, following the ongoing positive performance in all of the regions where EDPR operates). The main growth drivers were: (1) European markets ex-Iberia (+€78m YoY), following 113MW of capacity additions, higher avg. load factors (+1pp to 24%) and higher avg. selling prices (+12% YoY to €107/MWh); (2) Spain (+€61m, including hedging results), backed by 110MW of capacity additions, higher avg. load factors (+1pp to 27%) and higher avg. selling prices (+6% YoY to €88/MWh); and (3) the US market (+€47m), driven by positive ForEx impact (+€24m on 8% YoY appreciation of the USD vs. the EUR), capacity additions (+215MW), 33% avg. load factor and higher avg. selling price (+3% YoY to USD47/MWh). EBITDA performance is impacted by some non-recurrent items totalling +€48m in 2011 and +€10m in 2012, related to some asset revaluations and pipeline rationalisation. Adjusted for this, EBITDA grew by 23% (+€174m) YoY in 2012.

**BRAZIL** - EDPB's contribution to EDP EBITDA declined 22%, penalised by unfavourable ForEx impact (-€42m in the wake of a 7% depreciation of BRL vs. EUR) and by a 15% (-R\$245m) decline in local currency EBITDA. Local currency EBITDA in distribution declined by 26%, backed by increasing negative tariff deviation (-R\$171m YoY) and capitalization of some revenues in 2012 which were not capitalized in 2011 (+R\$46m in 2011). EBITDA in generation dropped by 7% in local currency, due to the negative contribution from Pecém's coal plant following the delay in commercial operation startup (-R\$104m). Adjusted for these non-recurrent items and for the tariff deviation impact, normalized EBITDA declined by 5%, to R\$1,521m in 2012 (13% above reported EBITDA in 2012).

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#### Profit & Loss Items below EBITDA

Provisions, Deprec. & Amortizat. (€ m)	2012	2011	Δ%	Δ Abs.
EBITDA	3.628.5	3.755.6	-3.4%	-127
Provisions	16.1	0.7	-	+15
Depreciation and amortisation	1,493.9	1,517.2	-1.5%	-23
Compensation for depreciation	(24.9)	(29.7)	16%	+5
EBIT	2,143.4	2,267.4	-5.5%	-124

Net depreciation and amortisation (net of compensation from depreciation and amortisation of subsidised assets) declined 1% in 2012, since the extension of the useful life of the wind farms (from 20 to 25 years, from Apr-11 onwards) more than compensated the impact from (i) €53m of impairments at EDP Renováveis' level (vs. €41m in 2011 and (ii) the comissioning of several new wind farms, two new hydro plants in Portugal in 4Q11 and the DeNOx facilities at Sines' coal plant in Portugal from Jan-12 onwards.

#### **Financial Results:**

Financial Results (€ m) 2012 2011 Δ% Δ Abs. Net financial interest (716.7)(661.4)-8.4% -55 143.Ó 140.6 1.7% Capitalized financial costs +2 -12 (48.5)(36.3) -34% Net foreign exch. diff. and derivatives -26% -2 Investment income 5.8 7.9 (77.3)(88.1) 12% +11 Unwinding w/ pension & medical care resp. (78.1)85% **Other Financials** (11.6)+66 1.4% +10 **Financial Results** (705.3) (715.4)

Results from Associat. Companies (€ m)	2012	2011	Δ%	Δ Abs.
				-
CEM (21%) - China/Macao	12.6	9.2	37%	+3
Setgás (33%)	2.6	3.4	-23%	-1
EDP Renováveis subsidiaries	6.8	3.9	75%	+3
Other	1.7	2.9	-41%	-1
Results from associated companies	23.8	19.5	22%	+4

Capital Gains/(Losses) (€ m)	2012	2011	Δ%	Δ Abs.
SEASA - EDP Renováveis Ampla Energia & Ampla Investimentos Other	2.8	9.4 9.5 2.0	- - 40%	-9 -10 +1
Capital Gains/(Losses)	2.8	20.9	-87%	-18

Income Tax (€ m)	2012	2011	Δ%	Δ Abs.
Pre-tax profit	1,464.7	1,592.4	-8.0%	-128
Income taxes	282.5	260.4	8.5%	+22
Effective tax rate (%) Discontinued activities	19.3%	16.4% -	2.9 pp -	-

Non-controlling Interest (€ m)	2012	2011	Δ%	Δ Abs.
EDP Renováveis	38.8	22.3	74%	+17
HC Energia	1.1	2.1	-48%	-1
Energias do Brasil	123.1	178.2	-31%	-55
Other	6.7	4.7	43%	+2
Non-controlling Interest	169.7	207.3	-18%	-38

a) Net financial interest costs rose by 8% YoY, to €717m in 2012, following an increase by 7% in average net debt. The average cost of debt declined from 4.1% in 2011 to 4.0% in 2012.

**b)** Capitalised financial costs increased 2% as the lower level of works in progress at EDP Renováveis were more than compensated by higher levels of works in progress in new hydro in Portugal and new generation in Brazil.

c) Other financials rose €66m YoY, since in 2011 it reflected €58m of impairments in our financial stake in BCP (vs €5m in 2012) and also a €22m provision due to a litigation with a client in Brazil.

**Results from associated companies:** EDP Renováveis subsidiaries include essentially our equity stake in ENEOP Portugal (€4.1m in 2012) and in the spanish wind farm Sierra del Madero (€2.0m in 2012).

**Capital gains** decreased €18m mainly reflecting (i) the sale by EDPR of a 16.7% stake in SEASA (wind farms in Spain) in 1H11 (€9m) and (ii) the sale of 7.7% of Ampla Energia e Serviços and Ampla Investimentos e Serviços in Brazil to Endesa, ensuring a capital gain of €10m.

**Income tax** includes positive one-off effects in fiscal consolidation perimeters in Iberia both in 2011 and 2012. The €22m increase includes the rise in the corporate tax rate in Portugal (from 29.0% in 2011 to 31.5% in 2012).

Non-controlling interest decreased 18% YoY to €170m in 2012, as a decline of profits at EDP Brasil's level was just partially offset by the increase of net profit at EDPR's level.

#### **Capital Expenditure & Net Financial Investments**

Capex (€ m)	2012	2011	Δ%	Δ Abs.	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	CAPEX 2012
LT contracted gen. Iberia	44.1	58.9	-25%	-15	13.9	18.4	13.6	13.1	7.9	10.2	10.5	15.5	LT Contracted Other Generation
Liberalised activities Iberia	524.2	465.4	13%	+59	49.0	104.1	115.2	197.1	85.8	121.8	155.9	160.8	
Regulated networks Iberia	403.6	404.8	-0.3%	-1	69.5	97.0	89.3	148.9	81.7	102.6	80.0	139.4	2% 2% Activities
Wind & solar power	606.5	828.7	-27%	-222	190.4	154.6	171.1	312.6	55.1	54.4	153.8	343.3	20% Iberia
Brazil	388.4	341.2	14%	+47	63.0	60.8	104.7	112.8	88.9	70.1	94.8	134.7	Regulated
Other	43.8	61.7	-29%	-18	6.8	17.5	14.0	23.4	5.7	6.2	12.3	19.7	30% Networks
EDP Group	2,010.7	2,160.6	-6.9%	-150	392.7	452.4	507.8	807.8	325.0	365.2	507.2	813.3	20% Iberia
Expansion Capex	1,318.6	1,408.2	-6.4%	-90	263.4	271.4	322.2	551.3	189.2	213.0	349.6	566.9	Wind Power
Maintenance Capex	692.0	752.4	-8.0%	-60	129.3	181.0	185.6	256.5	135.8	152.3	157.6	246.4	

Generation Projects Under Construction (€ m)	MW	Capex 2012	Acc. Capex (1)
Hydro Portugal	1,468	359.4	709
Wind Power (2)	158	186.0	283
Coal Brazil	180	54.3	327
Hydro Brazil	378	152.0	201
Total	2,184	751.7	1,520

Net financial investments/(Divestments) (€m)	2012	2011	Δ%	Δ Abs.
Financial Investments	201.1	615.5	-67%	-414
Consolidation Perimeter EDPR Genesa (20% stake) Gas assets Jari hydro plant (Brazil) Other	28.9 - 105.7 38.3 28.2	31.6 231.4 213.6 122.0 17.0	-8.5% - -51% -69% 67%	-3 -231 -108 -84 +11
Financial Divestments	206.9	469.9	-56%	-263
Consolidation Perimeter EDPR Vento II (49%) - Wind US EDP Brasil Ampla (7.7% stake) Other	6.8 175.7 24.5 -	30.4 353.3 85.0 1.3	-78% - -93% -	-24 +176 -329 -85 -1
Total	(5.8)	145.6	-	-151

**Consolidated capex** totalled €2,011m in 2012, standing 7% below 2011. Expansion capex was 6% lower YoY, backed by lower expansion in wind & solar (-27% YoY) and higher capex in liberalised activities (new hydro in Portugal) and Brazil (new hydro and coal capacity). Maintenance capex was 8% lower YoY, at €692m mostly reflecting the completion of DeNOx facilities at our Sines coal plant in 2011. In 2012, hydro & wind capacity absorbed 88% of expansion capex.

**Capex in new hydro capacity in Portugal** (34% of expansion capex) totalled  $\leq$ 442m in 2012, the bulk of which devoted to: i) the conclusion of Alqueva II ( $\leq$ 28m in 2012; total accumulated capex of  $\leq$ 187m), a 256MW hydro repowering with pumping which started operations in Dec-12; and ii) the ongoing construction/repowering works in 5 other plants ( $\leq$ 359m in 1,468MW due in 2014/16): 2 repowerings (963MW) and 3 new plants (505MW).

**Capex in new wind and solar capacity** (46% of expansion capex), at EDPR level, totalled €606m and was mainly incurred in the construction of +440MW new capacity in US (+215MW), Spain (+110MW), Romania (+65MW, of which 39MW of solar PV), Italy (+40MW), France and Portugal (+10MW). EDPR has so far spent €283m (€186m in 2012) in MW under development and in 158MW currently under construction (energy to be sold at 'market price + green certificates'): 130MW in Poland and 28MW in Romania.

In Brazil, capex totalled €388m, of which: i) €114m were invested in the construction of Pecém, a 360MW coal plant to be concluded in 1Q13 – the first group (total accumulated capex of €324m) was commissioned in Dec-12, while the second group (€327m already invested, of which €54m in 2012) has started the syncronisation with the electric system in Feb-13; and ii) €152m in the construction of Jari, a new 373MW hydro facility due in 2015 and in the repowering of Mascarenhas (5MW which started operations in Feb-13).

Net financial divestments amounted to €6m in 2012. Financial divestments include: i) €176m (or USD230m) from the sale to Borealis Infrastructure (one of Canada's largest pension funds), of a 49% equity stake in a portfolio of wind farm assets in the US with a total capacity of 599MW; and ii) €24m related to the disposal of Evrecy, transmission assets in Escelsa concession area, to CTEEP (closed in Dec-12). The bulk of financial investments relates to: i) the payment of an additional 5% equity stake in Naturgas in 4Q12 (€106m), in line with the agreement with Ente Vasco de Energia signed in 2010; and ii) a payment regarding the approval by ANEEL of the expansion of Jari capacity by 73MW.

**Overall,** EDP has so far spent €1.5bn in 2.2GW of new generation capacity under construction. Looking forward, EDP plans a net investment of c€2.0bn in 2013.

#### Cash Flow

Consolidated Cash Flow (€m) - Indirect Method	2012	2011	Δ%	Δ Abs.
EBITDA	3,628.5	3,755.6	-3.4%	-127
Income tax	(154)	(187)	18%	+33
Net financial interest	(717)	(661)	-8.4%	-55
Net Income and dividends received from Associates	<b>`</b> 3Ó	` 2Ź	8.2%	+2
Other adjustments	(98)	(107)	8.4%	+9
FFO (Funds From Operations)	2,689.1	2,826.8	-4.9%	-138
Net financial interest	717	661	8.4%	+55
Net Income and dividends received from Associates	(30)	(27)	-8.2%	-2
Change in operating working capital	(1,380)	(514)	-	-866
Regulatory Receivables	(977)	(204)	-	-773
Other	(402)	(310)	-30%	-93
Net Cash from Operating Activities	1,996.5	2,946.8	-32%	-950
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Expansion capex	(1,319)	(1,408)	6.4%	+89
Maintenance capex	(692)	(752)	8.0%	+61
Change in working capital from equipment suppliers	(61)	(54)	-14%	-7
Net Operating Cash Flow	(75.6)	732.2	-	-808
Net financial (investments)/divestments	6	(146)	-	+151
Net financial interest paid	(597)	(530)	-13%	-67
Dividends received	23	` 2Ó	17%	+3
Dividends paid	(825)	(754)	-9.5%	-71
Proceeds/(payments) from institut. partnersh. in US wind	(15)	141	-	-156
Effect of exchange rate fluctuations	218	(43)	-	+260
Other non-operating changes	(87)	(53)	-63%	-33
Decrease/(Increase) in Net Debt	(1,353.4)	(633.0)	-114%	-720
Consolidated Cash Flow (€m) - Direct Method	2012	2011	Δ%	Δ Abs.

Operating Activities Cash receipts from customers Proceeds from tariff adjustments securitization Cash paid to suppliers and personnel Concession rents & other Net Cash from Operations Income tax received/(paid)	14,710 442 (12,320) (708) <b>2,124</b> (128)	14,337 685 (11,406) (477) <b>3,139</b> (192)	2.6% -35% -8.0% -48% <b>-32%</b> 33%	+372 -242 -914 -231 <b>-1,014</b> +64
Net Cash from Operating Activities	1,997	2,947	-32%	-950
Net Cash from Investing Activities	(2,125)	(2,544)	16%	+420
Net Cash from Financing Activities	105	(218)	-	+322
Changes in Cash and Cash Equivalents	(24)	185	-	-209
Effect of exchange rate fluctuations	(13)	(42)	70%	+29

**Funds from operations (FFO) fell 5% YoY to €2,689m in 2012**, reflecting: i) a lower EBITDA (-3.4% YoY); ii) a €55m increase in net financial interests, following a 7% increase of average net debt; and iii) a €33m decrease of current income taxes, driven by a lower taxable income in Portugal and Brazil (due to a significant increase of regulatory receivables, which for cash purposes will only contribute to annual taxable income in the year of collection).

Net cash from operating activities fell 32% YoY to €1,997m in 2012. Note that in 2012, this item was negatively impacted by a €977m net increase in regulatory receivables: i) +€1,067m from our regulated activities in Portugal, penalised by very dry weather conditions; and ii) -€89m from Spain, as the tariff deficit generated in 2012 was more than compensated by the securitisation deals undertaken throughout the year. In 2012, a total of €443m of regulatory receivables (€141m from Portugal and €301m from Spain) were securitized, and in Jan/Feb-13, EDP already received another €78m of securitisations from Spain.

Expansion capex fell 6% YoY to €1,319m in 2012 reflecting a reduction of capex in wind power, following lower capacity additions in 2012 vs. 2011.

**Net financial divestments amounted to €6m in 2012**, mostly reflecting, on the one hand, the sale to Borealis of a 49% stake in 599MW of wind US capacity (€176m), and the sale of Evrecy to CTEEP (€24m), and on the other, the payment of an additional 5% equity stake in Naturgas (€106m), as well as a payment for the expansion of Jari's capacity by 73MW to 373MW (hydro in Brazil).

On May 16<sup>th</sup> 2012, EDP paid its annual dividend amounting to  $\leq 671m$  ( $\leq 0.185$ /share), a 9% increase vs. the previous year. The amount of  $\leq 825m$  of dividends paid in 2012 also includes the amount paid to non-controlling interests, namely at the level of EDP Brasil.

The €218m positive impact on net debt from effects of exchange rate fluctuations essentially reflects the impact of the 11% YoY depreciation of the BRL vs. the EUR, as well as the slight 2% YoY depreciation of the USD vs. the EUR.

Overall, **net debt** increased €1.35bn vs. Dec-11 to €18.2bn as of Dec-12.

**Looking forward**, in terms of financial investments/divestments, in Feb-13, EDP completed the sale of its gas transmission assets in Spain for an enterprise value of  $\pounds$ 258m. Also, as part of the strategic partnership with CTG, EDP reached an agreement for the sale of a 49% minority equity, and 25% of the shareholders loans, in EDP Renováveis Portugal, S.A. (615MW in operation and 29MW under development, all in Portugal) for  $\pounds$ 359 million; this transaction is subject to the customary regulatory approvals, with closing expected to occur during 1H13. Also worth mentioning, until Jun-13, EDP expects to pay  $\pounds$ 0.1bn for the acquisition of an additional 5% stake in Naturgas, this being the last tranche of Naturgas share capital to be acquired in line with the existing agreement with Ente Vasco de Energia.

In addition, and in terms of US wind tax incentives received by our wind subsidiary, EDP Renováveis, it is worth to highlight that the Marble River wind farm (125MW in US that were commissioned in 2012) was applied for the cash reimbursement program (Investment Tax Credit) having the proceeds been received on the first week of Jan-13 (USD120m).

### Statement of Consolidated Financial Position

Dec-12         Dec-11         Δ Abs.           Property, plant and equipment, net Intangible assets, net Goodwill         6,542         6,800         -259           Goodwill         3,318         3,327         -9           Financial investments and assets held for sale, net Tax assets, deferred and current         787         534         54           Trax assets, deferred and current         776         1,156         -380           Inventories         378         346         32           Trade receivables, net         2,377         2,152         225           Other assets, net         5,620         4,443         1,176           Cash and cash equivalents         1,695         1,732         -36           Total Assets         42,628         41,268         1,360           Equity (€ m)         Dec-12         Dec-11         Δ Abs.           Equity attributable to equity holders of EDP         8,192         8,110         83           Non-controling Interest         2,233         3,277         -38           Total Equity         11,432         11,387         45           Liabilities (€ m)         Dec-12         Dec-11         Δ Abs.           Financial debt, of wich:         20,523         18,785	Access (f m)		ec. vs. Dec.	
Property, plant and equipment, net         20,905         20,708         197           Intangible assets, net         6,542         6,800         -259           Goodwill         3,318         3,327         -9           Financial investments and assets held for sale, net         587         534         54           Tax assets, deferred and current         776         1,156         -380           Inventories         378         346         32           Trade receivables, net         2,377         2,152         225           Other assets, net         5,620         4,443         1,176           Collateral deposits         428         68         360           Cash and cash equivalents         1,695         1,732         -36           Total Assets         42,628         41,268         1,360           Equity (€ m)         Dec-12         Dec-11         Δ Abs.           Equity attributable to equity holders of EDP         8,192         8,110         83           Non-controling Interest         3,239         3,277         -38           Total Equity         11,432         11,387         45           Liabilities (€ m)         Dec-12         Dec-11         Δ Abs.	Assets (€ m)			Λ Δhs
Intargible assets, net       6,542       6,800       -259         Goodwill       3,318       3,327       -9         Financial investments and assets held for sale, net       587       534       54         Tax assets, deferred and current       776       1,156       -380         Inventories       378       346       32         Trade receivables, net       2,377       2,152       225         Other assets, net       2,378       346       32         Collateral deposits       428       68       360         Cash and cash equivalents       1,695       1,732       -36         Equity attributable to equity holders of EDP       8,192       8,110       83         Non-controling Interest       3,239       3,277       -38         Total Equity       11,432       11,387       45         Liabilities (€ m)       Dec-12       Dec-11       Δ Abs.         Financial debt, of wich:       20,523       18,785       1,738         Medium and long-term       16,716       15,786       929         Short term       3,808       2,999       809         Employee benefits (detail below)       1,933       1,823       1100 <td< td=""><td></td><td>Dec-12</td><td>Det-11</td><td><b>A AD3</b>.</td></td<>		Dec-12	Det-11	<b>A AD3</b> .
Intargible assets, net       6,542       6,800       -259         Goodwill       3,318       3,327       -9         Financial investments and assets held for sale, net       587       534       54         Tax assets, deferred and current       776       1,156       -380         Inventories       378       346       32         Trade receivables, net       2,377       2,152       225         Other assets, net       2,378       346       32         Collateral deposits       428       68       360         Cash and cash equivalents       1,695       1,732       -36         Equity attributable to equity holders of EDP       8,192       8,110       83         Non-controling Interest       3,239       3,277       -38         Total Equity       11,432       11,387       45         Liabilities (€ m)       Dec-12       Dec-11       Δ Abs.         Financial debt, of wich:       20,523       18,785       1,738         Medium and long-term       16,716       15,786       929         Short term       3,808       2,999       809         Employee benefits (detail below)       1,933       1,823       1100 <td< td=""><td>Property plant and equipment net</td><td>20 905</td><td>20 708</td><td>197</td></td<>	Property plant and equipment net	20 905	20 708	197
Goodwill       3,318       3,327       -9         Financial investments and assets held for sale, net       587       534       54         Tax assets, deferred and current       776       1,156       -380         Inventories       378       346       32         Trade receivables, net       2,377       2,152       225         Other assets, net       5,620       4,443       1,176         Collateral deposits       428       68       360         Cash and cash equivalents       1,695       1,732       -36         Total Assets       42,628       41,268       1,360         Equity (€ m)       Dec-12       Dec-11       Δ Abs.         Equity attributable to equity holders of EDP       8,192       8,110       83         Non-controling Interest       3,239       3,277       -38         Total Equity       11,432       11,387       45         Liabilities (€ m)       Dec-12       Dec-11       Δ Abs.         Financial debt, of wich:       20,523       18,785       1,738         Medium and long-term       16,716       15,786       929         Modum and long-term       3,808       2,999       809         Employee		,		
Financial investments and assets held for sale, net       587       534       54         Tax assets, deferred and current       776       1,156       -380         Inventories       378       346       32         Trade receivables, net       2,377       2,152       225         Other assets, net       5,620       4,443       1,176         Collateral deposits       428       68       360         Cash and cash equivalents       1,695       1,732       -36         Total Assets       42,628       41,268       1,360         Equity (€ m)       Dec-12       Dec-11       Δ Abs.         Equity attributable to equity holders of EDP       8,192       8,110       83         Non-controling Interest       3,239       3,277       -38         Total Equity       11,432       11,387       45         Liabilities (€ m)       Dec-12       Dec-11       Δ Abs.         Financial debt, of wich:       20,523       18,785       1,738         Medium and long-term       16,716       15,786       929         Short term       38.08       2,999       809         Employee benefits (detail below)       1,933       1,823       110			-,	
Tax assets, deferred and current       776       1,156       -380         Inventories       378       346       32         Trade receivables, net       2,377       2,152       225         Other assets, net       5,620       4,443       1,176         Collateral deposits       428       68       360         Cash and cash equivalents       1,695       1,732       -36         Total Assets       42,628       41,268       1,360         Equity (€ m)       Dec-12       Dec-11       Δ Abs.         Equity attributable to equity holders of EDP       8,192       8,110       83         Non-controling Interest       3,239       3,277       -38         Total Equity       11,432       11,387       45         Liabilities (€ m)       Dec-12       Dec-11       Δ Abs.         Financial debt, of wich:       20,523       18,785       1,738         Medium and long-term       16,716       15,786       929         Brinder term       3,838       2,999       809         Provisions       383       415       -32         Tax liabilities, net       1,320       1,501       -181         Other liabilities, net       5,3				
inventories       378       346       32         Trade receivables, net       2,377       2,152       225         Other assets, net       5,620       4,443       1,176         Collateral deposits       428       68       360         Cash and cash equivalents       1,695       1,732       -36         Total Assets       42,628       41,268       1,360         Equity (€ m)       Dec-12       Dec-11       Δ Abs.         Equity attributable to equity holders of EDP       8,192       8,110       83         Non-controling Interest       3,239       3,277       -38         Total Equity       11,432       11,387       45         Liabilities (€ m)       Dec-12       Dec-11       Δ Abs.         Financial debt, of wich:       20,523       18,785       1,738         Medium and long-term       16,716       15,786       929         Short term       3,808       2,999       809         Employee benefits (detail below)       1,933       1,823       110         Institutional partnerships, US wind       1,680       1,784       -104         Other liabilities, net       5,357       5,573       -216         Total Equi				
Trade receivables, net       2,377       2,152       225         Other assets, net       5,620       4,443       1,716         Collateral deposits       428       68       3360         Cash and cash equivalents       1,695       1,732       -36         Total Assets       42,628       41,268       1,360         Equity (€ m)       Dec-12       Dec-11       Δ Abs.         Equity attributable to equity holders of EDP       8,192       8,110       83         Non-controling Interest       3,239       3,277       -38         Total Equity       11,432       11,887       45         Liabilities (€ m)       Dec-12       Dec-11       Δ Abs.         Financial debt, of wich:       20,523       18,785       1,738         Medium and long-term       16,716       15,786       929         Short term       3,808       2,999       809         Engloyee benefits (detail below)       1,933       1,823       110         Institutional partnerships, US wind       1,680       1,784       -104         Other liabilities, net       5,357       5,573       -216         Total Liabilities       31,196       29,881       1,315			,	
Other assets, net         5,620         4,443         1,176           Collateral deposits         428         68         360           Cash and cash equivalents         1,695         1,732         -36           Total Assets         42,628         41,268         1,360           Equity (€ m)         Dec-12         Dec-11         Δ Abs.           Equity attributable to equity holders of EDP         8,192         8,110         83           Non-controling Interest         3,239         3,277         -38           Total Equity         11,432         11,387         45           Liabilities (€ m)         Dec-12         Dec-11         Δ Abs.           Financial debt, of wich:         20,523         18,785         1,738           Medium and long-term         16,716         15,786         929           Short term         3,808         2,999         809           Employee benefits (detail below)         1,933         1,823         110           Institutional partnerships, US wind         1,680         1,784         -104           Provisions         383         415         -32           Tax liabilities, net         5,357         5,573         -216           Total Liab				
Collateral deposits         428         68         360           Cash and cash equivalents         1,695         1,732         -36           Total Assets         42,628         41,268         1,360           Equity (€ m)         Dec-12         Dec-11         Δ Abs.           Equity attributable to equity holders of EDP         8,192         8,110         83           Non-controling Interest         3,239         3,277         -38           Total Equity         11,432         11,387         45           Liabilities (€ m)         Dec-12         Dec-11         Δ Abs.           Financial debt, of wich:         20,523         18,785         1,738           Medium and long-term         3,808         2,999         809           Employee benefits (detail below)         1,933         1,823         110           Institutional partnerships, US wind         1,680         1,784         -104           Provisions         383         415         -32         737         -36           Total Liabilities, deferred and current         1,320         1,501         -181         Other liabilities, net         5,357         5,573         -216           Total Liabilities, net         939         1,004			,	
Cash and cash equivalents       1,695       1,732       -36         Total Assets       42,628       41,268       1,360         Equity (€ m)       Dec-12       Dec-11       Δ Abs.         Equity attributable to equity holders of EDP       8,192       8,110       83         Non-controling Interest       3,239       3,277       -38         Total Equity       11,432       11,387       45         Liabilities (€ m)       Dec-12       Dec-11       Δ Abs.         Financial debt, of wich:       20,523       18,785       1,738         Medium and long-term       16,716       15,786       929         Short term       3,808       2,999       809         Employee benefits (detail below)       1,933       1,823       110         Institutional partnerships, US wind       1,680       1,784       -104         Provisions       383       415       -32         Total Liabilities, deferred and current       1,320       1,501       -181         Other liabilities, net       5,357       5,573       -216         Total Liabilities       1,933       1,823       110         Institutional Partnerships, US Wind       1,680       1,784       -104	Other assets, net	5,620	4,443	1,176
Total Assets         42,628         41,268         1,360           Equity (€ m)         Dec-12         Dec-11         Δ Abs.           Equity attributable to equity holders of EDP         8,192         8,110         83           Non-controling Interest         3,239         3,277         -38           Total Equity         11,432         11,387         45           Liabilities (€ m)         Dec-12         Dec-11         Δ Abs.           Financial debt, of wich:         20,523         18,785         1,738           Medium and long-term         16,716         15,786         929           Short term         3,808         2,999         809           Employee benefits (detail below)         1,933         1,823         110           Institutional partnerships, US wind         1,680         1,784         -104           Provisions         383         415         -32           Tax liabilities, deferred and current         1,320         1,501         -181           Other liabilities, net         5,357         5,573         -216           Total Liabilities         31,196         29,881         1,315           Total Equity and Liabilities         42,628         41,268         1,360 </td <td></td> <td>428</td> <td>68</td> <td></td>		428	68	
Equity (€ m)         Dec-12         Dec-11         Δ Abs.           Equity attributable to equity holders of EDP         8,192         8,110         83           Non-controling Interest         3,239         3,277         -38           Total Equity         11,432         11,387         45           Liabilities (€ m)         Dec-12         Dec-11         Δ Abs.           Financial debt, of wich:         20,523         18,785         1,738           Medium and long-term         16,716         15,786         929           Short term         3,808         2,999         809           Employee benefits (detail below)         1,933         1,823         110           Institutional partnerships, US wind         1,680         1,784         -104           Provisions         383         415         -32           Tax liabilities, deferred and current         1,320         1,501         -181           Other liabilities         31,196         29,881         1,315           Total Equity and Liabilities         42,628         41,268         1,360           Employee Benefits (€m)         Dec-12         Dec-11         Δ Abs.           Pensions (3)         939         1,004         -65 <td>Cash and cash equivalents</td> <td>1,695</td> <td>1,732</td> <td>-36</td>	Cash and cash equivalents	1,695	1,732	-36
Equity attributable to equity holders of EDP $8,192$ $8,110$ $83$ Non-controling Interest $3,239$ $3,277$ $-38$ Total Equity $11,432$ $11,387$ $45$ Liabilities (€ m)Dec-12Dec-11 $\Delta$ Abs.Financial debt, of wich: $20,523$ $18,785$ $1,738$ Medium and long-term $16,716$ $15,786$ $929$ Short term $3,808$ $2,999$ $809$ Employee benefits (detail below) $1,933$ $1,823$ $110$ Institutional partnerships, US wind $1,680$ $1,784$ $-104$ Provisions $383$ $415$ $-32$ Tax liabilities, deferred and current $1,320$ $1,501$ $-181$ Other liabilities $31,196$ $29,881$ $1,315$ Total Equity and Liabilities $42,628$ $41,268$ $1,360$ Employee Benefits (€m)Dec-12Dec-11 $\Delta$ Abs.Pensions (3) $939$ $1,004$ $-65$ Medical care and other $994$ $819$ $175$ Employee Benefits $1,933$ $1,823$ $110$ Institutional Partnerships, US Wind $1,680$ $1,784$ $-104$ (-) Deferred Income $738$ $773$ $-36$ Institutional Partnerships Liabilities $942$ $1,011$ $-68$ Regulatory Receivables (€m)Dec-12Dec-11 $\Delta$ Abs.Portugal Distribution and Gas (1) $1,543$ $740$ $803$ Portugal Distribution and Gas (1) $1,543$ $740$ $803$ </td <td>Total Assets</td> <td>42,628</td> <td>41,268</td> <td>1,360</td>	Total Assets	42,628	41,268	1,360
Equity attributable to equity holders of EDP $8,192$ $8,110$ $83$ Non-controling Interest $3,239$ $3,277$ $-38$ Total Equity $11,432$ $11,387$ $45$ Liabilities (€ m)Dec-12Dec-11 $\Delta$ Abs.Financial debt, of wich: $20,523$ $18,785$ $1,738$ Medium and long-term $16,716$ $15,786$ $929$ Short term $3,808$ $2,999$ $809$ Employee benefits (detail below) $1,933$ $1,823$ $110$ Institutional partnerships, US wind $1,680$ $1,784$ $-104$ Provisions $383$ $415$ $-32$ Tax liabilities, deferred and current $1,320$ $1,501$ $-181$ Other liabilities $31,196$ $29,881$ $1,315$ Total Equity and Liabilities $42,628$ $41,268$ $1,360$ Employee Benefits (€m)Dec-12Dec-11 $\Delta$ Abs.Pensions (3) $939$ $1,004$ $-65$ Medical care and other $994$ $819$ $175$ Employee Benefits $1,933$ $1,823$ $110$ Institutional Partnerships, US Wind $1,680$ $1,784$ $-104$ (-) Deferred Income $738$ $773$ $-36$ Institutional Partnerships Liabilities $942$ $1,011$ $-68$ Regulatory Receivables (€m)Dec-12Dec-11 $\Delta$ Abs.Portugal Distribution and Gas (1) $1,543$ $740$ $803$ Portugal Distribution and Gas (1) $1,543$ $740$ $803$ </td <td></td> <td></td> <td></td> <td></td>				
Non-controling Interest       3,239       3,277       -38         Total Equity       11,432       11,387       45         Liabilities (€ m)       Dec-12       Dec-11       Δ Abs.         Financial debt, of wich:       20,523       18,785       1,738         Medium and long-term       16,716       15,786       929         Short term       3,808       2,999       809         Employee benefits (detail below)       1,933       1,823       110         Institutional partnerships, US wind       1,680       1,784       -104         Provisions       383       415       -32         Total Liabilities, deferred and current       1,320       1,501       -181         Other liabilities       31,196       29,881       1,315         Total Equity and Liabilities       42,628       41,268       1,360         Employee Benefits (€m)       Dec-12       Dec-11       Δ Abs.         Pensions (3)       939       1,004       -65         Medical care and other       994       819       175         Employee Benefits       1,933       1,823       110         Institutional Partnerships, US Wind       1,680       1,784       -104 <tr< td=""><td>Equity (€ m)</td><td>Dec-12</td><td>Dec-11</td><td>Δ Abs.</td></tr<>	Equity (€ m)	Dec-12	Dec-11	Δ Abs.
Non-controling Interest       3,239       3,277       -38         Total Equity       11,432       11,387       45         Liabilities (€ m)       Dec-12       Dec-11       Δ Abs.         Financial debt, of wich:       20,523       18,785       1,738         Medium and long-term       16,716       15,786       929         Short term       3,808       2,999       809         Employee benefits (detail below)       1,933       1,823       110         Institutional partnerships, US wind       1,680       1,784       -104         Provisions       383       415       -32         Total Liabilities, deferred and current       1,320       1,501       -181         Other liabilities       31,196       29,881       1,315         Total Equity and Liabilities       42,628       41,268       1,360         Employee Benefits (€m)       Dec-12       Dec-11       Δ Abs.         Pensions (3)       939       1,004       -65         Medical care and other       994       819       175         Employee Benefits       1,933       1,823       110         Institutional Partnerships, US Wind       1,680       1,784       -104 <tr< td=""><td>Fauity attributable to equity holders of FDP</td><td>8 192</td><td>8 110</td><td>83</td></tr<>	Fauity attributable to equity holders of FDP	8 192	8 110	83
Total Equity       11,432       11,387       45         Liabilities (€ m)       Dec-12       Dec-11       Δ Abs.         Financial debt, of wich:       20,523       18,785       1,738         Medium and long-term       16,716       15,786       929         Short term       3,808       2,999       809         Employee benefits (detail below)       1,933       1,823       110         Institutional partnerships, US wind       1,680       1,784       -104         Provisions       383       415       -32         Tax liabilities, deferred and current       1,320       1,501       -181         Other liabilities       31,196       29,881       1,315         Total Equity and Liabilities       42,628       41,268       1,360         Employee Benefits (€m)       Dec-12       Dec-11       Δ Abs.         Pensions (3)       939       1,004       -65         Medical care and other       994       819       175         Employee Benefits       1,933       1,823       110         Institutional Partnerships, US Wind       1,680       1,784       -104         (-) Deferred Income       738       773       -36 <t< td=""><td></td><td></td><td></td><td></td></t<>				
Liabilities (€ m)       Dec-12       Dec-11       Δ Abs.         Financial debt, of wich:       20,523       18,785       1,738         Medium and long-term       16,716       15,786       929         Short term       3,808       2,999       809         Employee benefits (detail below)       1,680       1,784       -104         Provisions       383       415       -32         Tax liabilities, deferred and current       1,320       1,501       -181         Other liabilities, net       5,357       5,573       -216         Total Liabilities       31,196       29,881       1,315         Total Equity and Liabilities       42,628       41,268       1,360         Employee Benefits (€m)       Dec-12       Dec-11       Δ Abs.         Pensions (3)       939       1,004       -65         Medical care and other       994       819       175         Employee Benefits       1,933       1,823       110         Institutional Partnerships Liabilities (€m)       Dec-12       Dec-11       Δ Abs.         Institutional Partnerships Liabilities       942       1,011       -68         Regulatory Receivables (€m)       Dec-12       Dec-11 <td< td=""><td>Non-controling interest</td><td>3,239</td><td>3,277</td><td>-38</td></td<>	Non-controling interest	3,239	3,277	-38
Liabilities (€ m)         Dec-12         Dec-11         ∆ Abs.           Financial debt, of wich:         20,523         18,785         1,738           Medium and long-term         16,716         15,786         929           Short term         3,808         2,999         809           Employee benefits (detail below)         1,933         1,823         110           Institutional partnerships, US wind         1,680         1,784         -104           Provisions         383         415         -32           Tax liabilities, deferred and current         1,320         1,501         -181           Other liabilities, net         5,357         5,573         -216           Total Liabilities         31,196         29,881         1,315           Total Equity and Liabilities         42,628         41,268         1,360           Employee Benefits (€m)         Dec-12         Dec-11         Δ Abs.           Pensions (3)         939         1,004         -65           Medical care and other         994         819         175           Employee Benefits         1,933         1,823         110           Institutional Partnerships, US Wind         1,680         1,784         -104	Total Equity	11,432	11,387	45
Financial debt, of wich:       20,523       18,785       1,738         Medium and long-term       16,716       15,786       929         Short term       3,808       2,999       809         Employee benefits (detail below)       1,933       1,823       110         Institutional partnerships, US wind       1,680       1,784       -104         Provisions       383       415       -32         Tax liabilities, deferred and current       1,320       1,501       -181         Other liabilities       1,196       29,881       1,315         Total Liabilities       31,196       29,881       1,315         Total Equity and Liabilities       42,628       41,268       1,360         Employee Benefits (€m)       Dec-12       Dec-11       Δ Abs.         Pensions (3)       939       1,004       -65         Medical care and other       994       819       175         Employee Benefits       1,933       1,823       110         Institutional Partnerships Liabilities (€m)       Dec-12       Dec-11       Δ Abs.         Institutional Partnerships Liabilities       942       1,011       -68         Regulatory Receivables (€m)       Dec-12       Dec-11			_	
Medium and long-term       16,716       15,786       929         Short term       3,808       2,999       809         Employee benefits (detail below)       1,933       1,823       110         Institutional partnerships, US wind       1,680       1,784       -104         Provisions       383       415       -32         Tax liabilities, deferred and current       1,320       1,501       -181         Other liabilities       31,196       29,881       1,315         Total Liabilities       31,196       29,881       1,315         Total Equity and Liabilities       42,628       41,268       1,360         Employee Benefits (€m)       Dec-12       Dec-11       Δ Abs.         Pensions (3)       939       1,004       -65         Medical care and other       994       819       175         Employee Benefits       1,933       1,823       110         Institutional Partnerships, US Wind       1,680       1,784       -104         (-) Deferred Income       738       773       -36         Institutional Partnerships Liabilities       942       1,011       -68         Regulatory Receivables (€m)       Dec-12       Dec-11       Δ Abs.	Liabilities (€ m)	Dec-12	Dec-11	Δ Abs.
Medium and long-term       16,716       15,786       929         Short term       3,808       2,999       809         Employee benefits (detail below)       1,933       1,823       110         Institutional partnerships, US wind       1,680       1,784       -104         Provisions       383       415       -32         Tax liabilities, deferred and current       1,320       1,501       -181         Other liabilities       31,196       29,881       1,315         Total Liabilities       31,196       29,881       1,315         Total Equity and Liabilities       42,628       41,268       1,360         Employee Benefits (€m)       Dec-12       Dec-11       Δ Abs.         Pensions (3)       939       1,004       -65         Medical care and other       994       819       175         Employee Benefits       1,933       1,823       110         Institutional Partnerships, US Wind       1,680       1,784       -104         (-) Deferred Income       738       773       -36         Institutional Partnerships Liabilities       942       1,011       -68         Regulatory Receivables (€m)       Dec-12       Dec-11       Δ Abs.	Einancial daht of wich:	20 522	10 705	1 720
Short term       3,808       2,999       809         Employee benefits (detail below)       1,933       1,823       110         Institutional partnerships, US wind       1,680       1,784       -104         Provisions       383       415       -32         Tax liabilities, deferred and current       1,320       1,501       -181         Other liabilities, net       5,357       5,573       -216         Total Liabilities       42,628       41,268       1,360         Employee Benefits (€m)       Dec-12       Dec-11       Δ Abs.         Pensions (3)       939       1,004       -65         Medical care and other       994       819       175         Employee Benefits       1,933       1,823       110         Institutional Partnerships Liabilities (€m)       Dec-12       Dec-11       Δ Abs.         Institutional Partnerships Liabilities (€m)       Dec-12       Dec-11       Δ Abs.         Institutional Partnerships Liabilities       942       1,011       -68         Regulatory Receivables (€m)       Dec-12       Dec-11       Δ Abs.         Portugal Distribution and Gas (1)       1,543       740       803         Portugal Annual CMEC Deviation       <				
Employee benefits (detail below)1,9331,823110Institutional partnerships, US wind1,6801,784-104Provisions383415-32Tax liabilities, deferred and current1,3201,501-181Other liabilities, net5,3575,573-216Total Liabilities31,19629,8811,315Total Equity and Liabilities42,62841,2681,360Employee Benefits (€m)Dec-12Dec-11 $\Delta$ Abs.Pensions (3)9391,004-65Medical care and other994819175Employee Benefits1,9331,823110Institutional Partnerships Liabilities (€m)Dec-12Dec-11 $\Delta$ Abs.Institutional Partnerships US Wind1,6801,784-104(-) Deferred Income738773-36Institutional Partnerships Liabilities9421,011-68Regulatory Receivables (€m)Dec-12Dec-11 $\Delta$ Abs.Portugal Distribution and Gas (1)1,543740803Portugal Annual CMEC Deviation654390263Spain (2)424514-89Brazil (4)89485				
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Provisions       383       415       -32         Tax liabilities, deferred and current       1,320       1,501       -181         Other liabilities, net       5,357       5,573       -216         Total Liabilities       31,196       29,881       1,315         Total Equity and Liabilities       42,628       41,268       1,360         Employee Benefits (€m)       Dec-12       Dec-11       Δ Abs.         Pensions (3)       939       1,004       -65         Medical care and other       994       819       175         Employee Benefits       1,933       1,823       110         Institutional Partnerships Liabilities (€m)       Dec-12       Dec-11       Δ Abs.         Institutional Partnerships US Wind       1,680       1,784       -104         (-) Deferred Income       738       773       -36         Institutional Partnerships Liabilities       942       1,011       -68         Regulatory Receivables (€m)       Dec-12       Dec-11       Δ Abs.         Portugal Annual CMEC Deviation       654       390       263         Spain (2)       424       514       -89         Brazil (4)       89       4       85 <td></td> <td>,</td> <td>/</td> <td></td>		,	/	
Tax liabilities, deferred and current1,3201,501-181Other liabilities, net5,3575,573-216Total Liabilities31,19629,8811,315Total Equity and Liabilities42,62841,2681,360Employee Benefits (€m)Dec-12Dec-11Δ Abs.Pensions (3)9391,004-65Medical care and other994819175Employee Benefits1,9331,823110Institutional Partnerships Liabilities (€m)Dec-12Dec-11Δ Abs.Institutional Partnerships US Wind1,6801,784-104(-) Deferred Income738773-36Institutional Partnerships Liabilities9421,011-68Regulatory Receivables (€m)Dec-12Dec-11Δ Abs.Portugal Distribution and Gas (1)1,543740803Portugal Annual CMEC Deviation654390263Spain (2)424514-89Brazil (4)89485		,		
Other liabilities, net       5,357       5,573       -216         Total Liabilities       31,196       29,881       1,315         Total Equity and Liabilities       42,628       41,268       1,360         Employee Benefits (€m)       Dec-12       Dec-11       Δ Abs.         Pensions (3)       939       1,004       -65         Medical care and other       994       819       175         Employee Benefits       1,933       1,823       110         Institutional Partnerships Liabilities (€m)       Dec-12       Dec-11       Δ Abs.         Institutional Partnerships Liabilities (€m)       Dec-12       Dec-11       Δ Abs.         Institutional Partnerships Liabilities       942       1,011       -68         Regulatory Receivables (€m)       Dec-12       Dec-11       Δ Abs.         Portugal Distribution and Gas (1)       1,543       740       803         Portugal Listilution and Gas (1)       1,543       740       803         Portugal Annual CMEC Deviation       654       390       263         Spain (2)       424       514       -89       4         Brazil (4)       89       4       85				
Total Liabilities       31,196       29,881       1,315         Total Equity and Liabilities       42,628       41,268       1,360         Employee Benefits (€m)       Dec-12       Dec-11       Δ Abs.         Pensions (3)       939       1,004       -65         Medical care and other       994       819       175         Employee Benefits       1,933       1,823       110         Institutional Partnerships Liabilities (€m)       Dec-12       Dec-11       Δ Abs.         Institutional Partnerships, US Wind       1,680       1,784       -104         (-) Deferred Income       738       773       -36         Institutional Partnerships Liabilities       942       1,011       -68         Regulatory Receivables (€m)       Dec-12       Dec-11       Δ Abs.         Portugal Distribution and Gas (1)       1,543       740       803         Portugal Distribution and Gas (1)       1,543       740       803         Portugal Annual CMEC Deviation       654       390       263         Spain (2)       89       4       85		,	/	
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Total Equity and Liabilities42,62841,2681,360Employee Benefits (€m)Dec-12Dec-11Δ Abs.Pensions (3)9391,004-65Medical care and other994819175Employee Benefits1,9331,823110Institutional Partnerships Liabilities (€m)Dec-12Dec-11Δ Abs.Institutional Partnerships US Wind1,6801,784-104(-) Deferred Income738773-36Institutional Partnerships Liabilities9421,011-68Regulatory Receivables (€m)Dec-12Dec-11Δ Abs.Portugal Distribution and Gas (1)1,543740803Portugal Annual CMEC Deviation654390263Spain (2)424514-89Brazil (4)89485	Total Liabilities	31.196	29.881	1.315
Employee Benefits (€m)Dec-12Dec-11 $\Delta$ Abs.Pensions (3)9391,004-65Medical care and other994819175Employee Benefits1,9331,823110Institutional Partnerships Liabilities (€m)Dec-12Dec-11 $\Delta$ Abs.Institutional Partnerships, US Wind1,6801,784-104(-) Deferred Income738773-36Institutional Partnerships Liabilities9421,011-68Regulatory Receivables (€m)Dec-12Dec-11 $\Delta$ Abs.Portugal Distribution and Gas (1)1,543740803Portugal Annual CMEC Deviation654390263Spain (2)424514-89Brazil (4)89485				
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Pensions (3)9391,004-65Medical care and other994819175Employee Benefits1,9331,823110Institutional Partnerships Liabilities (€m)Dec-12Dec-11Δ Abs.Institutional Partnerships, US Wind1,6801,784-104(-) Deferred Income738773-36Institutional Partnerships Liabilities9421,011-68Regulatory Receivables (€m)Dec-12Dec-11Δ Abs.Portugal Distribution and Gas (1)1,543740803Portugal Annual CMEC Deviation654390263Spain (2)424514-89Brazil (4)89485	Employee Benefits (£m)	Dec-12	Dec-11	Λ Δhs.
Medical care and other     994     819     175       Employee Benefits     1,933     1,823     110       Institutional Partnerships Liabilities (€m)     Dec-12     Dec-11     Δ Abs.       Institutional Partnerships, US Wind     1,680     1,784     -104       (-) Deferred Income     738     773     -36       Institutional Partnerships Liabilities     942     1,011     -68       Regulatory Receivables (€m)     Dec-12     Dec-11     Δ Abs.       Portugal Distribution and Gas (1)     1,543     740     803       Portugal Annual CMEC Deviation     654     390     263       Spain (2)     424     514     -89       Brazil (4)     89     4     85	Employee Benefits (emp	00012	20011	L / 1001
Employee Benefits     1,933     1,823     110       Institutional Partnerships Liabilities (€m)     Dec-12     Dec-11     Δ Abs.       Institutional Partnerships, US Wind     1,680     1,784     -104       (-) Deferred Income     738     773     -36       Institutional Partnerships Liabilities     942     1,011     -68       Regulatory Receivables (€m)     Dec-12     Dec-11     Δ Abs.       Portugal Distribution and Gas (1)     1,543     740     803       Portugal Annual CMEC Deviation     654     390     263       Spain (2)     424     514     -89       Brazil (4)     89     4     85	Pensions (3)	939	1,004	-65
Employee Benefits1,9331,823110Institutional Partnerships Liabilities (€m)Dec-12Dec-11Δ Abs.Institutional Partnerships, US Wind1,6801,784-104(-) Deferred Income738773-36Institutional Partnerships Liabilities9421,011-68Regulatory Receivables (€m)Dec-12Dec-11Δ Abs.Portugal Distribution and Gas (1)1,543740803Portugal Annual CMEC Deviation654390263Spain (2)424514-89Brazil (4)89485	Medical care and other	994	819	175
Institutional Partnerships Liabilities (€m)       Dec-12       Dec-11       Δ Abs.         Institutional Partnerships, US Wind       1,680       1,784       -104         (-) Deferred Income       738       773       -36         Institutional Partnerships Liabilities       942       1,011       -68         Regulatory Receivables (€m)       Dec-12       Dec-11       Δ Abs.         Portugal Distribution and Gas (1)       1,543       740       803         Portugal Annual CMEC Deviation       654       390       263         Spain (2)       424       514       -89         Brazil (4)       89       4       85		1,933	1,823	110
Institutional Partnerships, US Wind       1,680       1,784       -104         (-) Deferred Income       738       773       -36         Institutional Partnerships Liabilities       942       1,011       -68         Regulatory Receivables (€m)       Dec-12       Dec-11       Δ Abs.         Portugal Distribution and Gas (1)       1,543       740       803         Portugal Annual CMEC Deviation       654       390       263         Spain (2)       424       514       -89         Brazil (4)       89       4       85				
(-) Deferred Income       738       773       -36         Institutional Partnerships Liabilities       942       1,011       -68         Regulatory Receivables (€m)       Dec-12       Dec-11       Δ Abs.         Portugal Distribution and Gas (1)       1,543       740       803         Portugal Annual CMEC Deviation       654       390       263         Spain (2)       424       514       -89         Brazil (4)       89       4       85	Institutional Partnerships Liabilities (€m)	Dec-12	Dec-11	Δ Abs.
(-) Deferred Income       738       773       -36         Institutional Partnerships Liabilities       942       1,011       -68         Regulatory Receivables (€m)       Dec-12       Dec-11       Δ Abs.         Portugal Distribution and Gas (1)       1,543       740       803         Portugal Annual CMEC Deviation       654       390       263         Spain (2)       424       514       -89         Brazil (4)       89       4       85	Institutional Partnerships, LIS Wind	1 690	1 79/	104
Institutional Partnerships Liabilities9421,011-68Regulatory Receivables (€m)Dec-12Dec-11Δ Abs.Portugal Distribution and Gas (1)1,543740803Portugal Annual CMEC Deviation654390263Spain (2)424514-89Brazil (4)89485		,	, -	
Regulatory Receivables (€m)Dec-12Dec-11Δ Abs.Portugal Distribution and Gas (1)1,543740803Portugal Annual CMEC Deviation654390263Spain (2)424514-89Brazil (4)89485				
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Portugal Annual CMEC Deviation         654         390         263           Spain (2)         424         514         -89           Brazil (4)         89         4         85	Regulatory Receivables (€m)	Dec-12	Dec-11	Δ Abs.
Portugal Annual CMEC Deviation         654         390         263           Spain (2)         424         514         -89           Brazil (4)         89         4         85		4 = 40	740	000
Spain (2)         424         514         -89           Brazil (4)         89         4         85		/		
Brazil (4) 89 4 85				
Regulatory Receivables 2 710 1 648 1 062				
	Regulatory Receivables	2,710	1,648	1,062

Total amount of **property, plant & equipments and intangible assets** decreased by 0.1bn vs. Dec-11 to 27.4bn as of Dec-12, mainly reflecting: (1) +2.0bn of capex in the period; (2) -1.5bn from depreciations in the same period; (3) a net -0.5bn impact mainly resulting from the depreciation of the Brazilian Real (11%), of the US Dollar (2%) and of the Romanian Leu (3%), and from the appreciation of the Polish Zloty (9%) against the Euro. As of Dec-12, EDP's balance sheet included 3.3bn of works in progress (12% of total consolidated tangible and intangible assets) largely related to investments already incurred in regulated networks, power plants, wind farms, development equipment or concession rights which are not yet operating.

The book value of **financial investments & assets held for sale** amounted to &587m as of Dec-12, including essentially our financial stakes in Setgás (33%), CEM (21%), REN (3.5%) and BCP (2.0%), as well as &0.2bn regarding our gas transmission assets in Spain, which sale to Enagás was concluded in Feb-13.

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

**Other assets (net)** increased  $\leq 1.2$  bn vs. Dec-11 to  $\leq 5.6$  bn as of Dec-12, reflecting higher gross regulatory receivables, which mostly resulted from: (1) a  $\leq 0.8$  bn increase in receivables from energy distribution & last resort supply activities in Portugal; and (2)  $\leq 0.3$  bn higher receivables from generation under the CMEC system in Portugal.

Total amount of EDP's **net regulatory receivables** went up by  $\leq 1.1$ bn to  $\leq 2.7$ bn as of Dec-12, reflecting: (1) a  $\leq 1,067$ m increase from Portugal, due to higher pending receivables from both energy distribution & last resort supply (+ $\leq 803$ m) and generation under the CMEC system (+ $\leq 263$ m); (2) an  $\leq 85$ m increase from Brazil, mostly due to the higher energy purchase costs; and (3) an  $\leq 89$ m decrease from Spain, as the additional tariff deficit generated in the period was more than compensated by the  $\leq 301$ m of cash proceeds received in 2012 from the tariff deficit securitization deals.

**Equity book value** increased  $\in$ 0.1bn YoY to  $\in$ 8.2bn as of Dec-12, reflecting the  $\notin$ 1.0bn net profit of the period, the payment of  $\notin$ 0.7bn in dividends, a  $\notin$ 0.1bn negative impact on reserves from the foreign exchange differences, namely of the Real, Leu, US Dollar and Zloty against the EUR, and  $\notin$ 0.1bn of actuarial losses (net of taxes).

Pension fund, medical care and other employee benefit liabilities (gross, before deferred taxes), increased €0.1bn YoY to €1.9bn as of Dec-12, following the update of the actuarial assumptions used to calculate the liability – note that more than 70% of these liabilities are related to employees from regulated electricity distribution and supply in Portugal, meaning that most of these liabilities should be part of the regulated cost base in the moment of payment.

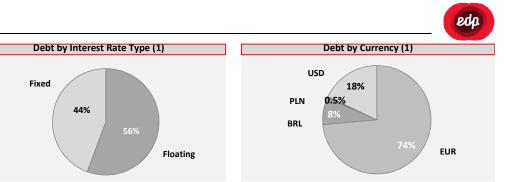
**Institutional partnership liabilities**, related to our wind operations in US, decreased  $\notin 0.1$ bn vs. Dec-11 to  $\notin 0.9$ bn as of Dec-12, given that tax equity partners are getting the tax benefits generated by the US wind farms. Note that the referred amount of institutional partnership liabilities was adjusted by deferred revenues related to tax credits already benefited by the institutional investors and yet due to be recognised in the P&L.

**Other liabilities (net)** fell  $\leq 0.2$  bn vs. Dec-11 to  $\leq 5.4$  bn as of Dec-12, driven by the payment of  $\leq 0.1$  bn related to the acquisition of another 5% equity stake in Naturgas, in line with the existing agreement with Ente Vasco de Energia, and variations in derivative financial instruments.

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

#### **Consolidated Net Financial Debt**

Nominal Financial Debt by Company (€m)		Dec-12	Dec-11	Δ%	Δ Abs.
EDP S.A. and EDP Finance BV		17,418.7	15,909.1	9.5%	1.510
EDP Produção + HC Energia + Portgás		237.7	259.3	-8.3%	-22
EDP Renováveis		912.3	833.8	9.4%	79
EDP Brasil		1,507.5	1,406.1	7.2%	101
Nominal Financial Debt		20,076.3	18,408.4	9.1%	1,668
Accrued Interest on Debt		331.6	304.4	8.9%	27
Fair Value of Hedged Debt		115.4	72.3	60%	43
Derivatives associated with Debt (2)		(165.7)	(105.1)	-58%	-61
Collateral deposits associated with Debt		(428.5)	(68.4)	-527%	-360
Total Financial Debt		19,929.0	18,611.6	7.1%	1,317
Cash and cash equivalents		1.695.3	1.731.5	-2.1%	-36
EDP S.A., EDP Finance BV and Other		1,237.8	1,140.8	8.5%	97
EDP Renováveis		245.8	219.9	12%	26
EDP Brasil		211.7	370.8	-43%	-159
Financial assets at fair value through P&L		0.4	0.2	84%	0
EDP Consolidated Net Debt		18,233.3	16,879.9	8.0%	1,353
Credit Lines by Dec-12 (€m)	Maximum	Number			laturity
credit lines by bec-12 (em)	Amount	Counterpa	arts Amo	unt 🖤	atunty
Revolving Credit Facility	2,000		21	1,700	Nov-15
Domestic Credit Lines	183		8	105	enewable
Underwritten CP Programmes	300		2	000	enewable
Total Credit Lines	2,483			2,183	
Debt Ratings	S&P	1	Moody's	F	itch
EDP SA & EDP Finance BV	BB+/Ne	g/B I	Ba1/Neg/NP	BBB-/	/Neg/F3
Last Rating Action	01-02-2		16-02-2012	02-0	8-2012
Debt Ratios			Dec	-12 I	Dec-11
Net Debt / EBITDA				5.0x	4.5x
Net Debt / EBITDA adjust. by Reg. Receivab	les			4.3x	4.1x
		m) (1)			
Debt	· Maturity (£				
Debt	: Maturity (€	, iii) (±)	□ Comr	mercial Paner	
409/	: Maturity (€	, iii) (±)		nercial Paper r Subsidiaries	
17% 18% 17% 17		· · · · · · · · · · · · · · · · · · ·	🗆 Othe	•	nce BV
3.5		, (1)	🗆 Othe	r Subsidiaries	nce BV
17%     18%     17%     17       3.5     3.0			🗆 Othe	r Subsidiaries	nce BV
17%     18%     17%     17       3.5		(I) (I)	🗆 Othe	r Subsidiaries	nce BV
17%     18%     17%     17       3.5	%		🗆 Othe	r Subsidiaries	nce BV
17%     18%     17%     17       3.5	%		■ Other ■ EDP S	r Subsidiaries	
17%     18%     17%     17       3.5     -     -     -     -       3.0     -     -     -     -       2.5     -     -     -     -       2.0     -     -     -     -	%		🗆 Othe	r Subsidiaries	



**EDP's financial debt** is essentially issued at holding level (EDP S.A. and EDP Finance B.V.) through both debt capital markets (public & private) and loan markets. Our investments and operations are funded in local currency to mitigate ForEx risk. EDP Brasil (EDPB) is ring fenced, self funded in local currency and mostly non-recourse to EDP S.A.. Other external funding is essentially of project finance, mainly raised by some of EDP Renováveis' (EDPR) subsidiaries. Our US Dollar debt is fully dedicated to the funding of EDPR wind investments in US, issued at EDP S.A. and EDP Finance B.V. level and then on-lent internally. EDP's funding strategy aims at maintaining access to diversified sources and assuring funding needs 12-24 months in advance. In 2012, **EDP's net debt/EBITDA and net debt/EBITDA adjusted** for regulatory receivables were 5.0x and 4.3x, respectively. EDP targets a steady improvement of its free cash flow position and credit ratios over the next years. EDP's credit rating now stands 1 notch above the Republic of Portugal by S&P and Fitch, and 2 notches by Moody's.

In May-12, EDP issued a €250m retail bond with a 3 year maturity and a coupon of 6%. In Jun-12, EDP repaid a €500m bond that was paying a fixed coupon of 4.25%. In Sep-12, EDP issued a €750m with a 5 year maturity and a coupon of 5.75% (10x demand). In Oct-12, EDP signed with Bank of China a €800m multicurrency loan, with a 3 year tenor and a 350bps margin over Libor 3M. In Nov-12, EDP repaid a USD1bn bond that was paying a fixed coupon of 5.375%, and issued a CHF125m bond with a 6 years maturity and a coupon of 4.0% (swapped to EUR). Additionally, in 2012, EDPR executed €274m of project finance for wind capacity in Spain (125MW), Belgium (57MW) and Romania (57MW). Also worth mentioning, in Jan-13, EDP signed a 5 year term loan facility of €1.6bn with a group of 16 banks, bearing a interest rate of Euribor 3M plus 400bps.

Within the scope of EDP's strategic partnership with CTG: i) in Jul-12, EDP agreed the terms of a  $\leq$ 1.0bn tranche of funding from China Development Bank (CDB), with a 5 year maturity and a 480bps margin over Euribor 6M (drawn in Aug-12) – this comes out of a  $\leq$ 2.0bn firm funding commitment from CDB, for a maturity of up to 20 years; and ii) in Dec-12, EDPR agreed CTG the sale of a 49% equity stake, and 25% of the shareholder loans, in EDPR Portugal (615MW operating + 29MW ready to build, all in Portugal) for  $\leq$ 359m (cash-in expected in 1H13) – CTG is to invest a total of  $\leq$ 2bn (including co-capex) in minority equity stakes in renewable in 2012-15.

By Dec-12, debt avg. maturity was 4.0 years. The weight of fixed rate in EDP's consolidated debt fell from 48% as of Sep-12 to 44% as of Dec-12. By Dec-12, total cash and available liquidity facilities amounted to  $\notin$ 3.9bn. This includes  $\notin$ 1.7bn in cash and equivalents and  $\notin$ 2.2bn in liquidity facilities, of which  $\notin$ 300m in underwritten commercial paper programmes and a  $\notin$ 1.7bn available amount from a  $\notin$ 2.0bn revolving credit facility with close to 3 years of residual maturity. This liquidity position, along with: i) the  $\notin$ 1.6bn term loan facility signed in Jan-13; and ii) the  $\notin$ 245m cashed-in in Feb-13 from the sale of our gas transmission assets in Spain, allows EDP to cover its refinancing needs beyond 2014. When considering the remaining  $\notin$ 3.0bn to come from the execution of the CTG partnership (of which  $\notin$ 359m were already agreed, as above mentioned), the new liquidity position allows EDP to cover its refinancing needs until end-2015.

2013

2014

2015

2016

2017

0.5

0.0

2019

2020

> 2021

2018



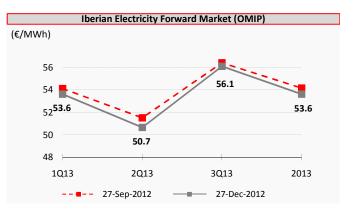
## **Business Areas**

#### Iberian Electricity and Gas Markets

Electricity Balance		Portugal			Spain		Iber	ian Peninsu	la
(TWh)	2012	2011	Δ%	2012	2011	Δ%	2012	2011	Δ%
Hydro	5.8	10.8	-46%	19.5	27.6	-29%	25.3	38.4	-34%
Nuclear	-	-	-	61.5	57.7	6.5%	61.5	57.7	6.5%
Coal	12.1	9.1	33%	54.7	43.5	26%	66.9	52.6	27%
CCGT	5.6	10.3	-45%	38.6	50.7	-24%	44.2	61.1	-28%
Fuel/gas/diesel	0.0	(0.0)	-	-	-	-	0.0	(0.0)	-
Own consumption	-	-	-	(7.9)	(7.2)	8.9%	(7.9)	(7.2)	8.9%
(-)Pumping	(1.4)	(0.7)	88%	(5.0)	(3.2)	56%	(6.4)	(4.0)	62%
Conventional Regime	22.2	29.5	-25%	161.3	169.1	-4.6%	183.5	198.6	-7.6%
Wind	10.0	9.0	11%	48.2	42.1	14%	58.2	51.1	14%
Other	8.9	9.2	-2.7%	54.3	50.3	7.9%	63.2	59.5	6.3%
Special Regime	19.0	18.2	4.2%	102.4	92.4	10.9%	121.4	110.6	9.8%
Import/(export) net	7.9	2.8	181%	(11.8)	(6.1)	93%	(3.9)	(3.3)	18%
Gross demand (before grid losses)	49.1	50.5	-2.9%	252.0	255.4	-1.3%	301.0	305.9	-1.6%
Adjust. temperature, working days			-3.6%			-1.7%			n.a.
Gas Demand		Portugal			Spain		Iber	ian Peninsu	la

Gas Demand	Portugal		Spain			Iberian Peninsula			
(TWh)	2012	2011	Δ%	2012	2011	Δ%	2012	2011	Δ%
Conventional demand	37.5	35.5	5.6%	278.1	263.1	5.7%	315.5	298.5	5.7%
Demand for electricity generation	11.9	21.3	-44%	84.6	109.9	-23%	96.6	131.2	-26%
Total Demand	49.4	56.8	-13%	362.7	373.0	-2.8%	412.1	429.8	-4.1%

Installed Capacity in Electricity Iberian Peninsula (GW) 2012 2011 Δ% Hydro 21.9 21.7 1.2% 7.5 7.5 Nuclear 12.6 12.6 0% Coal CCGT 28.8 28.6 0% Fuel/gas/diesel 22 2.9 -24% -0.4% **Conventional Regime** 72.9 73.2 Wind 26.7 25.6 4.3% Other special regime 20.0 18.4 8.5% Special Regime 46.7 44.1 6.1% Total 119.7 117.3 2.0%



Main Drivers	2012	2011	Δ%
Hydro coeficient (1.0 = avg. year)			
Portugal	0.48	0.92	-48%
Spain	0.46	0.83	-45%
Electricity spot price, €/MWh (1)			
Portugal	48.1	50.4	-4.7%
Spain	47.2	49.9	-5.3%
Electricity final price, €/MWh (1) (2)			
Spain	55.5	60.0	-7.6%
CO2 allowances (EUA), €/ton (1)	7.4	12.9	-43%
Coal (API2 CIF ARA), USD/t (1)	92.6	122.5	-24%
Gas (CMP Spain), €/MWh (1)	28.6	25.1	14%
Gas NBP, €/MWh(1)	25.1	22.2	13%
Brent, USD/bbl (1)	111.6	110.9	0.6%
EUR/USD (1)	1.28	1.39	-7.7%

**Electricity demand** in Iberia fell 1.6% YoY in 2012. In Spain (84% of Iberia), demand fell 1.3% in 2012 (-1.7% adjusted for temperature and working days), following a 3.3% YoY drop in 4Q12 penalised by the industrial segment. In Portugal (16% of total), demand declined 2.9% (3.6% adjusted for temperature and working days), following a 1.8% YoY decrease in 4Q12 backed by residential, SME and public lighting segments.

**Installed capacity in Iberia** advanced by 2% (+2.4GW) in 2012, following a 2.8GW increase in Spain (mainly backed by solar, cogeneration and wind) and a 0.4GW decrease in Portugal (as the shutdown of fueloil and cogeneration capacity offset hydro and wind capacity additions). Notwithstanding lower gross consumption in 2012 (-4.8TWh), residual thermal demand (RTD) was down by just 2.6TWh, backed by hydro resources c52% below the historical average, particularly in 9M12: hydro output net of pumping fell 16TWh in 2012 (in spite of flat output in 4Q12 on improving hydro reserves) while output from wind and other special regime sources surged by 11TWh in 2012 (supported by stronger wind resources and by a 6% expansion in installed capacity) and nuclear output advanced by 4TWh. Net imports in Portugal advanced by 5TWh, reflecting its more expensive generation mix (vs. Spain) in dry years. The fall in RTD in Iberia was prompted by CCGTs (-17TWh), while output from coal plants rose by 14TWh reflecting its cost-competitive advantage vis a vis CCGTs in a scenario of lower coal and CO<sub>2</sub> prices. In 4Q12, hydro resources improved significantly resulting in a 3TWh YoY decline in RTD.

Average electricity spot price in Spain was 5.3% lower YoY in 2012, at  $\leq 47.2$ /MWh, standing  $\leq 0.9$ /MWh short of Portugal's average (due to the latter's more expensive generation mix in dry periods). Quarter on quarter, spot price in Spain declined 6% in 4Q12, driven by higher hydro resources, coupled with weaker coal and CO<sub>2</sub> prices. In 2012, CO<sub>2</sub> prices fell by 43%, averaging  $\leq 7.4$ /ton. Average electricity final price in Spain declined 8% in 2012, standing  $\leq 8$ /MWh above the pool price as a result of the contribution from restrictions market, ancillary services and capacity payments.

In the Iberian gas market, consumption retreated 4.1% in 2012, reflecting lower consumption at CCGTs. Conventional demand was 5.7% higher, mainly driven by Spain. Gas consumed at thermal plants fell 26% in 2012, reflecting lower working hours at CCGTs, both in Portugal and Spain.

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

Income Statement (€ m)	2012	2011	Δ%	Δ Abs.
PPA/CMEC Revenues	1.223.7	1.146.2	6.8%	+77
Revenues in the market (i)	749.1	909.2	-18%	-160
Annual deviation (ii)	490.6	234.4	109%	+256
PPAs/CMECs accrued income (iii)	(16.1)	2.7		-19
PPA/CMEC Direct Costs	323.7	246.5	31%	+77
Coal	258.6	244.1	5.9%	+14
Fuel oil	2.9	3.0	-3.4%	-0
CO2 and other costs (net)	62.2	(0.6)	-	+63
Gross Profit PPA/CMEC	900.0	899.7	0.0%	+0
Thermal (cogen., waste, biomass)	64.7	68.2	-5.2%	-4
Mini-hydro	23.7	41.0	-42%	-4
Gross Profit Special Regime	88.4	109.2	-19%	-21
· · · · · ·				
Net Operating costs (1)	186.3	171.2	8.8%	+15
EBITDA	802.1	838.0	-4.3%	-36
Net depreciation and provision	210.3	202.5	3.8%	+8
EBIT	591.8	635.5	-6.9%	-44
At Fin. Results: Hedging Gains (Losses) (2)	12.8	(6.7)	-	+19
Employees (#)	1,321	1,325	-0.3%	-4
DDA (CNAFC: Key Date	2012	2011	Δ%	Δ Abs.
PPA/CMEC: Key Data	2012	2011	Δ %	$\Delta$ ADS.
Real/Contracted Availability				
Hydro plants	1.04	1.02	2.4%	+0.0
Thermal plants	1.07	1.09	-1.6%	-0.0
Installed Consists (NANA)	6,221	6,221		
Installed Capacity (MW)	<b>6,221</b> 4,094	4.094	-	-
Hydro (3) Coal	4,094 1,180	4,094 1,180	-	_
Fuel oil	946	946	_	-
Special Regime: Key Data	2012	2011	Δ%	Δ Abs.
Output (GWh)	2,246	2.385	-5.8%	-139
Mini-hydro Portugal	253	438	-42%	-186
Thermal Portugal	1,177	1,105	6.4%	+71
Thermal Spain	<sup>^</sup> 817	841	-2.9%	-24
•				
Average Gross Profit (€/MWh)				
Mini-hydro Portugal	94	93	0.5%	+0
Thermal Portugal	28	33	-16%	-5
Thermal Spain	39	37	4.5%	+2
Capex (€ m)	2012	2011	Δ%	Δ Abs.
<u> </u>				
PPA/CMEC Generation	35.0	48.0	-27%	-13
Hydro recurrent	21.1	25.5	-17%	-4
Thermal recurrent	10.2	5.8	76%	+4
Non recurrent (environmental)	3.6	16.7	-78%	-13
Special Regime	9.2	10.9	-16%	-2
Expansion	0.0	1.6	-100%	-2 -0
Maintenance Total	9.2 44.1	9.2 58.9	-0.9% - <b>25%</b>	-0 -15
Total	44.1	50.9	-23%	-15

EBITDA from LT contracted generation was 4.3% (-€36m) lower YoY at €802m in 2012, due to: (i) lower output from our mini-hydro plants (-€17m YoY on gross profit); (ii) lower results with fuel and CO<sub>2</sub> procurement (-€21m YoY); and (iii) €26m costs mainly from curtailment (vs. €14m in 2011).

**Gross profit from PPA/CMEC** was flat in 2012, at  $\notin$  900m, as the positive impact from higher inflation, higher-thancontracted availability at our CMEC plants and by the commissioning of Sines DeNOx facilities; was offset by lower results with fuel and CO<sub>2</sub> procurement costs ( $\notin$  0.8m in 2011, - $\notin$  20m in 2012).

The **annual deviation** between market gross profit under CMECs assumptions and gross profit under actual market conditions ('revisibility') amounted to €491m in 2012, propelled by a very dry weather (hydro production factor fell 52% short of an average year). This amount is due to be received in up to 24 months through TPA tariffs, paid by all Portuguese electricity consumers. The deviation at our hydro plants amounted €272m in 2012 driven by an output 54% below the CMEC's reference, average realised price in line with the CMEC's reference and availability rates at our plants 4% above contracted level. The deviation at thermal plants in 2012 (€219m mostly related to Sines coal plant) derived from an average clean dark spread 48% short of CMEC's reference, while availability rates and output exceeded the CMEC reference by 7% and 2% respectively.

In May-12, the Portuguese Government announced a set of measures for the energy sector, including an agreement with EDP as to set out an adjustment to the interest rate applicable to the tariff repercussion of the yearly fixed amount of the costs for maintenance of the contractual balance (CMEC), which on average, for the period 2013 to 2027, is of  $\pounds$ 13m/year, corresponding to a present value of  $\pounds$ 120m. This impact shall be booked at the level of financial results. Looking forward it is noteworthy the end of Setúbal fuel oil plant PPA in Dec-12. This plant, with 946MW, accounted for  $\pounds$ 109m of gross profit,  $\pounds$ 99m of EBITDA and  $\pounds$ 57m of EBIT in 2012.

**Gross profit from special regime** fell 19% YoY, to  $\in$ 88m in 2012, penalised by higher gas costs in cogeneration and very low output at our mini-hydro plants: -42% YoY due to scarce hydro resources, particularly in 9M12. In Jan-13, EDP sold its stake in Soporgen, a 67MW cogeneration plant: this plant delivered a gross profit of  $\leq$ 14m and an EBITDA of  $\leq$ 13m in 2012.

**Net operating costs**<sup>(1)</sup> rose 9% (+ $\in$ 15m) YoY, to  $\in$ 186m in 2012, driven by  $\notin$ 26m of one-off costs (of which  $\notin$ 21m with curtailment; vs.  $\notin$ 14m in 2011) and tight cost control. **Net depreciation charges and provisions** amounted  $\notin$ 210m impacted by the commissioning of DeNOx facilities at our Sines coal plant.

**Capex in LT contracted generation** amounted to  $\notin$ 44m in 2012, the bulk of which related to maintenance works. Higher maintenance capex with thermal capacity results from higher production at our coal plant (Sines).

#### Explanatory note on PPA/CMEC:

In June 2007 the long term contracts that EDP had with the Portuguese electricity regulated system (PPA) were replaced by the CMEC (Cost of Maintenance of Contractual Equilibrium) financial system to conciliate: (1) the preservation of the NPV of PPA, based on real pre-tax ROA of 8.5%, and a stable contracted gross profit over the next 10 years; and (2) the need to increase liquidity in the Iberian electricity wholesale market. In terms of EDP's P&L, the total gross profit resulting from CMECs' financial system will keep the same profile over the next 10 years as the former PPA. PPA/CMEC gross profit has 3 components:

(i) Revenues in the market, resulting from the sale of electricity in the Iberian wholesale market and including both ancillary services and capacity payments. (ii) Annual deviation ('revisibility'), equivalent to the difference between CMEC's initial assumptions made in 2007 (outputs, market prices, fuel and CO<sub>2</sub> costs) and real market data. This annual deviation will be paid/received by EDP, through regulated tariffs, up to two years after occurring.

(iii) PPA/CMEC Accrued Income, reflecting the differences in the period, in terms of cash flow profile, between PPA and CMEC assumed at the beginning of the system in July 2007.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (3) Includes Aguieira and Raiva (360MW), subject to a tolling agreement for a 5-year period, starting in Apr-09.

#### Liberalised Activities in the Iberian Market

Income Statement (€ m)	2012	2011	Δ%	Δ Abs.
Gross Profit	773.0	791.9	-2.4%	-19
Electricity generation	424.1	485.4	-13%	-61
Portugal	92.5	146.2	-37%	-54
Spain	321.8	352.7	-8.8%	-31
Adjustments	9.8	-13.4	-	+23
Electricity supply	318.9	244.8	30%	+74
Gas supply	58.7	78.2	-25%	-20
Adjustments	-28.7	-16.5	74%	-12
Net Operating costs (1)	456.7	423.4	7.9%	+33
EBITDA	316.3	368.5	-14%	-52
Provisions	-1.4	-26.2	-95%	+25
Net depreciation and amortisation	257.2	261.9	-1.8%	-5
EBIT	60.4	132.8	-55%	-72

Electricity Performance	2012	2011	Δ%	2012	2011	Δ%
[	Οι	itput (GWh	)	Variable	Cost (€/MV	Vh) (2)
Generation Output (4)	12,557	14,849	-15%	41.1	39.4	4.4%
Electricity Purchases	31,425	32,839	-4.3%	53.9	54.5	-1.1%
Electricity Sources	43,983	47,688	-7.8%	50.2	50.1	0.3%
Γ	Volun	nes Sold (G	Wh)	Average I	Price (€/M\	Wh) (3)
Grid Losses	687	1,167	-	n.a.	n.a.	-
Retail - Final clients	30,273	30,747	-1.5%	61.8	56.6	9.2%
Wholesale market	13,023	15,774	-17%	68.9	64.9	6.3%
Electricity Uses	43,983	47,688	-7.8%	63.0	58.0	8.7%
Electricity Gross Profit (€ m)			2012	2011	Δ%	Δ Abs.
Before hedging (€/MWh) From Hedging (€/MWh) (5) Unit margin (€/MWh) Total Volume (TWh) Subtotal Commercial Shared-services (6) Others (7)			12.8 (1.3) 11.4 44.0 502.3 221.2 19.5	7.9 1.0 8.9 47.7 <b>423.6</b> <b>207.6</b> <b>99.0</b>	61% - 29% -7.8% <b>19%</b> 6.5% -80%	+5 -2 +3 -4 +79 +14 -79
Total			743.0	730.2	1.7%	+13
Gas Uses (TWh)			2012	2011	Δ%	Δ Abs.
Consumed by own power plants Sold to Clients (8) Total			13.3 30.4 <b>43.7</b>	19.2 31.9 <b>51.1</b>	-30% -4.8% <b>-14%</b>	-6 -2 <b>-7</b>

EBITDA from liberalised activities was 14% lower YoY, at €316m in 2012, supported by (i) +€13m of electricity gross profit (ii) -€20m of gross profit in the gas supply business and (iii) +€33m of operating costs. The fall in gas supply gross profit was due to lower volume sold (-4% mainly derived from Portuguese operations) and to a contraction in average unit margin backed by rising gas costs and strong competition. In Dec-12, EDP started up operations at Alqueva II, a 257MW repowering with pumping. In 4Q11, EDP kicked-off operations at Picote II and Bemposta II, two repowerings totalling 437MW.

In the electricity business, gross profit was 1.7% higher YoY, at €743m in 2012, as higher avg. unit margin earned before hedging (+€5/MWh to €12.8/MWh) offset the impact from lower total volumes (-8%) and lower results from hedging. As from 1-Jun-12, capacity payments in Portugal were interrupted, confining its contribution to 2012 gross profit to €7m in 2012 (vs. €45m in 2011).

**Volumes:** Volumes sold totalled 44TWh in 2012 (-7.8% YoY), reflecting a lower contribution from wholesale market (-17%) and lower sales to retail clients (-1.5% YoY despite an 8% increase in Portugal). Generation output met 29% of total electricity needs, following a 15% decline in output (net of hydro pumping) prompted by CCGT plants (-55%). Conversely, output from our coal plants rose by 25%, mainly driven by the competitive cost of our plants (backed by lower coal and  $CO_2$  costs, the use of blast furnace gases and superior efficiency). In 4Q12, it is noteworthy the increase in volumes sold to retail in Portugal (+16% YoY) and the increasing share from own generation in the sources mix (backed by improving hydro resources and new hydro capacity in place).

Unit margin <sup>(2)(3)</sup>: Average spread achieved in the electricity business advanced by €3/MWh (+29%) to €11.4/MWh in 2012, reflecting higher avg. unit margin before hedging (+€5/MWh) and lower results with hedging on electricity (-€2/MWh YoY). The average sourcing cost was almost flat in 2012, as higher generation costs (+4.4% prompted by a more intense hydro pumping activity) were offset by higher contribution from cheaper electricity purchases. The average selling price advanced 8.7% in 2012 driven by higher average selling prices to retail clients following an increase in the share of residential consumption in the mix. On a quarterly basis, average spread achieved rose from €11.6/MWh in 3Q12 to €14.8/MWh in 4Q12, driven by a cheaper sources mix (-8% QoQ) and higher average selling price to retail (+6% QoQ).

<sup>6</sup>Our **gas** sourcing activity in 2012 is based on an annual 4.3bcm portfolio of long term contracts, which flexibility has been enhanced through several contract renegotiations (including changes in take or pay levels). Moreover, rather than solely using volumes available for electricity generation and for the sale to clients in the free market, EDP has chosen, together with its major gas suppliers, to divert gas to international markets, where market conditions prove more attractive. As a result, our consumption of gas was 14% lower YoY, at 44TWh (3.7bcm) in 2012, supported by lower sales to final clients (-4.8%) and a 30% decrease in consumption for electricity generation purposes.

EDP is adapting its hedging strategy to the current market conditions, making use of flexibility stemming from the integrated management of gas and electricity operations in Iberia. As a result, EDP has favoured gas sales in the wholesale market, having so far secured spreads for c80% of its gas sourcing commitments in 2013. Moreover, EDP has so far forward contracted costs for 100% of expected coal output in 2013. Accordingly, EDP has so far forward contracted with clients 20TWh of electricity sales for 2013.

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

### Liberalised Electricity Generation in the Iberian Market

Income Statement (€ m)	2012	2011	Δ%	Δ Abs.
Gross Profit	424.1	485.4	-13%	-61
Portugal	92.5	146.2	-37%	-54
Spain	321.8	352.7	-8.8%	-31
Adjustments	9.8	-13.4	-	+23
Supplies and services	71.8	70.6	1.7%	+1
Personnel costs	44.2	41.5	6.6%	+3
Costs with social benefits	1.6	2.6	-38%	-1
Other operating costs (net)	52.6	24.7	113%	+28
Net Operating costs (1)	170.3	139.3	22%	+31
EBITDA	253.8	346.1	-27%	-92
Provisions	1.7	(3.8)		+6
Net deprec. and amortisation	233.6	239.6	-2.5%	-6
EBIT	18.5	110.3	-83%	-92
Employees (#)	651	784	-17%	-134

Key Operating Data	2012	2011	Δ%	Δ Abs.
Generation Output (GWh)	13,184	15,196	-13%	-2,012
CCGT	3,106	6,826	-55%	-3,720
Coal	6,714	5,354	25%	+1,361
Hydro	2,134	1,804	18%	+329
Nuclear	1,230	1,212	1.5%	+18
Generation Costs (€/MWh) (2)	39.1	39.4	-0.6%	-0.2
CCGT	79.4	60.3	32%	+19.2
Coal	36.3	32.0	13%	+4.3
Hydro	9.6	5.8	66%	+3.8
Nuclear	4.1	4.1	1.2%	+0.0
Load Factors (%)				
CCGT	9%	21%	-	-11p.p.
Coal	52%	42%	-	10p.p.
Hydro	18%	21%	-	-4p.p.
Nuclear	90%	89%	-	1p.p.
CO2 Emissions (mn tones)				
Total emissions (3)	9.0	9.4	-4.9%	-0.5
Free allowances (3)	10.4	10.8	-3.6%	-0.4

Capex (€ m)	2012	2011	Δ%	Δ Abs.
Expansion	442.4	412.0	7.4%	+30
Hydro	442.4	412.0	7.4%	+30
Maintenance	59.9	38.6	55%	+21
Recurrent	59.9	38.6	55%	+21
Non recurrent (environmental)	-	-	-	-
Total	502.3	450.6	11%	+52

s. Our liberalised generation activities are jointly managed with supply activities as most of its own production is sold to our supply units at fixed prices. -61

-54 Output from our generation plants (unadjusted for hydro pumping) was 13% lower YoY, at 13.2TWh in 2012, since the decline in the -31 output from our CCGTs (-3.7TWh) outstood the rise in coal (+1.4TWh) and hydro production (+0.3TWh). As a result, total CO<sub>2</sub> +23 emissions fell by 4.9%, standing 14% short of free allowances in the period. In 4Q11 we reinforced our low-cost generation portfolio with the start up of Picote II and Bemposta II (437MW in total), which allows to produce more in average hydro years. Also, in Dec-12, +1 +3 EDP kicked off operations at Algueva II. a 257MW repowering with pumping, which will serve to improve water efficiency management. Note that these repowerings, which implied an investment of €0.7m/MW installed, will allow us to reap more fruits +28 +31 from market opportunities in peak hours.

Average production cost was 0.6% lower YoY, at €39/MWh in 2012, reflecting a cheaper generation mix (with coal and hydro replacing CCGTs in the mix). On a quarterly basis, average production cost declined by 6% in 4Q12, supported by higher weight of hydro).

Coal: Output rose by 25% in 2012, mainly supported by coal plants' cost-competitiveness vis-a-vis CCGTs. Average load factor advanced 10pp, to 52% in 2012 (58% in 4Q12). Our Soto 3 plant is producing electricity under the terms of RDL 1221/2010: on 13-Feb-13, the Resolution 1736 defined a contracted margin for a total committed production in 2013 at Soto 3 of 1.1TWh. In 2012, Soto 3 output totalled 1TWh. Our average production cost reached €36/MWh (+13% YoY), mainly driven by higher CO<sub>2</sub> costs net of free CO<sub>2</sub> allowances.

CCGTs: Output declined by 55% in 2012, impacted by higher production cost. As a result, avg. load factor was 11pp lower YoY, at 9% in 2012. Average production cost reached €79/MWh in 2012, driven by higher average gas cost and lower production.

Hydro & Nuclear: Hydro production in 2012 was 18% higher YoY, following a 90% YoY increase in 4Q12 backed by normalised hydro resources and additional capacity in place. The contribution from Algueva II, in place since 1-Dec-12, was still limited. The rise in average cost of hydro production to €9.6/MWh derived from the more intense pumping activity (626GWh in 2012 vs 346GWh in 2011). Pumping activity was concentrated at our Algueva plant, implying an average discount to the pool price of c30% (vs. c40% in 2011). Nuclear output rose by 1.5% in 2012 backed by an average load factor of 90% (+1pp YoY).

In Nov-11, the Spanish Government approved an increase in capacity payments attributed to CCGTs, from €20/kW to €26/KW (Ministerial Order ITC/3127/2011), but in Mar-12 it cut these incentives by 10% in 2012. Moreover, it introduced an availability premium of €4.7/kW in 2012, defined annually through Ministerial Order, for imported coal plants, CCGT and hydro plants. In Portugal, following the Ordinance 139/2012 (May 14<sup>th</sup>) and 251/12 (Aug 20<sup>th</sup>), capacity payments were interrupted as from 1-Jun-12 and due to be replaced by lower incentives to be in place as from the end of Portugal's bailout: merchant thermal capacity shall receive incentives to capacity availability throughout its useful life; new hydro plants shall receive an investment incentive for 10 years and repowerings with pumping shall receive 50% of investment incentive defined for new projects. In Dec-12, the Spanish government approved several taxes aimed at granting the sustainability of the electricity sector, including a 7% tax on revenues and different taxes over gas/coal consumption, use of water and nuclear waste.

Net operating costs<sup>(1)</sup> advanced to €170m in 2012, reflecting a comparison basis particularly low due to some one-off items. Net depreciation charges amounted €234m reflecting new capacity on stream (hydro in Portugal) and the impact from decommissioning of Carregado plant in 2011.

Capex in liberalised generation totalled €502m in 2012. The bulk of capex (88% of total) was devoted to new hydro capacity in Portugal, including Algueva II which started up operations in Dec-12 (€28m invested in 2012, €187m cumulated capex). EDP is currently building 5 hydro projects (1,468MW): 2 hydro plant repowerings (Venda Nova III, Salamonde II) and 3 new hydro plants (Baixo Sabor, Ribeiradio and Foz Tua), due in 2014/16.

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

(2) Includes fuel costs, CO2 emission costs net of free allowances, hedging results; (3) Includes CO2 emissions from Aboño plant, which burns blast furnace gases

#### Liberalised Electricity and Gas Supply in the Iberian Market

Income Statement (€ m)		Energy Supp	ly in Spain	
	2012	2011	Δ%	Δ Abs.
Gross Profit	161.9	143.6	13%	+18
Supplies and services	74.8	69.4	7.7%	+5
Personnel costs	14.2	12.6	13%	+2
Costs with social benefits	0.7	0.5	28%	+0
Other operating costs (net)	20.0	29.2	-32%	-9
Net Operating costs (1)	109.7	111.8	-1.9%	-2
EBITDA	52.3	31.8	65%	+21
Provisions	(0.0)	(12.9)	-100%	+13
Net depreciation and amortization	9.3	7.3	28%	+2
EBIT	43.0	37.4	15%	+6

Income Statement (€ m)		ergy Supply		
	2012	2011	Δ%	Δ Abs.
Gross Profit	202.6	464 7	2.4%	
Supplies and services	203.6	164.7	24%	+39
Personnel costs	128.2	124.1	3.3%	+4
Costs with social benefits	39.9	38.9	2.4%	+1
	4.1	4.3	-3.9%	-0
Other operating costs (net)	6.5	6.3	3.1%	+0
Net Operating costs (1)	178.7	173.6	2.9%	+5
EBITDA	24.9	(8.9)	_	+34
Provisions	(3.0)	(9.6)	-68%	+7
Net depreciation and amortization	14.3	15.1	-4.8%	-1
EBIT	14.5 13.7	(14.4)	-4.070	+28
		. ,		-
Key data	2012	2011	Δ%	Δ Abs
Francis Council in Crasin				
Energy Supply in Spain Electricity - Free market				
Volume Sold (GWh)	19,543	20,529	-4.8%	-986
Market Share (%)	11%	12%	4.070	-1p.p.
Clients (th.)	771	699	10%	+72
Electricity - Last resort supply	//1	055	1070	172
Volume Sold (GWh)	709	833	-15%	-124
Clients (th.)	278	317	-12%	-39
Gas - Free market & Last resort supply	270	517	-12/0	-55
Volume Sold (GWh)	27,553	28,259	-2.5%	-705
Market Share (%)	10%	11%	-2.570	-1p.p.
Clients (th.)	772	788	-2.0%	-16
clients (th.)	112	700	-2.070	-10
Energy Supply in Portugal				
Electricity - Free market				
Volume Sold (GWh)	9.835	9,132	7.7%	+704
Market Share (%)	40%	42%		-2p.p.
Clients (th.)	853	282	203%	+572
Gas - Free market	000	202	205/0	1372
Volume Sold (GWh)	6,115	6,786	-10%	-670
Market Share (2) (%)	17%	15%	-10%	2p.p.
Clients (th.)	56	2	-	2p.p. +54
Cheffits (th.)	50	Z	-	+54
Capex (€m)	21.9	14.9	48%	+7
Employees (#)	1,158	1,098	5.5%	+60

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

#### **Energy Supply in Spain**

**Electricity** – **Volumes** supplied to our clients in the free market decreased 5% YoY to 19.5TWh in 2012, while the number of clients supplied went up by 10% YoY, translating EDP's strategy to focus on most attractive clients, even though at the expense of lower volumes, therefore reducing the risk of the company's clients portfolio. Market share fell by a slight 1pp to 11% in 2012, with EDP still maintaining a supply market share that is roughly the double of its share in generation.

**Gas** – **Volumes** supplied decreased 2% YoY to 27.6TWh in 2012, in line with the reduction of the number of clients supplied in the same period, which reflects our selective clients contacting policy in a though retail market environment. Market share fell slightly from 11% in 2011 to 10% in 2012.

n 2012, **net operating costs** decreased  $\leq 2m$  YoY on the back of a  $\leq 12m$  non-recurrent income accounted for in 1Q12 at the evel of other operating costs.

#### Energy Supply in Portugal

**Electricity** – **Volumes** supplied to EDP clients in the free market increased by 8% YoY to 9.9TWh in 2012, supported by some large industrial clients contracting in mid 2011 and by a strong increase (3.1x) of our B2C electricity clients base, on the back of the current liberalisation process. All in all, EDP's market share stood at 40% in 2012, down from 42% in 2011, which is in line with EDP's strategy to focus on the more attractive residential/SMEs segments.

**Gas** – **Volumes** supplied fell 10% YoY to 6.1TWh in 2012, reflecting lower demand and a competitive market, namely in the B2B segment. Volumes supplied in 4Q12 rose 14% QoQ to 1.6TWh, while the number of clients went up from 29k as of Sep-12 to 56k as of Dec-12. All in all, EDP gas supply market share increased by 2pp YoY to 17% in 2012.

In accordance with the rules and calendar defined for the liberalisation of electricity supply in Portugal, in 2012 EDP Serviço Universal (electricity last resort supplier in Portugal) sent letters to its residential clients informing that by choosing to remain under regulated tariffs after certain dates (July 1<sup>st</sup>, 2012 for clients with contracted power above 10.35 kVA, and January 1<sup>st</sup>, 2013 for clients with contracted power below 10.35 kVA – excluding consumers entitled to a social tariff), they would have to pay a higher transitory tariff, subject to quarterly updates. The aim of this is to incentive consumers to move to the free market. In line with this, in Jul-12 the Portuguese regulator introduced a 2% increase on regulated tariffs set for: i) residential consumers with contracted power above 10.35kVA; and ii) non-residential consumers, which were already under a higher transitory tariff since January 1<sup>st</sup>, 2011. All of this led to a strong level of switching of electricity consumers to the free market over 4Q12 (total number of consumers in free market rose 43% QoQ from 742k by Sep-12 to 1,064k by Dec-12). In this period, EDP, through its subsidiary for energy supply activities in Portugal, EDP Comercial, managed to increase the number of electricity clients by 56% QoQ, to 853k by Dec-12, which represented c80% of the total number of clients in free market. The 90% QoQ increase in the number of EDP's gas clients was driven both by the more advanced level of liberalisation in gas supply and a strong increase of dual-offer contracting.

In 2012, **net operating costs** increased by €5m YoY driven by higher supplies and services, namely of costs with client services (call centre, billing, among other), in line with the increase of our clients base and with the growing liberalisation process.

**Prospects – Electricity and gas supply margins in Iberia** should remain under pressure due to the combined impact of higher pool prices (electricity), competitive last resort tariffs (LRT) and fierce competition in the market. **Volume-wise, in Spain**, we expect the Sep-12 increase in gas and electricity VAT from 18% to 21% to put some additional pressure on demand in 2013. **In Portugal**, the regulator increased low voltage regulated tariffs by an avg. of 2.8% in 2013, and within the scope of the ongoing liberalisation process, we expect clients to continue progressively moving to the free market.

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

#### EDP Renováveis: Financial Performance

Income Statement		EDP Renova	áveis (£ m)		Operational Overview	2012	2011	Δ%	EDPR Equity Market Data	2012	2011	Δ%
income statement	2012	2011		Δ Abs.	operational overview	2012	2011	470	EDFIX Equity Market Data	2012	2011	470
			_ / -		Installed Capacity (MW)	7,597	7,157	6.1%	Share price at end of period (€/share)	3.49	4.09	-15%
Gross Profit	1,157.8	957.2	21%	+201	Europe	3,876	3,652	6.1%	Number of Shares Issued (million)	872.3	872.3	
	_,				USA	3,637	3,422	6.3%	Stake Owned by EDP (%)	77.5%	77.5%	-
Supplies and services	261.8	225.1	16%	+37	Brazil	84	84	-				
Personnel costs	62.7	60.8	3.0%	+2								
Other operating costs (net)	(104.3)	(129.4)	-19%	+25	Output (GWh)	18,445	16,800	10%	EDPR Financial Position Figures (€ m)	2012	2011	Δ%
Net Operating Costs (1)	<b>220.2</b>	<b>156.5</b>	41%	+64	Europe	8,277	7,301	13%				
					USA	9,937	9,330	6.5%	Bank Loans and Other (net)	670.9	617.1	8.7%
EBITDA	937.6	800.7	17%	+137	Brazil	231	170	36%	Loans with EDP companies (net)	2,683.7	2,770.2	-3.1%
									Net Financial Debt	3,354.6	3,387.3	-1.0%
Provisions	(0.0)	(0.3)	-	+0	Avg. Load Factor (%)	29%	29%	0p.p.	Non-controlling interests	325.2	126.6	157%
Net Deprec. & amortisation	487.5	453.5	7.5%	+34	Avg. Elect. Price (€/MWh)	63.5	57.7	10%	Net Institutional Partnership Liability (3)	942.2	1,010.6	-6.8%
									Equity Book Value	5,423.7	5,327.2	1.8%
EBIT	450.1	347.5	30%	+103	EBITDA (€m)	937.6	800.7	17%				
					Europe	633.4	539.3	17%	EUR/USD - End of Period Rate	1.32	1.29	2.0%
Capital gains/(losses)	2.8	10.5	-74%	-8	USA	317.7	270.2	18%				
Financial Results	(277.6)	(244.1)	14%	-33	Other & Adjustments	(13.5)	(8.7)	55%				
Results from associates	6.8	4.8	42%	+2	EBIT (€m)	450.1	347.5	30%	EDPR Financial Results (€ m)	2012	2011	Δ%
					Europe	374.4	288.6	30%				
Pre-tax profit	182.1	118.7	53%	+63	USA	98.3	74.2	32%	Net Interest Costs	(205.0)	(189.5)	-8.2%
					Other & Adjustments	(22.6)	(15.3)	48%	Institutional Partnership costs (non-cash)	(66.7)	(62.4)	-6.8%
									Capitalised Costs	15.7	33.9	-54%
Opex Performance	2012	2011	Δ%	Δ Abs.	Capex (2)	606.5	828.7	-27%	Forex Differences (5)	5.6	(21.7)	-
					Europe	423.3	367.7	15%	Other	(27.2)	(4.5)	-511%
Opex/Avg. MW (€ th) (4)	57.2	52.9	8.3%	+4	USA	173.9	404.3	-57%				
Employees (#)	861	796	8.2%	+65	Brazil	9.1	62.2	-85%	Financial Results	(277.6)	(244.1)	-14%

projects for new renewable capacity. The two main markets in which EDPR operates are Spain (36% of O&M expenses) on the back of a stronger USD and higher avg. capacity in operation; and ii) an increase EDPR's EBITDA in 2012) and USA (33%). Other markets include Portugal (13%), France, Poland, Romania, in other operating costs, driven by top-line growth, the stronger USD, higher taxes (Spain and France) Belgium and Brazil (the latter 5 representing 18% of EDPR's EBITDA in 2012).

EDPR's EBITDA rose 17% YoY (+€137m) to €938m in 2012. Installed capacity rose 6% YoY (+440MW) to 7.6GW by Dec-12 – note that in 2012 EDPR entered the solar PV technology by commissioning 39MW in Romania and completed its first wind farm in Italy (40MW). Avg. load factor was stable at 29% and avg. selling prices went up 10% YoY to €63/MWh, with all of the regions where EDPR operates showing positive contributions (in local currency: Europe +7%; US +3% and Brazil +3%). 2011 and 2012 EBITDA EDPR's net debt stood flat at around €3.4bn as of Dec-12, mostly reflecting, on the one hand, include some non-recurrent items regarding; i) assets revaluations, the bulk of it in Italy and Romania investments in new capacity, on the other hand, the depreciation of the USD vs, the EUR (by Dec-12. (2011: +€52m; 2012: +€32m); and ii) write-offs mostly related to pipeline rationalisation and reversal of 39% of EDPR's financial debt was USD denominated) and the sale of a 49% equity stake in 599MW of US provisions (2011: -€4m; 2012: -€22m). Excluding all of these impacts, EBITDA went up 23% YoY wind capacity to Borealis (€176m; closed in 4Q12). Net debt with financial institutions, mostly project (+€174m). EBITDA main growth drivers were: (1) European markets ex-Iberia (+€78m YoY), following finance, represented 20% of EDPR's net debt as of Dec-12. In 2012, EDPR executed €274m of project 113MW of new capacity (26% of total additions; Romania: +65MW; Italy: +40MW; France: +8MW), finance for wind farms in Spain (125MW), Belgium (57MW) and Romania (57MW). Liabilities with higher avg. load factors (+1pp to 24%) and higher avg. selling prices (+12% YoY to €107/MWh) – recall Institutional Partnerships decreased by €0.1bn YoY to €0.9bn as of Dec-12, as tax equity partners are that 2012 EBITDA includes the above mentioned €32m one-off gain related to assets revaluations; (2) getting the tax benefits generated by the projects. Spain (+€61m, including hedging results), reflecting 110MW of new capacity (25% of total added), higher avg. load factors (+1pp to 27%) and higher avg. selling prices (+6% YoY to  $\xi$ 88/MWh); and (2) the US market (+€47m), reflecting +€24m from ForEx (8% YoY appreciation of the USD vs. the EUR), +215MW of capacity (49% of total additions), a steady 33% avg. load factor and an increase of the avg. selling price (+3% YoY to USD47/MWh).

EDP Renováveis (EDPR) owns and operates EDP Group wind and solar power assets and develops The observed increase of net operating costs essentially reflects: i) higher supplies & services (including and grid access fees (Spain) and further write-offs related to pipeline rationalisation. Net depreciation and amortization. up €34m YoY, were impacted by: i) new capacity brought on stream; ii) the change. as of Apr-11, in wind farms' useful life from 20 to 25 years; and iii) €53m of impairments mostly related to projects that were under development in Spain (vs. €41m in 2011 from other European markets). All in all, EDPR's EBIT rose 30% YoY (+€103m) to €450m in 2012.

Net financial results rose 14% YoY (+€33m) to -€278m in 2012, essentially reflecting: i) an 8% increase of net interest costs (+€15m), driven by the ForEx impact on USD interest costs and higher avg. financial debt (2012: €4bn vs. 2011: €3.5bn), while avg. cost of debt fell 20bp YoY to 5.2% in 2012, translating the attractive rates closed in the latest funding deals; and ii) lower capitalization (-€18m) due to a slow down of the amount of works in progress.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net): (2) Includes Capex from EDPR SA: (3) Net of deferred revenue: (4) Opex excluding Other Operating Income; Ratio calculated considering average MW in operation; (5) In 2012, Forex Differences also include Forex Derivatives, previously in Other.

#### EDP Renováveis: US & Spain

US	2012	2011	Δ%	Δ Abs.
Installed capacity (MW)	3,637	3,422	6.3%	+215
Under PTC	2,123	2,123	-	-
Under cash grant flip	500	500	-	-
Under cash grant	1,014	799	27%	+215
Avg. Load Factor (%)	33%	33%	-	0p.p.
Avg. Final Selling Price (USD/MWh)	47.1	45.7	3.1%	+1.4
USD/EUR - Avg. of period rate	1.28	1.39	-7.7%	-0.11
PPA's/Hedged				
Installed Capacity (MW)	2,874	2,659	8.1%	+215
Electricity Output (GWh)	7,409	6,716	10%	+693
Avg. Final Selling Price (USD/MWh)	51.7	50.8	1.7%	+0.9
Merchant				
Installed Capacity (MW)	763	763	0.0%	-
Electricity Output (GWh)	2,528	2,614	-3.3%	-86
Avg. Final Selling Price (USD/MWh)	31.2	30.1	3.4%	+1.0
Gross Profit (USD m)	457	422	8.3%	+35
PTC Revenues & Other (USD m)	164	155	5.3%	+8
Adjusted Gross Profit (USD m)	620	577	7.5%	+43
EBITDA (USD m)	408	376	8.5%	+32
EBIT (USD m)	126	103	22%	+23
Net Capex (USD m)	223	563	-60%	-339
Gross Capex	230	564	-59%	-334
Cash grant received	(6)	(1)	-	-5
Capacity under construction (MW)	-	215	-	-215

Spain	2012	2011	Δ%	Δ Abs.
Installed capacity (MW)	2,310	2,201	5.0%	+110
Avg. Load Factor (%)	27%	25%	-	1p.p.
Avg. achieved pool price (€/MWh)	44.0	46.8	-6.0%	-2.8
Avg. final selling price (€/MWh) (1)	87.7	82.5	6.3%	+5.2
Capacity under Transitory Regime				
Installed capacity (MW)	1,153	1,153	-	-
Electricity output (GWh)	2,637	2,443	7.9%	+194
		,		
Capacity under RD 661/2007				
Installed capacity (MW)	1,157	1,048	10%	+110
Electricity output (GWh)	2,469	2,141	15%	+328
Hedging Results (€m)	10.6	(9.3)	-	+20
Gross Profit (€m) (1)	445	370	20%	+75
EBITDA (€m) (1)	347	286	21%	+61
EBIT (€m) (1)	166	153	9.1%	+14
x = 7 x 7			2.272	
Capex (€m)	65	70	-7.6%	-5
Capacity under construction (MW)	-	58	-	-58

In US, installed capacity rose 215MW, to 3,637MW in 2012, with the commissioning of Marble River wind farm (215MW in New York State; power sold in NYISO/NEISO markets, with a 10 year long term contract for the sale of Renewable Energy Certificates (RECs)). Note that in 4Q12, EDPR concluded the sale of a 49% equity stake in a 599MW wind farms' portfolio to Borealis for USD230m (€176m). Also, in Jan-13, the extension of tax incentives for the development of wind capacity was approved for projects starting construction until Jan-14 – these projects will be able to qualify for: i) 10 years of Production Tax Credits (PTCs) on electricity output (~USD22/MWh); or ii) 30% Investment Tax Credit (ITC) on the project cost. In spite of this, EDPR maintains its investment plan of no wind additions in the US in 2013 and 400MW of new wind capacity to be added in 2014-15 (subject to the PTC extension and/or attractive long-term PPAs).

Avg. load factor remained stable at 33% in 2012. Output under PPA contracts went up 10% YoY, reflecting the contribution of PPAs signed over previous periods (359MW of merchant capacity: 184MW which PPA started in Jan-12 and 175MW which PPA started in Jun-12). Avg. selling price (excluding revenues from PTCs) for energy sold through PPA/Hedged increased 2% YoY to USD52/MWh, reflecting the price escalators annual updates. Avg. selling price for merchant wind farms improved 3% YoY to USD31/MWh (+15% QoQ), reflecting some recovery in the last few months, but still at very low prices. Overall, avg. selling price in US increased 3% YoY to USD47/MWh in 2012. Gross profit (including revenues from PTCs) rose USD43m YoY to USD408m, while EBIT went up USD23m YoY to USD126m.

In Spain, in 2012, wind farms were remunerated under: (1) a transitory regime (for capacity installed before 2008), under which wind producers received a unit tariff equal to 'achieved pool price + fixed premium ( $\leq$ 38.3/MWh)'; or (2) RD 661/2007 regime (for capacity installed after 2008), offering two tariff options: (a) 'achieved pool price + premium ( $\leq$ 20.1/MWh)' with a cap ( $\leq$ 94.3/MWh) and a floor ( $\leq$ 79.1/MWh); or (b) a fixed tariff ( $\leq$ 81.3/MWh). According to RD661/2007, all tariffs (including cap, floor & premium) are indexed to 'CPI-X' and set for 20 years. Starting Jan-13, all the capacity that was under the transitory regime was transferred to the RD 661/2007. However, in Feb-13, the Spanish government published RD 2/2013 that introduced a set of modifications, effective from Jan-13 onwards: i) removing the variable tariff scheme of RD 661/2007; ii) setting a fixed tariff at  $\leq$ 81.247/MWh (annually updated) for the first 20 years ( $\leq$ 67.902/MWh after year 20); and ii) changing the annual update to annual inflation, excluding energy products, food prices and any impact of tax changes, minus an 'X' factor (50bp). Also worth mentioning, in Dec-12, the Spanish government introduced a set of measures aimed at granting the sustainability of the electricity sector, among which the introduction, starting Jan-13, of a 7% tax on electricity sales generated by Spanish producers (for all technologies, including special regime).

EDPR EBITDA in Spain (including hedging results) went up &61m YoY to &347m in 2012, while EBIT improved &14m YoY to &166m in 2012, translating higher depreciations and amortizations on the back of the previously mentioned impairments related to projects that were under development. In 2012, EDPR expanded its portfolio in Spain by 110MW reaching 2.3GW of installed capacity. Avg. load factor improved 1pp YoY to 27% in 2012, while electricity generated went up by 11% YoY to 5.1TWh in 2012. Avg. selling price for capacity under the transitory regime reached &88/MWh (excluding hedging results), down 3% YoY on lower avg. achieved pool prices (-6% YoY), while avg. selling price for capacity under RD661/2007 was &83/MWh, up 7% YoY. Note that in 2012, 88% of the generation (4.5TWh) was sold without exposure to market prices, through fixed tariffs (2.3TWh), hedges (2.0TWh) or fixed floor mechanism (0.1TWh), while only 12% (0.6TWh) were sold at market prices plus &38.3/MWh premium. Overall, avg. selling price in Spain, including hedging results, rose 6% YoY to &88/MWh, following better hedging prices (&52/MWh vs. &44/MWh), the strategic decision of choosing the fixed tariff option under RD 661/2007, inflation indexation and lower production sold at market prices (-26% YoY).

### EDP Renováveis: Portugal, Rest of Europe & Brazil

Portugal	2012	2011	Δ%	Δ Abs.
Installed capacity (MW)	615	613	0.4%	+2
Avg. Load Factor (%)	27%	27%	-	0p.p.
Electricity Output (GWh)	1,444	1,391	3.9%	+54
Avg. Final Selling Price (€/MWh)	102	99	3.2%	+3
Gross Profit (€m)	149	139	7.8%	+11
EBITDA (€m)	119	111	7.2%	+8
EBIT (€m)	92	83	11%	+9
Capex (€m)	9	11	-	-2
Capacity under construction (MW) ENEOP Installed capacity (MW) (1)	- 390	<b>2</b> 326	- 20%	<b>-2</b> +64
	350	520	2070	104
Rest of Europe (2)	2012	2011	Δ%	Δ Abs.
France, Belgium & Italy				
Installed Capacity (MW)	411	363	13%	+48
Avg. Load Factor (%)	25%	23%	-	2p.p.
Electricity Output (GWh)	816	705	16%	+110
Avg. Final Selling Price (€/MWh)	92	91	1.5%	+1
Poland				
Installed Capacity (MW)	190	190	-	-
Avg. Load Factor (%)	26%	27%	-	-1 p.p.
Electricity Output (GWh)	435	376	16%	+59
Avg. Final Selling Price (PLN/MWh)	427	449	-4.7%	-21
EUR/PLN - Avg. of period rate	4.18	4.12	1.6%	+0.06
Romania (4)	350	285	23%	+65
Installed Capacity (MW) Avg. Load Factor (%)	21%	16%	25%	
Electricity Output (GWh)	476	245	95%	5p.p. +232
Avg. Final Selling Price (RON/MWh)	608	378	61%	+232
EUR/RON - Avg. of period rate	4.44	4.24	4.6%	+0.20
Long non mg. of period fate				
Gross Profit (€ m)	183	126	45%	+57
EBITDA (€ m)	172	94	83%	+78
EBIT (€ m)	124	10	-	+114
Capex (€m)	349	287	22%	+63
Capacity under construction (MW)	158	100	58%	+58
Brazil	2012	2011	Δ%	Δ Abs.
Installed Capacity (MW)	84	84	-	-
Avg. Load Factor (%)	31%	35%	-	-4 p.p.
Electricity Output (GWh)	231	170	36%	+62
Avg. Final Selling Price (R\$/MWh)	286	278	2.9%	+8
EUR/BRL - Average of period rate	2.51	2.33	7.8%	+0.18
Gross Profit (R\$ m)	62	45	37%	+17
EBITDA (R\$ m)	42	30	-	+11
EBIT (R\$ m)	26	20	-	+6
Capex (R\$ m)	23	145	-84%	-122
Capacity under construction (MW)	-	-	-	-

In Portugal, EDPR has 615MW of wind capacity remunerated under the 'old tariff regime', with tariffs set for 15 years and indexed to both CPI and annual operating hours. In Sep-12, an extension to this tariff scheme was agreed, under which EDPR will annually invest €3.6m between 2013 and 2020 for +7 years of a new framework with cap and floor selling prices of €98/MWh<sup>(3)</sup> and €74/MWh<sup>(3)</sup>, respectively, to be applied from the 16<sup>th</sup> year of operation of the wind farm. Note that in Dec-12, EDPR executed its first minority stake transaction with CTG, selling a 49% equity stake, and 25% of the shareholders loans, in its 615MW of wind capacity in operation and in 29MW ready-to-build (all Portugal), for €359m (cash-in expected 1H13). In 2012, avg. load factor was stable at 27%, while wind production increased 4% YoY to 1.4TWh in 2012. Avg. tariff rose 3% YoY to €102/MWh, reflecting inflation indexation, voltage dips remuneration and the adjustment by working hours indexation. Overall EBITDA was €119m in 2012, up €8m YoY, while EBIT rose €9m YoY to €92m. Still in Portugal, EDPR holds a 40% equity stake in ENEOP consortium (equity consolidated), licensed to build 1,200MW of wind capacity (480MW attributable to EDPR). ENEOP's wind farms are remunerated under a 'new tariff regime', at c€74/MWh tariff (1st year of operation), also guaranteed for 15 years and indexed to inflation. As of Dec-12, ENEOP had an installed capacity of 974MW (390MW attributable to EDPR).

Looking at **European markets out of Iberia**, EDPR installed 113MW over the last 12 months (including the first 40MW in Italy), increasing its capacity to 951MW as of Dec-12. Output rose 30% YoY to 1.7TWh in 2012, reflecting the new capacity brought on stream, while avg. load factor improved 1pp to 24% in 2012. Avg. selling price rose 12% YoY to €107/MWh, driven by the strong increase of prices in Romania (+61% YoY in local currency) and by its higher weight of wind production (28% vs. 18% in 2011). **EBITDA rose €78m YoY to €172m in 2012, while EBIT improved €114m YoY to €124m.** Recall that 2012 EBITDA includes a €32m one-off gain from the previously mentioned assets revaluations, while 2011 net depreciations and amortizations include €41m of impairments related to projects under development in Europe.

In France, EDPR has 314MW of capacity (+8MW YoY). Wind power in France is sold through fixed tariffs indexed to inflation for 15 years. In 2012, avg. tariff was €89/MWh (+2% YoY). In Belgium, our 57MW wind farm sells its power through a 5 year PPA (2014 maturity) at a fixed selling price of €112/MWh. In Italy, EDPR commissioned its first 40MW of wind capacity, which will receive 'market price plus green certificate (GC)' until 2015 (GC price set at 0.78 x (€180/MWh - previous year avg. market price); after 2015, it will be absorbed into a 'pool + premium' scheme (premium of €180/MWh minus previous year avg. market price). For capacity installed in 2013 and onwards, wind farms will be remunerated under a feed-in tariff scheme defined by tenders. In Jan-13, EDPR secured a 20 year feed-in-tariff for an additional 40MW of wind at the new renewable energy auction. EDPR projects (located in the Puglia and Basilicata regions) have an expected avg. load factor of 29%.

**In Poland**, EDPR has 190MW of capacity: i) 120MW from Margonin wind farm, which power is sold in the wholesale market and for which EDPR has a 15 years long term contract for the sale of GCs; and ii) 70MW from Korsze wind farm, which output is sold through a 10 year PPA. In 2012, avg. selling price was PLN427/MWh, down 5% YoY mostly due to lower wholesale prices in one of the wind farms. As of Dec-12, EDPR had 130MW under construction in Poland ('market price + GC').

In Romania, EDPR has 350MW of capacity (+65MW YoY), of which 39MW are solar PV (commissioned in 4Q12). Wind production is sold at 'market price plus GC', which value is subject to a floor and a cap set in Euros (for 2012, floor was set at €28.2/MWh and the cap at €57.4/MWh). In 2012, avg. selling price was up 61% YoY to RON608/MWh, following the implementation of the 2 GCs scheme per MWh produced, in place until 2017. Note that solar PV energy is entitled to receive, in addition to the electricity price, 6 GCs per MWh produced in the first 15 years of operation. As of Dec-12, EDPR had 28MW of wind capacity under construction in Romania.

In Brazil, EDPR has 84MW in operation remunerated through long term contracts (20 years). In 2012, avg. load factor fell 4pp YoY to 31%, given a change in production mix, as a 70MW wind farm (Tramandaí) started operations in May-11, during the best wind resource season of the year. Avg. selling price went up 3% YoY to R\$286/MWh, on inflation update. In Dec-11, in the energy A-5 auction, EDPR was awarded 20-year PPAs for 120MW, to start in Jan-16 (57 avg MW @ R\$97/MWh indexed to Brazilian inflation).

(1) Éolicas de Portugal is equity consolidated; (2) Including Italy, United Kingdom and other; (3) Jun-2020 figures, including annual updates at an estimated inflation of 2% from 2012; (4) Including 39MW of solar PV capacity in 2012.

### **Regulated Networks & Regulatory Receivables in Iberia**

Income Statement (€ m)	2012	2011	Δ%	Δ Abs.
Gross Profit	1,874.7	1,807.0	3.7%	+68
Consultant and an utant	421.7	426.2	-1.1%	-5
Supplies and services Personnel costs	421.7 147.8	426.2 146.7	-1.1%	-5 +1
Costs with social benefits	25.6	140.7	49%	+1
Other operating costs (net)	222.3	116.4	4 <i>5</i> % 91%	+106
Net Operating Costs (1)	817.3	706.5	16%	+111
EBITDA	1,057.4	1,100.5	-3.9%	-43
Provisions	2.8	(6.6)	_	+9
Net depreciation and amortisation	324.9	348.5	-6.8%	-24
	524.5	540.5	0.070	
EBIT	729.7	758.7	-3.8%	-29
Capex & Opex Performance	2012	2011	Δ%	Δ Abs.
Controllable Operating Costs (6)	569.5	572.9	-0.6%	-3
Cont. costs/client (€/client)	70.77	71.10	-0.5%	-0
Cont. costs/km of network (€/Km)	2,178.9	2,207.7	-1.3%	-29
Employees (#)	4,185	4,245	-1.4%	-60
Capex (Net of Subsidies) (€m)	403.6	404.8	-0.3%	-1
Network ('000 Km)	261.4	259.5	0.7%	+2
Regulatory Receivables (€ m)	2012	2011	Δ%	Δ Abs.
Regulatory Receivables (€ m) Total Net Iberia Regulatory Receivables	2012	2011	Δ% 59%	Δ Abs. +977
Total Net Iberia Regulatory Receivables				
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4)	2,621.0	1,643.5	59%	+977
Total Net Iberia Regulatory Receivables	2,621.0	1,643.5		+977 -245
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period	<b>2,621.0</b> <b>513.6</b> (327.4)	<b>1,643.5</b> <b>759.0</b> (478.1)	<b>59%</b> - <b>32%</b> 32%	+977 -245 +151
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5)	2,621.0	1,643.5	- <b>32%</b>	+977 -245 +151 +40
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period	<b>2,621.0</b> <b>513.6</b> (327.4)	<b>1,643.5</b> <b>759.0</b> (478.1) 198.1	<b>59%</b> - <b>32%</b> 32%	+977 -245 +151
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3)	<b>2,621.0</b> <b>513.6</b> (327.4) 237.9 <b>424.1</b>	<b>1,643.5</b> <b>759.0</b> (478.1) 198.1 34.6	<b>59%</b> - <b>32%</b> 32% 20%	+977 -245 +151 +40 -35
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distributio	<b>513.6</b> (327.4) 237.9 <b>424.1</b> n + Gas	<b>759.0</b> (478.1) 198.1 34.6 <b>513.6</b>	<b>-32%</b> 32% 20% - <b>17%</b>	+977 -245 +151 +40 -35 -89
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distributio Beginning of Period	2,621.0 513.6 (327.4) 237.9 424.1 n + Gas 739.7	1,643.5 759.0 (478.1) 198.1 34.6 513.6 188.4	<b>59%</b> - <b>32%</b> 32% 20%	+977 -245 +151 +40 -35 -89 +551
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distributio Beginning of Period Previous periods tariff deviation (2)	<b>2,621.0</b> <b>513.6</b> (327.4) 237.9 <b>424.1</b> <b>n + Gas</b> <b>739.7</b> (734.7)	<b>1,643.5</b> <b>759.0</b> (478.1) 198.1 34.6 <b>513.6</b> <b>188.4</b> 104.4	59% -32% 20% -17% 293%	+977 -245 +151 +40 -35 -89 +551 -839
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distributio Beginning of Period Previous periods tariff deviation (2) Tariff deviation in the period	<b>2,621.0</b> <b>513.6</b> (327.4) 237.9 <b>424.1</b> n + Gas <b>739.7</b> (734.7) 1,474.9	<b>1,643.5</b> <b>759.0</b> (478.1) 198.1 34.6 <b>513.6</b> <b>188.4</b> 104.4 429.1	<b>-32%</b> 32% 20% - <b>17%</b>	+977 -245 +151 +40 -35 -89 +551 -839 +1,046
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distributio Beginning of Period Previous periods tariff deviation (2) Tariff deviation in the period Other (3)	<b>2,621.0</b> <b>513.6</b> (327.4) 237.9 <b>424.1</b> <b>n + Gas</b> <b>739.7</b> (734.7) 1,474.9 63.3	<b>1,643.5</b> <b>759.0</b> (478.1) 198.1 34.6 <b>513.6</b> <b>188.4</b> 104.4 429.1 17.7	59% -32% 20% -17% 293% 244%	+977 -245 +151 +40 -35 -89 +551 -839 +1,046 +46
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Previous periods tariff deviation (2) Tariff deviation in the period Other (3) End of Period	<b>2,621.0</b> <b>513.6</b> (327.4) 237.9 <b>424.1</b> n + Gas <b>739.7</b> (734.7) 1,474.9	<b>1,643.5</b> <b>759.0</b> (478.1) 198.1 34.6 <b>513.6</b> <b>188.4</b> 104.4 429.1	59% -32% 20% -17% 293%	+977 -245 +151 +40 -35 -89 +551 -839 +1,046
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distributio Beginning of Period Previous periods tariff deviation (2) Tariff deviation in the period Other (3)	<b>2,621.0</b> <b>513.6</b> (327.4) 237.9 <b>424.1</b> <b>n + Gas</b> <b>739.7</b> (734.7) 1,474.9 63.3	<b>1,643.5</b> <b>759.0</b> (478.1) 198.1 34.6 <b>513.6</b> <b>188.4</b> 104.4 429.1 17.7	59% -32% 20% -17% 293% 244%	+977 -245 +151 +40 -35 -89 +551 -839 +1,046 +46
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distributio Beginning of Period Previous periods tariff deviation (2) Tariff deviation in the period Other (3) End of Period Portugal - CMEC's	2,621.0 513.6 (327.4) 237.9 424.1 n + Gas 739.7 (734.7) 1,474.9 63.3 1,543.2	1,643.5 759.0 (478.1) 198.1 34.6 513.6 188.4 104.4 429.1 17.7 739.7	59% -32% 32% 20% -17% 293% 244% 109%	+977 -245 +151 +40 -35 -89 +551 -839 +1,046 +46 +803
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distributio Beginning of Period Previous periods tariff deviation (2) Tariff deviation in the period Other (3) End of Period Portugal - CMEC's Beginning of Period	2,621.0 513.6 (327.4) 237.9 424.1 n + Gas 739.7 (734.7) 1,474.9 63.3 1,543.2 390.3	1,643.5 759.0 (478.1) 198.1 34.6 513.6 513.6 188.4 104.4 429.1 17.7 739.7 488.2	59% -32% 20% -17% 293% 244% 109%	+977 -245 +151 +40 -35 -89 +551 -839 +1,046 +46 +803 -98
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distributio Beginning of Period Previous periods tariff deviation (2) Tariff deviation in the period Other (3) End of Period Portugal - CMEC's	2,621.0 513.6 (327.4) 237.9 424.1 n + Gas 739.7 (734.7) 1,474.9 63.3 1,543.2 390.3 (229.9)	1,643.5 759.0 (478.1) 198.1 34.6 513.6 513.6 188.4 104.4 429.1 17.7 739.7 488.2 (336.8)	59% -32% 20% -17% 293% - 244% - 109%	+977 -245 +151 +40 -35 -89 +551 -839 +1,046 +46 +803 -98 +107
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Portugal - Last Resort Supplier + Distributio Beginning of Period Previous periods tariff deviation (2) Tariff deviation in the period Other (3) End of Period Portugal - CMEC's Beginning of Period (Recovery)/Return in the Period	2,621.0 513.6 (327.4) 237.9 424.1 n + Gas 739.7 (734.7) 1,474.9 63.3 1,543.2 390.3	1,643.5 759.0 (478.1) 198.1 34.6 513.6 513.6 188.4 104.4 429.1 17.7 739.7 488.2	59% -32% 20% -17% 293% 244% 109%	+977 -245 +151 +40 -35 -89 +551 -839 +1,046 +46 +803 -98
Total Net Iberia Regulatory Receivables Spain - Tariff Deficit (4) Beginning of Period Previous periods tariff deficits (5) Tariff deficit in the period Other (3) End of Period Pervious periods tariff deviation (2) Tariff deviation in the period Other (3) End of Period Portugal - CMEC's Beginning of Period (Recovery)/Return in the Period Deviation in the period	2,621.0 513.6 (327.4) 237.9 424.1 n + Gas 739.7 (734.7) 1,474.9 63.3 1,543.2 390.3 (229.9) 490.6	1,643.5 759.0 (478.1) 198.1 34.6 513.6 188.4 104.4 429.1 17.7 739.7 488.2 (336.8) 234.4	59% -32% 20% -17% 293% 244% 109%	+977 -245 +151 +40 -35 -89 +551 -839 +1,046 +46 +803 -98 +107 +256

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

**EBITDA from regulated networks** decreased 4% in 2012 amounting to €1,057m reflecting the impact of **non-recurrent events in figures from both years:** (i) €15m consequence of the application of IFRIC18 in electricity distribution in Spain in 3Q12, (ii) €13m positive one-off in 3Q12 at the level of gas distribution in Portugal, (iii) €12m tariff deviations from previous years accounted in gas distribution in Portugal in 2Q11, (iv) the sale of transmission assets to REE (+€27m) in 1Q11 and (v) €21m intra-group real estate gain in 2Q11 (no impact at consolidated level). **Excluding these impacts, EBITDA decreased 1% YoY (-€11m)** due to a combined impact from: (1) 8% decrease of regulated revenues in electricity distribution in Portugal in 2011 due to bad weather (-€8M) and (3) higher income related to the application of IFRIC18 in electricity distribution in Spain in 2011 (-€9M even considering the one-off explained above), which compensated (4) the rise in Portugal distribution grid regulated revenues following an increase in rate of return from 8.56% in 2011 to 10.05% in 2012.

**Controllable operating costs** decreased 1% YoY related to lower supplies and higher efficiency reflecting favorable dry weather in the Iberian Peninsula in 2012. **Capex** stayed flat YoY and was mostly dedicated to service quality.

Regulatory receivables in Iberia increased by €977m from €1,644m in Dec-11 to €2,621m in Dec-12 driven by an increase of €1,067m in Portugal and a decrease by €89m in Spain.

**Regulatory receivables from electricity distribution and last resort supply in Portugal** increased by €784m in 2012 from €720m in Dec-11 to €1,503m in Dec-12 is driven by: (1) €972m regarding deferral of ex-ante tariff deficit for 2012 to be fully recovered through 2013-2016 tariffs and remunerated at 6.3% annual return; (2) €251m mainly due to higher than expected overcost with special regime production (€67.9/MWh in 2012 vs. €46.6/MWh assumed by ERSE in the calculation of 2012 tariffs); (3) €235m essentially due to negative tariff deviation generated in electricity distribution activity; (4) securitization of the ex-ante tariff deficit of €141m related to 2010 CMECs deviations and (5) €596m recovered through tariffs referent to negative previous years' deviations.

77 Regulatory receivables from CMECs increased from €390m in Dec-11 to €654m in Dec-12 driven by: (1) €230m recovered in 2012 through tariffs related to 2011 negative deviations and (2) €491m negative deviation in 2012 between gross profit defined by CMECs
 — and gross profit achieved in the market propelled by extreme dry weather (hydro production factor fell 52% short of an average year).
 This amount is due to be received in up to 24 months through TPA tariffs, paid by all Portuguese electricity consumers.

Regulatory receivables in Spain by the end of Dec-12, amounted to €424m (including interests/financial updates): i) €147m regarding 2012 tariff deficit; ii) €143m regarding 2011 tariff deficit and iii) €134m from the 2010 tariff deficit. In 2012, a total amount of €5.6bn of the Spanish deficit was securitised by FADE (the fund in charge of the securitization) of which €301m were entitled to our subsidiary

HC Energia. By Dec-12 the deficit for the whole Spanish electricity system pending of securitization amounted to  $\leq 4.6$  bn. During the - first two months of 2013, a total amount of  $\leq 1.1$  bn of the Spanish deficit was already securitized by FADE of which  $\leq 78.1$  m ( $\leq 10.2$  m related to a December securitization cashed-in in Jan-13) were entitled to our subsidiary HC Energia.

For 1Q13, last resort tariff (LRT) in Spain increased by 3.0% based on an avg. baseload cost of €54.18/MWh fully passing through the 46 7% increase in energy costs arising from the CESUR auction and the access tariffs will stay flat QoQ.

33 Regarding future evolution of regulatory receivables in Portugal implicit in ERSE's final version for 2013 tariffs we estimate an increase of regulatory receivables of approximately €0.5bn in 2013 as a result of: (1) €834m to be recovery in 2013 tariffs and (2) — deferral of special regime premiums amounting to €1,275m by Dec-13 to be fully recovered through 2014-2017 tariffs (can be securitized).

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

(2) Includes the assignment to a third party of the right to tariff deficits/adjustments and recovery or pay-back through the tariffs of previous years' tariff deviations. (3) Includes interests on previous years tariff deviations.

(4) Net of CO2 clawback costs. (5) Includes the recovery/payment of previous periods tariff deficits. (6) Supplies & services and personnel costs.

### Electricity Distribution and Last Resort Supply in Portugal

Income Statement (€ m)	2012	2011	Δ%	Δ Abs.
Gross Profit	1,365.2	1,295.5	5.4%	+70
Supplies and services	317.6	317.3	0.1%	+0
Personnel costs	115.9	116.2	-0.2%	-0
Costs with social benefits	22.0	13.1	68%	+9
Concession fees	249.4	242.4	2.9%	+7
Other operating costs (net)	9.4	(44.1)		+54
Net Operating Costs (1)	714.3	644.8	11%	+70
EBITDA	650.9	650.7	0.0%	+0
Provisions	2.9	(1.6)	-	+5
Net depreciation and amortisation	230.9	244.7	-5.6%	-14
EBIT	417.1	407.7	2.3%	+9
Gross Profit Performance	2012	2011	Δ%	Δ Abs.
	1,365.2	1,295.5	5.4%	+70
Regulated gross profit	1,351.3	1,276.7	5.8%	+75
	1,351.3	1,276.7	5.8%	+75
Regulated gross profit Non-regulated gross profit	1,351.3	1,276.7	5.8%	+75
Regulated gross profit Non-regulated gross profit Distribution Grid	1,351.3 13.9	1,276.7 18.7	5.8% -26%	+75 -5
Regulated gross profit Non-regulated gross profit <b>Distribution Grid</b> Regulated revenues (€ m)	1,351.3 13.9 1,260.1	1,276.7 18.7 1,171.0	5.8% -26% 7.6%	+75 -5 +89
Regulated gross profit Non-regulated gross profit <b>Distribution Grid</b> Regulated revenues (€ m) Electricity distributed (GWh)	1,351.3 13.9 1,260.1 44,655	1,276.7 18.7 1,171.0 46,508	5.8% -26% 7.6% -4.0%	+75 -5 +89 -1,853
Regulated gross profit Non-regulated gross profit <b>Distribution Grid</b> Regulated revenues (€ m) Electricity distributed (GWh) Supply Points (th)	1,351.3 13.9 1,260.1 44,655	1,276.7 18.7 1,171.0 46,508	5.8% -26% 7.6% -4.0%	+75 -5 +89 -1,853
Regulated gross profit Non-regulated gross profit Distribution Grid Regulated revenues (€ m) Electricity distributed (GWh) Supply Points (th) Last Resort Supply	1,351.3 13.9 1,260.1 44,655 6,095.2	1,276.7 18.7 1,171.0 46,508 6,137.7 107.8	5.8% -26% 7.6% -4.0% -0.7%	+75 -5 +89 -1,853 -42

Capex & Opex Performance	2012	2011	Δ%	Δ Abs.
Controllable Operating Costs (4)	<b>433.5</b>	<b>433.5</b>	<b>0.0%</b>	<b>+0</b>
Cont. costs/client (€/client)	71.1	70.6	0.7%	+1
Cont. costs/km of network (€/Km)	1,937.7	1,947.0	-0.5%	-9
Employees (#)	3,596	3,641	-1.2%	-45
Capex (Net of Subsidies) (€m)	<b>310.4</b>	<b>271.8</b>	<b>14%</b>	<b>+39</b>
Network ('000 Km)	223.7	222.6	0.5%	+1
Equival. interruption time (min.) (5)	58	75	-23%	-18

EBITDA from electricity distribution and last resort supply activities in Portugal were flat in 2012. Excluding a €21m intragroup real estate gain in 2Q11 (no impact at consolidated level), EBITDA increased by 3% (+€21m). The increase in EBITDA was supported mainly by higher regulated rate of return on assets and lower sensitivity to changes in consumption.

In 2012, **electricity distributed** was 4.0% lower YoY driven by the residential, SME and public lighting segments, following the reducing of households' disposable income and increase in taxation over electricity consumption (VAT up from 6% to 23% from Oct-11 onwards). The 0.7% decline in the number of supply points had an immaterial impact at gross profit level.

**Distribution grid regulated revenues** increased by 8% to €1,260m in 2012, essentially on the back of: (1) a €44m positive impact due to an increase of return on RAB (from 8.56% in 2011 to 10.05% for 2012). The final asset remuneration was set in 10.05% indexed to average Portuguese Republic 5Y CDS between Oct-11 and Set-12 (1,000.5 bp) and (2) a €9m negative impact from volumes distributed below regulator forecast (47.6TWh for 2012).

Last resort supplier (EDP SU) regulated revenues decreased by 13% to €93m following the switching of clients to liberalized suppliers, in line with the calendar of increasing liberalization of the Portuguese electricity supply market. In July 1st 2012, a new stage was reached in the process of liberalisation of electricity supply in Portugal. From Jul-12, EDP SU, the last resort supplier, cannot execute new contracts with clients requiring contracted power ≥10.35 kVA while EDP SU's current clients ≥10.35 kVA had, from this date onwards, a 2% average tariff increase in order to encourage their transfer to a liberalised supplier. Volume of electricity supplied by our last resort supplier fell 20% YoY to 19.8TWh and as a result market share in electricity supply dropped from 53% in 2011 to 44% in 2012.

**Controllable operating costs** were stable YoY due to flat supplies and services benefiting from favourable dry weather reflecting a decrease in needs for maintenance and repairs works and lower personnel costs reflecting the decrease of the number of employees. Other operating revenues in 2011 include €21m intra-group real estate gain. **EBIT** increased by 2% YoY backed by a €7m one-off impact at the level of net depreciation and amortization in 1Q12.

**Capex** in 2012 increased 14% YoY to €310m. The Equivalent Interruption Time (EIT) in 2012 was 58 minutes, a significant improvement compared to 2011, as a result of investment in improving the quality of service and benefiting from favourable weather conditions.

**On 15-Dec-12, ERSE published a final version of tariffs and regulated revenues for 2013** for our electricity distribution and last resort supply activities in Portugal setting a 2.8% avg. annual increase for electricity tariffs in Portugal.

Electricity distribution regulated revenues defined at €1,274m for 2013 based on: (1) a regulated rate of return on assets (RoR) of 9.5% for 2013 on a preliminary base based on 780b.p. assumption for Portuguese Republic CDS and to be positively correlated with the moving average of this variable (annually revised, Rate of Return floor at 8.0% and cap at 11.0% for 2012-2014). Note that from 1-Oct-12 until 28-Feb-13 average Portuguese CDS was significantly lower at 399b.p. (2) a forecast for average electricity purchase price in 2013 of €62.0/MWh; (3)a forecast of 45.4 TWh of electricity demand in Portugal in 2013 (1.7% above 2012 electricity distributed) and (4) a GDP deflator of 0.4%.

Regarding last resort electricity supply activity were set, for 2013, the following assumptions: (1) regulated revenues set at  $\notin$ 93m in 2013; (2) a forecast for overcost with special regime production of  $\notin$ 55.7/MWh and (3) a forecast of 19.3TWh of special regime generation of (1.8% above 2012 special regime generation).

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

(2) Includes the recovery or pay-back through the tariffs of previous years' tariff deviations. (3) Includes interests on previous years tariff deviations.

(4) Supplies & services and personnel costs. (5) Adjusted for non-recurring impacts (rainstorms, high winds and summer fires). Although there are no events in 2012.

#### Electricity and Gas Networks in Spain and Gas Networks in Portugal

	Ele	ctricity Spai	n		Gas Spain		Ga	as Portugal	
icome Statement (€ m)	2012	2011	%Δ	2012	2011	%Δ	2012	2011	%Δ
oss Profit	163.9	179.4	-8.6%	266.4	258.3	3.1%	79.2	73.9	7.2%
pplies and services	45.5	50.2	-10%	42.8	42.9	-0.3%	16.0	16.0	-0.1%
rsonnel costs	19.6	18.0	8.8%	10.7	10.8	-1.0%	1.6	2.1	-21%
sts with social benefits	2.8	3.2	-14%	0.6	0.4	34%	0.2	0.1	58%
ner operating costs (net)	(33.9)	(73.6)	54%	(2.6)	(7.5)	-65%	(0.1)	(0.7)	-83%
t Operating Costs (1)	33.9	(2.2)	-	51.4	46.6	10%	17.7	17.5	1.4%
TDA	129.9	181.5	-28%	215.1	211.8	1.6%	61.5	56.4	9.0%
ons	0.0	(4.1)	-	(0.0)	(0.3)	-86%	(0.1)	(0.6)	-87
t Depreciation. & amortisation	32.1	34.8	-7.8%	48.2	56.5	-15%	13.6	12.5	9.0%
IT	97.8	150.8	-35%	166.9	155.5	7.3%	47.9	44.5	7.7%
ex (net os subsidies)	37.8	61.1	-38%	24.5	34.4	-29%	30.9	37.4	-18%
<u> </u>									
oss Profit	163.9	179.4	-8.6%	266.4	258.3	3.1%	79.2	73.9	7.2%
Regulated Revenues	153.9	166.9	-7.8%	235.2	228.7	2.8%	63.1	65.2	-3.2%
Non-regulated gross profit	10.0	12.4	-20%	31.3	29.7	5.4%	16.1	8.7	86%

#### ELECTRICITY DISTRIBUTION IN SPAIN

lower demand from industrial segment.

Electricity distributed by HC Energia, essentially in the region of Asturias, decreased by 5% YoY due to Regulated revenues attributable to Naturgas Energia (NGE) in 2012 amount to €237m, including Naturgas gas transmission network (€28.7m). For 2013, regulated revenues attributable to Naturgas Energia (NGE) amount to €194m (just for distribution activity). mainly reflecting: i) the inclusion of €27m non-recurrent gain related to the sale of transmission assets In Jul-12, EDP has reached an agreement with Enagás (90%) and Ente Vasco de la Energía (10%), the public

EBITDA from our electricity distribution activity in Spain decreased 28% (-€52m) YoY to €130m in 2012 to REE in 1Q11: ii) higher impact from the application of IFRIC18 in 2011 (-€9M) including the impact of €15m non-recurrent other operating income in 3Q12 consequence of the application of IFRIC18 associated to the start-up of substation in Gijón (Asturias)<sup>(2)</sup> and iii) negative impact from RDL 13/2012 which implied a 8% decrease of regulated revenues in 2012 (-€13m). Excluding the impact of sale of paid by Enagás for 90% of the shares and the entire intra-group debt). transmission assets and application of IFRIC18 associated to the start-up of a new substation, EBITDA decrease 25% YoY (-€39m).

€169.3m. In Mar-12, Spanish Government published RDL 13/2012 which reduced regulated revenues EDP. attributable to HC Distribución for the year 2012 to €151.4m (-11%). In Feb-13, the Spanish government published a Ministerial Order with the remuneration for the electricity distribution regulated activity. Regulated revenues attributable to HC Distribución for the year 2013 amount to €163m.

#### GAS REGULATED NETWORKS IN SPAIN

a 3% increase of regulated revenues (+€7m).

distribution network to 55.8 GWh was mostly driven to the connection to our network of new Repsol pressure clients and a 7.4% avg. transitory tariff increase to medium/high pressure clients. refinery in Cartagena (Murcia region).

entity controlled by the government of Spain's Basque Country region, for the sale of the gas transmission assets in Spain (2011 EBITDA:€23,7m and 2012 EBITDA: €26.7m). The completion of the transaction occurred in Feb-13 with an agreed transaction price that represents an enterprise value of €258 million (€245 million

In Dec-11 it was published the Ministerial Order that set the remuneration for the gas regulated activities.

#### GAS REGULATED NETWORKS IN PORTUGAL

Gas volumes distributed in Portugal went up 3% YoY supported by the 7% YoY increase in the number of In Dec-11, the regulated revenues attributable to HC Distribución for the year 2012 amount to supply points, justified by a systematic effort of client connection on existing grids in the region operated by

In Jul-12, ERSE recognised that EDP has the right to receive €13.5m (capital plus interests) in 3 annual installments until 2015/2016 related with the economic and financial balance of concession agreement. This way, EDP accounted in 3Q12 one-off revenues amounting to €13m. EBITDA from gas regulated activities in Portugal increased 9% YoY (+€5m) to €61m in 2012 on the back of revenues explained above and €11.6m tariff deviations from previous years accounted in 2Q11 based on a decree-law published in Portugal, which allow EBITDA from gas regulated networks in Spain went up 2% YoY (+€3m) to €215m in 2012, due mostly to tariff deviations to be accounted on the same way as electricity. Excluding these impacts, EBITDA increased by 8% YoY (€+4m).

Regulated revenues rose 3% YoY backed by a 1% increase in the number supply points and the 2% In Jun-12, ERSE set the gas tariffs for the regulatory period from Jul-12 to Jun-13, defining a 9% return on increase of our network's extension. The 15% increase of volume of gas distributed through the assets resulting on annual regulated revenues of €63m. ERSE set a 6.9% avg. last resort tariff increase for low

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net) (2) With the application of IFRIC 18, the assets received from customers ensuring their direct access to the energy distribution network, are registered as assets at fair value against operating income, and amortized through their useful lives

#### EDP - Energias do Brasil: Financial Performance

Income Statement		Consolidate	ed (R\$ m)			Consolidat	ed (€ m)	
	2012	2011	Δ%	Δ Abs.	2012	2011	Δ%	Δ Abs.
December 1								
Gross Profit	2,025.1	2,395.7	-15%	-371	807.3	1,029.7	-22%	-222
Supplies and services	444.2	420.2	2.50/	. 4 5	477.4	104 5	4.00/	7
Personnel costs	444.3	429.2	3.5%	+15	177.1	184.5	-4.0%	-7
Costs with social benefits	267.5	248.0	7.9%	+20	106.6	106.6	0.1%	+0
	50.1	34.9	44%	+15	20.0	15.0	33%	+5
Other operating costs (net)	(78.2)	97.6	-	-176	(31.2)	41.9	-	-73
Net Operating Costs (1)	683.8	809.6	-16%	-126	272.6	348.0	-22%	-75
EBITDA	1,341.3	1,586.1	-15%	-245	534.7	681.7	-22%	-147
Provisions	27.8	48.3	-42%	-20	11.1	20.8	-47%	-10
Net depreciation and amortisation	353.3	324.5	8.9%	+29	140.8	139.5	1.0%	+1
EBIT	960.2	1,213.3	-21%	-253	382.8	521.5	-27%	-139
Capital gains/(losses)	0.0	-	-	+0	0.0	-	-	+0
Financial results	(245.7)	(277.2)	11%	+31	(98.0)	(119.1)	-18%	+21
Results from associates	(2.9)	(2.9)	0.9%	+0	(1.2)	(1.3)		+0
	( - )	( - )			( )	( - )		
Pre-tax profit	711.6	933.2	-24%	-222	283.7	401.1	-29%	-117
Сарех	974.4	793.8	23%	+181	388.4	341.2	14%	+47
Maintenance	297.4	407.8	-27%	-110	118.6	175.3	-32%	-57
Expansion	677.0	386.0	75%	+291	269.9	165.9	63%	+104

Energias do Brasil	2012	2011	Δ%
Share price at end of period (R\$/share)	12.49	13.83	-9.7%
Number of shares Issued (million)	476.4	476.4	-9.770
Treasury stock (million)	0.8	0.8	-
Number of shares owned by EDP (million)	243.0	243.0	0.0%
Euro/Real - End of period rate	2.70	2.42	-11%
Euro/Real - Average of period rate	2.51	2.33	-7.3%
Inflation rate (IGP-M - 12 months)	7.8%		-
Net Debt / EBITDA (x)	2.7	1.6	
Average Cost of Debt (%)	8.7	9.6	-89 b.p.
Average Interest Rate (CDI)	8.1	11.0	-293 b.p.
Employees (#)	2,755	2,619	+136
Key Balance Sheet Figures (R\$ Million)	2012	2011	Δ%
Net financial debt	3,616	2,572	41%
Regulatory receivables	241	10	
Non-controling Interests	1,888	1,896	-0.4%
Equity book value	4,512	4,703	-4.1%
	2012	2011	A 0/
Financial Results (R\$ Million)	2012	2011	Δ%
Net Interest Costs	(279.6)	(236.7)	-18%
Capitalised Costs	105.3	85.8	23%
Forex Differences and Derivatives	(36.0)	(60.3)	40%
Other	(35.4)	(66.1)	46%
Financial Results	(245.7)	(277.2)	11%

In local currency, EDP – Energias do Brasil (EDPB) 2012 EBITDA decreased 15% YoY reflecting: (i) the 26% to a legal litigation with our client White Martins.

fall in distribution on the back of negative tariff deviation (-R\$231m in 2012 vs -R\$60m in 2011) and capitalisation of some revenues in 2012 which were not capitalised in 2011 (+R\$46m in 2011) which were partially compensated by the non-recurrent gain on asset revaluation due to reestimation of the compensation of distribution concessions in Bandeirante and Escelsa (+R\$102m in 2012); (ii) 7% decrease in generation business due to the negative contribution of Pecém's coal plant prompted by the delay in its commercial operation (-R\$104m) and (iii) one-off gain with Evrecy sale (+R\$31m in 2012) and the reversal of impairment in the supply business on the back of the agreement with Ampla (+R\$21m in 2012). Adjusted by these non-recurrent itens and by the tariff deviation impact, **normalized EBITDA would have declined 5% YoY from R\$1,600m in 2011 to R\$1,521m in 2012 (13% above reported EBITDA in 2012).** 

Foreign exchange contributed negatively with -€42m in EDPB's EBITDA in Euro terms, as the Real depreciated 7% against the Euro.

**Net operating costs declined 16%:** (i) supplies and services rose 4%, below inflation of 7.8% on the back of the replacement of external services by internal staff; (ii) personnel costs went up by 8%, reflecting mostly the annual salary update of +7.3% by Nov-11 and +1.0% by Jan-12 and also higher average headcount; (iii) costs with social benefits soared R\$15m impacted by the one-off costs with indemnities regarding HR restructuring costs (R\$9m); and (iv) other net operating costs fell R\$176m impacted mostly by one-off itens as the distribution asset revaluation, the agreement with Ampla and the gains obtained with the sale of Evrecy.

Note that provisions were abnormally high in 2011 due to a R\$25m provision booked in 2Q11 related

Net financial costs went down R\$31m to R\$246m as a result of: (i) R\$52m one-off cost in 2011 on other financial results reflecting the overdue interest associated with the White Martins litigation, which was offset by (ii) higher net interest costs backed by higher net financial debt which more than compensated the lower average cost of debt (from 9.6% in 2011 to 8.7% in 2012). Net financial debt rose 41% YoY mostly due to expansion capex and tariff deviations in 2012.

EDPB concluded in Dec-12 the disposal of transmission assets (Evrecy) to CTEEP, for a final amount of R\$63m.

By Jun-12 the company paid the **2011 annual dividend** in the amount of R\$370.2m (R\$0.777/share). The Board of Directors will propose at the General Meeting the payment of 2012 annual dividend in the same amount of 2011, R\$370.2m. Since Jan-13, EDPB's shares are included in Bovespa, the main stock market index of Brazil.

In 2H12, due to the extremely dry weather, the hydro reservoirs were at abnormally low levels in Brazil, especially in Southeast and Center-West where it reached only 29% of its maximum level by Dec-12 (vs. 61% in Dec-11). In addition, the unavailability of several thermal plants also contributed for the significant rise of the spot price (R\$218.1/MWh in 2H12 vs R\$31.8/MWh in 2H11). The System Operator was forced to dispatch the existing thermal plants in order to stabilise the reservoir levels. This situation had negative repercussions in our business as it: (i) increased tariff deviations in distribution; (ii) worsened penalisation conditions of the Pecém's delay and (iii) impacted hydro plants, as they were forced to purchase energy in the market in 4Q12 to comply with their supply contracts.

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

#### **Brazil: Electricity Distribution**

Income Statement (R\$ m)	2012	2011	Δ%	Δ Abs.
Gross Profit	1,113.5	1,437.4	-23%	-324
Supplies and services	329.7	327.9	0.6%	+2
Personnel costs	180.0	180.9	-0.5%	-1
Costs with social benefits	41.9	29.3	43%	+13
Other operating costs (net)	(27.9)	98.5	-	-126
Net Operating Costs (1)	523.7	636.5	-18%	-113
EBITDA	589.8	800.9	-26%	-211
Provisions	25.1	43.0	-42%	-18
Net deprec. and amortisation	187.6	206.9	-9.3%	-19
EBIT	377.1	551.0	-32%	-174
Gross Profit Performance	2012	2011	Δ%	Δ Abs.
		-		
Regulated Revenues	1,344	1,497	-10%	-153
Tariff deviation in the Period (4)	(318)	(40)	692%	-278
Dev. from previous year (3)	32	(20)	-	+52
Others	55	0		+55
Gross Profit	1,114	1,437	-23%	-324
Regulatory Receivables (R\$ m)	241	10	-	+231
Clients Connected (th)	2,933.9	2,831.7	3.6%	+102
Bandeirante	1,601.4	1,545.3	3.6%	+56
Escelsa	1,332.5	1,286.4	3.6%	+46
Electricity Distributed (GWh)	24,923	24,544	1.5%	+379
Bandeirante	14,793	14,726	0.5%	+67
Escelsa	10,130	9,818	3.2%	+312
From which: To clients in Free Market (GWh)	9,305	9,414	-1.2%	-109
Electricity Sold (GWh)	15,618	15,130	3.2%	+488
Bandeirante	9,444	9,313	1.4%	+130
Resid., Commerc. & Other	6,470 2,973	6,118 3,195	5.8% -6.9%	+352 -221
Industrial <b>Escelsa</b>	2,973 6,174	5,195 5,817	-0.9% 6.1%	+357
Resid., Commerc. & Other	5,063	4,721	7.2%	+341
Industrial	1,111	1,095	1.5%	+341
industrial	1,111	1,000	1.570	10
Capex & Opex Performance	2012	2011	Δ%	Δ Abs.
Controllable Operating Costs (2)	F 00 7	F00 0	0.20/	. 4
Cont. costs/client (R\$/client)	<b>509.7</b> 173.7	<b>508.8</b>	0.2%	+ <b>1</b> -6
Cont. costs/client (R\$/client) Cont. costs/km (R\$/Km)	1/3./ 5.8	179.7 5.9	-3.3% -1.5%	-6 -0
Employees (#)	5.8 2,140	2,091	-1.5%	-0 +49
	2,140	2,001	2.5/0	145

240.3

87.2

323.6

85.7

Capex (net of subsidies) (R\$m)

Network ('000 Km)

In electricity distribution in Brazil, **EBITDA in 2012 dropped 26% YoY**, penalised by negative tariff deviations, justifying the -R\$231m difference between regulated revenues and gross profit in 2012. YoY EBITDA comparison was also affected by: (i) negative impact from ANEEL's directive under which the amounts collected from industrial clients for power demand above contracted levels must be registered as investment subsidies and not as operating revenues (R\$46m in 2011) and (ii) positive impact of R\$102m from revaluation due to reestimation of the compensation of concessions in Bandeirante and Escelsa (Escelsa's concession will expire in Jul-25 and Bandeirante's in Oct-28) on the back of the Provisory Act No. 579 (PA 579). Adjusted by these effects, EBITDA for 2012 and 2011 would have been R\$718 and R\$819m. respectively (-12% YoY).

Tariff deviations at gross profit level amounted to -R\$231m in 2012 vs. -R\$60m in 2011. Gross profit from distribution in Brazil includes the cash flow impact from deviations vs. annual regulated revenues. On the back of the freeze of its tariff from Oct-11 till Oct-12, Bandeirante faced higher energy, transmission and sector costs than the ones included in tariffs but on the other hand tariffs still did not include the new methodology regarding the lower RoR which was reviewed in Oct-12 with retroactive effects from Oct-11 onwards. Tariff deviation created in previous years and which are being recovered through tariffs in 2012 amounted to R\$32m (vs. R\$20m returned to tariffs in 2011). On the other hand, a new tariff deviation of -R\$318m was created in 2012 (vs. tariff deviation of -R\$40m in 2011) prompted by: (i) incurred transmission and sector costs not considered in the tariffs and (ii) higher costs of energy than the ones reflected in the tariffs, magnified by higher electricity spot prices on the back of dry weather. As a result, the amount of regulatory receivables increased from R\$10m by Dec-11 to R\$241m to be collected by EDPB through tariffs in the following years. Note that this figure is already net of the retroactive devolution related to the non-application of the new regulatory methodology (which implied a cut in RoR) in Bandeirante's tariffs from Oct-11 to Oct-12.

**Bandeirante's regulatory review for the period 2011-15**, was approved in Oct-12 by ANEEL. Gross RAB was set at R\$3,000m and the net RAB at R\$1,545m, both 27% above the previous regulatory period. It was also defined a 7.29% increase in Bandeirante's tariff for the period from Oct-12 to Oct-13 already including the regulatory review impact. The financial adjustment resulting from the tariff freezing between Oct-11 and Oct-12, including the non-application of the new regulatory methodology, amounting to R\$78m, will be returned by Bandeirante to tariffs in three annual installments with the first one included in this tariff readjustment and the remaining in the following two annual tariff readjustments. Regarding Escelsa, in Aug-12 ANEEL set a 14.29% tariff increase for the period from Aug-12 to Aug-13 on the back of the annual tariff readjustment process. Escelsa's new regulatory period will start in Aug-13.

The PA 579 led to the decrease of the electricity costs mostly by reducing the sector costs, namely charges on electricity (pass-through cost for distributors) and also generation costs related to the concessions' renewal conditions. Therefore, in Jan-13 ANEEL approved the new tariffs for residential customers, which implied a 18% decrease for both Bandeirante and Escelsa clients, with no impact on regulated revenues, but which should increase tariff deviations.

**Electricity volumes sold and distributed in 2012:** Volume of electricity sold rose 3.2% YoY (6% YoY in 4Q12), reflecting a 6% increase in the residential, commercial & other, justified by a 3.6% rise in the number of clients and also by higher electricity consumption per capita. In turn, the industrial segment declined by 4.8% due to the lower industrial activity in Bandeirante's area as well as migration of clients to the free market. Electricity distributed rose 1.5% in 2012 (+3.2% YoY in 4Q12) penalized by lower volumes of energy distributed to clients in the free market.

**Controllable operating costs stood flat in 2012.** Personnel costs declined slightly by 0.5%, as the annual average salary update and the increase in the average headcount were offset by one-off credit due to the recovery of previous years overpayment of labor accident insurance (R\$9m). Supplies and services rose well below inflation due to the replacement of external suppliers by internal workforce and also by the implementation of efficiency measures. **Other operating costs** fell by R\$126m in 2012 reflecting the one-off gain obtained with the sale of buildings in 1H12 (R\$16m) and the asset revaluation on the back of PA 579 (R\$102m).

**Capex** dropped 26% YoY to R\$240m, partially due to the above mentioned accounting changes which implied higher levels of investment subsidies at Bandeirante.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net) (2) Supplies & services and personnel costs

-26%

1.7%

-83

+1

(3) Regulatory receivables that EDP is recovering in current tariff, related to amounts that the system owed us due to lower than expected gross profit in past periods (4) Regulatory receivables being generated in the current period. This amount is to be recovered by EDP through tariffs in the following annual tariff adjustments.

<sup>- 23 -</sup>

### Brazil: Electricity Generation and Supply

Income Statement (R\$M)		Genera	ition	
income statement (RSIM)	2012	2011		Δ Abs.
Gross Profit	881.6	910.3	-3.2%	-29
Supplies and services	70.3	65.4	7.5%	+5
Personnel costs	46.0	39.5	17%	+7
Costs with social benefits	5.0	2.9	70%	+2
Other operating costs (net) Net Operating Costs (1)	1.6 <b>122.9</b>	(12.8) <b>95.0</b>	29%	+14 <b>+28</b>
EBITDA	758.7	815.3	-6.9%	-57
Provisions	3.8	7.9	-51%	-4
Net depreciation and amortisation	153.7	155.6	-1.3%	-2
EBIT	601.1	651.8	-7.8%	-51
Generation	2012	2011	Δ%	Δ Abs.
Gross Profit (R\$ m)	881.6	910.3	-3.2%	-29
Lajeado	426.4	382.7	11%	+44
Peixe Angical	331.4	314.3	5.5%	+17
Energest (15 hydro plants) Pecém	209.5 (86.6)	212.9	-1.6%	-3 -87
Pecelli	(80.0)	-	-	-07
Installed Capacity - Hydro (MW)	1,974	1,790	10%	+184
Lajeado	903	903	-	-
Peixe Angical	499	499	-	-
Energest (15 hydro plants) Pecém	393 180	389	1.0%	+4 +180
Feceni	100	-	_	100
Electricity Sold (GWh)	9,450	8,388	13%	+1,062
Lajeado	3,454	3,743	-7.7%	-289
Peixe Angical	2,390	2,374	0.7%	+16
Energest (15 hydro plants) Pecém	2,411 1,195	2,271	6.2%	+140 +1,195
Feceni	1,155			11,155
Average Selling Price (R\$/MWh) (2)	139.2	131.0	6.3%	+8
Lajeado	125.4	117.8	6.5%	+8
Peixe Angical	174.5 123.3	164.3 115.9	6.2% 6.4%	+10 +7
Energest (15 hydro plants)	125.5	115.9	0.4%	+7
Capex (R\$ million)	730.0	468.2	56%	+262
Maintenance	53.0	82.2	-35%	-29
Expansion	677.0	386.0	75%	+291
Pecém	284.9 359.4	295.7 59.5	-3.7% 504%	-11 +300
Jari Other	32.7	39.5	6.6%	+300
Employees (#)	442	367	20%	+75
Supply	2012	2011	Δ%	Δ Abs.
	<b>2012</b> 20.8	<b>2011</b> 39.4	<b>∆%</b> -47%	
Gross profit (R\$ m) Net Operating costs (1) (R\$ m)	20.8 (29.3)	39.4 7.4	-47% -	-19 -37
Gross profit (R\$ m)	20.8	39.4		Δ Abs. -19 -37 +18 +1,359

**EBITDA** in our electricity generation activities in Brazil went down 7% since the inflation update on PPA's selling price was more than compensated by the negative contribution from Pecém's coal plant (-R\$104m in 2012) due to the penalties associated to the delay of the start of its commercial operations. The negative impact from energy purchase by hydro plants in 4Q12, due to the extremely dry weather, was offset by the energy sold in the spot market in 1H12.

**Electricity volumes sold increased 13% YoY**. Excluding energy sold by Pécem, electricity volumes declined 1.6% due to a non-recurrent short-term operation in 2011.

Average selling price increased 6% YoY in 2012 supported by the prices updtae for inflation. Almost all EDPB's installed capacity is contracted under PPA long term contracts.

In Pecém coal plant (720MW), EDPB holds a 50% stake in partnership with MPX. The conditions contracted with the Brazilian electricity system include the availability of an installed capacity of 615MW (avg. load factor of 85%) for a 15-year term starting in January 2012. Due to force majeure causes which led to the delay in construction works, ANEEL approved the prorogation of the plant commissioning and availability date for 23-Jul-2012. However, given delays on the commissioning of the plant due to several reasons, EDPB was forced to purchase electricity from third parties from 23-Jul-12 onwards in order to fulfill its PPA contracts with the distribution companies, facing a negative margin of R\$87m in 2012. Meanwhile in 1-Dec-12, the first group initiated its commercial operation while the second one has already started the synchronisation with the electric system in Feb-13. There is a petition pending approval by ANEEL, for the improvement of actual pass-through conditions of the purchase of energy costs incurred while the plant was not operational. Pecém will provide an expected EBITDA of R\$215m (EDPB's 50% share) in the first 12 months of full operation having the right to total pass through of fuel costs.

**Personnel costs rose 17%**, reflecting wages update and the increase in the number of employees. Note that the increase in the number of employees is not fully reflected in higher costs in the part that refers to Pécem, as these costs were being capitalized most of the year.

Capex rose 56% YoY to R\$730m. Expansion capex represents 93% of total capex from which 42% refers to the construction of Pécem coal plant and 53% to Jari hydro plant.

Santo António do Jari hydro plant, a 373MW project has an average 190MW contracted by a 30-year PPA at a price of R\$104/MWh and an additional 20.9MW sold at the Dec-12 energy auction for a 28-year PPA at a price of R\$82/MWh. The total disbursement will be aprox. R\$1.4bn to be financed with aprox. 67% debt and 33% equity. In Oct-12 BNDES approved a R\$736.8m loan for a 18.5 year period including a 2.5 year grace period with a cost of TJLP (Long Term Interest Rate) + 186 bps.

In Dec-12, EDPB was awarded a PPA for **Cachoeira Caldeirão hydro plant**, a 219MW project with an average 129.7 MW contracted for a 30-year period at a price of R\$95.31/MWh. The hydro plant PPA starts in Jan-17 and the project will have an expected investment of R\$1.1bn and estimated leverage of 60%.

The PA 579 does not impact in EDPB generation business in what concerns concessions renewals as EDPB concessions will end only between 2025 and 2044 and the automatic renewal of the generation concessions was not assumed by the company in its investment assessment.

Our trading and supply activity is carried out by our EDP Comercializadora subsidiary in the free market essentially through a service of energy sourcing to large industrial clients without incurring in material energy market risk. **In 2012, gross profit in supply declined R\$19m** as the 14% increase of volumes was more than compensated by lower unit margins due to higher costs of energy purchased. **EBITDA in 2012** was mostly impacted by positive one-offs: (i) reversal of impairment losses on a energy contract on the back of the agreement reached with Ampla and (ii) compensation received from a client due to the cancelation of the energy contract.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net) (2) Excludes Pecém



# Income Statements & Annex

2012 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	EDP Group
Gross Profit	988.4	773.0	1,874.7	1,157.8	807.3	(173.0)	5,428.2
Supplies and services Personnel costs Costs with social benefits Other operating costs (net) <b>Operating costs</b>	83.5 90.3 0.1 12.4 <b>186.3</b>	272.8 98.4 6.4 79.1 <b>456.7</b>	421.7 147.8 25.6 222.3 <b>817.3</b>	261.8 55.4 7.2 (104.3) <b>220.2</b>	177.1 106.6 20.0 (31.2) <b>272.6</b>	30.0 21.5	928.3 582.2 89.3 199.9 <b>1,799.7</b>
EBITDA	802.1	316.3	1,057.4	937.6	534.7	(19.6)	3,628.5
Provisions Net depreciation and amortisation (1)	6.2 204.2	(1.4) 257.2	2.8 324.9	(0.0) 487.5	11.1 140.8		16.1 1,469.0
EBIT	591.8	60.4	729.7	450.1	382.8	(71.4)	2,143.4

2011 (€m)	Long-Term Contracted Generation	lberian Liberalised Activities	Regulated Networks Iberia	EDP Renováveis	Brazil	Corpor. Activ. & Adjustments	EDP Group
Gross Profit	1,009.2	791.9	1,807.0	957.2	1,029.7	(158.6)	5,436.5
Supplies and services Personnel costs Costs with social benefits Other operating costs (net) <b>Operating costs</b>	87.5 79.1 0.0 4.6 <b>171.2</b>	262.6 93.0 7.5 60.3 <b>423.4</b>	426.2 146.7 17.2 116.4 <b>706.5</b>	225.1 57.4 3.4 (129.4) <b>156.5</b>	184.5 106.1 15.5 41.9 <b>348.0</b>	(284.8) 87.0 22.1 51.1 <b>(124.7)</b>	901.0 569.2 65.7 144.9 <b>1,680.9</b>
EBITDA	838.0	368.5	1,100.5	800.7	681.7	(33.9)	3,755.6
Provisions Net depreciation and amortisation (1)	(2.3) 204.8	(26.2) 261.9	(6.6) 348.5	(0.3) 453.5	20.8 139.5	15.3 79.3	0.7 1,487.5
EBIT	635.5	132.8	758.7	347.5	521.5	(128.6)	2,267.4

## **Quarterly Income Statement**

Quarterly P&L (€ m)	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	Δ ΥοΥ %	Δ QoQ %
Electricity Revenues	3,558.4	3,083.6	3,156.6	3,443.2	3,904.5	3,355.8	3,380.3	3,763.8	9.3%	11%
Gas Revenues	418.9	391.5	413.4	465.1	482.7	416.2	449.6	422.7	-9.1%	-6.0%
Other Revenues	37.7	52.9	48.9	50.6	25.0	29.4	46.6	63.4	25%	36%
Operating Revenues	4,015.0	3,528.0	3,618.9	3,958.9	4,412.2	3,801.4	3,876.4	4,249.9	7.3%	9.6%
Electricity	2,032.0	1,633.9	1,711.3	1,943.2	2,284.3	1,888.0	1,956.0	2,263.9	17%	16%
Gas	334.9	299.4	326.8	366.9	390.6	322.5	331.8	331.0	-9.8%	-0.2%
Fuel	191.3	211.6	256.9	255.4	279.4	217.3	245.7	297.2	16%	21%
Materials and goods for resale	25.4	26.7	29.1	39.4	20.1	22.0	32.5	29.5	-25%	-9%
Direct Activity Costs	2,583.6	2,171.6	2,324.2	2,605.0	2,974.5	2,449.8	2,565.9	2,921.5	12%	14%
Revenue from assets assigned to concessions	86.3	109.2	113.4	131.7	94.3	84.6	106.9	433.7	229%	306%
Expenditure with assets assigned to concessions	(86.3)	(109.2)	(113.4)	(131.7)	(94.3)	(84.6)	(106.9)	(433.7)	-229%	-306%
Gross Profit	1,431.4	1,356.4	1,294.8	1,354.0	1,437.6	1,351.6	1,310.6	1,328.3	-1.9%	1.4%
Supplies and services	208.3	212.8	229.1	250.9	216.3	229.3	227.7	255.0	1.6%	12%
Personnel costs	147.2	145.4	139.6	141.4	154.5	140.2	138.1	149.4	5.6%	8.2%
Costs with social benefits	9.1	19.4	135.0	21.7	154.5	20.5	138.1	41.3	90%	229%
	36.0	64.4	85.2	(40.6)	48.4	79.9	74.9	(3.3)	92%	22970
Other operating costs (net)	400.6	441.9	465.0	(40.0) 373.4	48.4 434.2				18%	-2.4%
Operating costs	400.6	441.9	465.0	373.4	434.2	470.0	453.2	442.3	18%	-2.4%
EBITDA	1,030.8	914.4	829.8	980.6	1,003.5	881.6	857.3	886.0	-9.6%	3.3%
Provisions	2.4	18.0	(18.7)	(1.0)	3.0	3.8	(3.3)	12.6	-	-
Net depreciation and amortisation (1)	358.0	346.2	348.7	434.6	350.3	353.7	356.5	408.5	-6.0%	15%
EBIT	670.4	550.2	499.8	547.0	650.2	524.2	504.2	464.8	-15%	-7.8%
Capital gains/(losses)	0.2	10.1	(0.1)	10.6	(0.0)	2.9	(0.0)	(0.1)	-	-
Financial Results	(156.1)	(154.8)	(235.0)	(169.4)	(166.8)	(186.2)	(162.6)	(189.6)	-12%	-17%
Results from associated companies	5.8	6.0	5.6	2.0	3.6	6.8	7.0	6.3	209%	-9.2%
Pre-tax profit	520.3	411.5	270.4	390.2	487.0	347.7	348.6	281.5	-28%	-19%
	422.4	07.4	24.7	10.2	70.0	70.0		0.4	400/	020/
Income taxes Discontinued Activities	123.4	97.1	21.7	18.2	79.0	79.9	114.2	9.4	-48%	-92%
Net Profit for the period	396.9	314.4	248.7	372.0	408.0	267.8	234.4	272.1	-27%	16%
Net Profit Attributable to EDP	342.4	266.3	215.0	301.0	337.2	244.5	212.8	218.0	-28%	2.4%
Non controling interests	54.5	48.1	33.7	71.0	70.7	23.2	21.6	54.1	-24%	150%

#### **EDP Share Performance**



EDP Stock Market Performance	YTD	52W	2012
EDP Stock Warket Performance	עוז		2012
		04-13-2013	
EDP Share Price (Euronext Lisbon - €)			
Close	2.300	2.300	2.290
Max	2.484	2.446	2.484
Min	1.628	1.628	1.628
Average	2.111	2.081	2.069
EDP's Liquidity in Euronext Lisbon			
Turnover (€ m)	3,492	2,888	2,899
Average Daily Turnover (€ m)	11	11	11
Traded Volume (million shares)	1,655	1,387	1,401
Avg. Daily Volume (million shares)	5.4	5.3	5.4

EDP Share Data	2012	2011	Δ%
Number of shares Issued (million)	3,656.5	3,656.5	-
Treasury stock (million)	31.9	32.4	-1.4%

#### EDP's Main Events

Feb-1: Standard & Poor's downgrades EDP to "BB+" with negative outlook **Feb-16:** Moody's downgrades EDP to "Ba1" with negative outlook Feb-20: EDP's General Shareholders Meeting Apr-3: Fitch places utilities with sizeable exposure to Spain on rating watch negative Apr-17: EDP's Annual General Shareholders Meeting May-4: EDP issues EUR 250 million 3 year retail bond through a public offering May-11: CTG acquires and Parpublica reduces gualified shareholding in EDP. Appointment of Representatives for the General Supervisory Board by CTG May-16: Payment of gross dividend of EUR 0.185 per share for the 2011 financial year May-17: Portuguese Government announces set of measures for the power sector May-22: Qatar Holding notifies about transfer of qualifying holding in EDP Jul-3: MFS notifies qualified shareholding in EDP Jul-20: EDP sells its gas transmission assets in Spain to Enagás Jul-26: China Development Bank Corporation agrees on €1,000 million loan to EDP Jul-30: EDP proposes new collective labour agreement Aug-1: ANEEL approves a 14.29% tariff increase at EDP Escelsa's annual tariff readjustment process Aug-1: MFS decreases its ownership interest in the share capital of EDP Aug-2: Fitch downgrades EDP to "BBB-" with outlook negative Sep-14: EDP issues EUR 750 million 5 year bond Oct-2: ANEEL approved EDP Bandeirante's tariff review for the regulatory period 2011-15 Oct-15: ERSE announces the proposal for electricity tariffs for 2013 Oct-17: ANEEL approves a 11.45% tariff increase at EDP Bandeirante's annual tariff readjustment process Oct-18: Resignation of Mr. José Joaquim de Oliveira Reis from the General and Supervisory Board Oct-22: Bank of China signs EUR 800 million loan with EDP Nov-6: EDP Renováveis sells a 49% equity stake in 599MW wind farms in the US Nov-13: EDP issues CHF 125 million 6 year bond Dec-3: EDP Brasil announces the beginning of the commercial operation of Pécem's first group Dec-13: EDP sells tariff adjustments relative to the CMEC Dec-14: EDP Brasil is awarded a PPA for a 219 MW hydro plant at the Brazilian energy auction Dec-17: ERSE announces tariffs and prices for electricity and other services for 2013 Dec-20: EDPR agrees with CTG on the first investment in minority stakes in wind farms Jan-18: Blackrock notifies qualified shareholding in EDP Jan-25: Capital Research notifies gualified shareholding in EDP Jan-31: EDP signed credit facility of €1,600,000,000 Feb-15: Conclusion of sale of gas transmission business in Spain Feb-22: Parpública decreases its ownership interest in the share capital of EDP

## EDP - Installed capacity & electricity generation

Installed Capacity - MW (1)	2012	2011	ΔMW	Δ 12/11	Electricity Generation (GWh)	2012	2011	ΔGWh	Δ 12/11
PPA/CMEC	6,220	6,220	-	0.0%	PPA/CMEC	12,567	16,137	-3,570	-22%
Hydro	4,094	4,094	-	0%	Hydro	3,919	9,265	-5,345	-58%
Run off the river	1,860	1,860	-		Run off the river	3,049	6,612	-3,563	
Reservoir	2,234	2,234	-		Reservoir	870	2,653	-1,782	
Coal	1,180	1,180	-	0%	Coal	8.647	6,879	1,769	26%
Sines	1,180	1,180	-		Sines	8,647	6,879	1,769	
Fuel oil	946	946	-	0%	Fuel oil	1	-6	7	-
Setúbal	946	946	-	0,0	Setúbal	1	-6	7	
Special Regime (Ex-Wind)	466	469	-3	-	Special Regime (Ex-Wind)	2.246	2.387	-141	-6%
Small-Hydro	157	160	-3		Small-Hydro	253	440	-188	
Cogeneration+Waste	275	275	-		Cogeneration+Waste	1,787	1,748	39	
Biomass	35	35	-		Biomass	207	198	8	
Liberalised Electricity Generation	7,122	7,574	-453	-6.0%	Liberalised Electricity Generation	13,184	15,196	-2,012	-13%
Hydro	1,605	1,347	257	0%	Hydro	2,134	1,804	329	18.3%
Portugal	1,178	921	257	0/3	Portugal	1,513	1,220	293	10.0/0
Spain	426	426	-		Spain	621	584	37	
Coal	1,460	1,460		0%	Coal	6,714	5,354	1,361	25%
			-	0%					25%
Aboño I	342	342	-		Aboño I	1,965	908	1,057	
Aboño II	536	536	-		Aboño II	3,239	3,225	14	
Soto Ribera II	236	236	-		Soto Ribera II	467	78	389	
Soto Ribera III	346	346	-		Soto Ribera III	1,044	1,143	-99	
CCGT	3,736	3,736	-	0%	CCGT	3,106	6,826	-3,720	-55%
Ribatejo (3 groups)	1,176	1,176	-		Ribatejo (3 groups)	229	1,100	-871	
Lares (2 groups)	863	863	-		Lares (2 groups)	1,278	2,972	-1,694	
Castejón (2 group)	843	843	-		Castejón (2 group)	826	984	-158	
Soto IV (1 group)	426	426	-		Soto IV (1 group)	609	1,347	-738	
Soto V (1 group)	428	428	-		Soto V (1 group)	164	424	-260	
Nuclear	156	156	-	0%	Nuclear	1,230	1,212	18	1.5%
Trillo	156	156	-	0/0	Trillo	1,230	1,212	18	210/0
Gasoil/Fuel oil	165	875	-710	0%	Gasoil/Fuel oil	0	0	-0	
Tunes + Carregado	165	875	-710	0/0	Tunes + Carregado	0	0	-0	
Tulles + Callegado	105	675	-710		Tulles + Callegado	0	0	-0	
Wind (More detail on page 16)	7,558	7,157	401	5.6%	Wind	18,445	16,800	1,644	10%
Europe	3,837	3,652	186		Europe	8,277	7,301	976	
USA	3,637	3,422	215		USA	9,937	9,330	606	
Brazil	84	84	-		Brazil	231	170	62	
Solar	39	-	39	-	Solar	-	-	-	-
Brazil (Ex-Wind)	1,974	1,790	184	10.3%	Brazil (Ex-Wind)	8,217	7,873	344	4.4%
Hydro	1,794	1,790	4	0.2%	Hydro	8,190	7,873	317	4.0%
Lajeado	903	903	-		Lajeado	3,711	3,655	56	
Peixe Angical	499	499	-		Peixe Angical	2,839	2,653	186	
Energest	393	389	4		Energest	1,640	1,565	75	
Coal	180	-	180	-	Coal	26	-	26	-
Pecém	180	_	100	_	Pecém	26	-	20	
	23,380	23,212	168	0.7%		54,658	E8 202	2 725	<b>C</b> 0/
TOTAL	23,380	23,212	108	0.7%	TOTAL	54,058	58,393	-3,735	-6%

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

### EDP - Volumes distributed, clients connected and networks

	ELECTRICITY			
Electricity Distributed (GWh)	2012	2011	ΔGWh	Δ%
Portugal	44,654	46,508	-1,854	-4.0%
Very High Voltage	1,901	1,775	127	7.1%
High / Medium Voltage	20,300	20,767	-468	-2.3%
Low Voltage	22,453	23,967	-1,514	-6.3%
Spain	9,003	9,517	-514	-5.4%
High / Medium Voltage	6,512	7,094	-582	-8.2%
Low Voltage	2,491	2,422	68	2.8%
Brazil	24,923	24,544	379	1.5%
Free Clients	9,305	9,414	-109	-1.2%
Industrial Residential, Comercial & Other	4,085	4,290	-205	-4.8%
Residential, comercial & Other	11,533	10,840	693	6.4%
TOTAL	78,580	80,569	-1,989	-2.5%
Clients Connected (th)	2012	2011	Abs. Δ	Δ%
Portugal	6,095	6,138	-42.5	-0.7%
Very High / High / Medium Voltage	24	24	0.0	0.2%
Special Low Voltage	33	34	-0.3	-1.0%
Low Voltage	6,038	6,080	-42.2	-0.7%
Spain	659	656	2.5	0.4%
High / Medium Voltage Low Voltage	1.1	1.1	0.0	0.6%
Low voltage	657	655	2.5	0.4%
Brazil	2,934	2,832	102.3	3.6%
Bandeirante	1,601	1,545	56.1	3.6%
Escelsa	1,332	1,286	46.1	3.6%
TOTAL	9,688	9,625	62.3	0.6%
Networks	2012	2011	Abs. Δ	Δ%
Lenght of the networks (Km)	333,921	331,027	2,894	0.9%
Portugal	223,734	222,627	1,108	0.5%
Spain	22,986	22,652	334	1.5%
Brazil	87,201	85,749	1,452	1.7%
Losses (% of electricity distributed)	0.40/	7 70/		
Portugal (1) Spain	-9.1% -3.7%	-7.7% -3.5%	-1.4 pp	
Brazil	-3.7%	-3.5%	-0.2 pp	
Bandeirante	-10.2%	-10.3%	0.1 pp	
Technical	-5.5%	-5.5%	0.0 pp	
Comercial	-4.7%	-4.7%	0.0 pp	
Escelsa Technical	-13.7% -7.7%	-12.8% -7.4%	-0.9 pp -0.3 pp	
Comercial	-6.0%	-5.4%	-0.5 pp	
			FF	

GAS								
Gas Distributed (GWh)	2012	2011	∆GWh	Δ%				
Portugal	7,323	7,138	184	2.6%				
Low Pressure (P ≤ 4 Bar)	1,007	1,901	-894	-47%				
Medium Pressure (P > 4 Bar)	6.288	5,212	1.075	21%				
LPG	28	25	3	12%				
Spain	55,786	48,447	7,339	15%				
Low Pressure ( $P \le 4$ Bar)	8.895	8.118	778	9.6%				
Medium Pressure (P > 4 Bar)	46,891	40,330	6,561	16%				
TOTAL	63,109	55,585	7,523	13.5%				

Supply Points (th)	2012	2011	Abs. $\Delta$	Δ%
Portugal	289.7	270.9	18.8	6.9%
Final	253.9	270.1	-16.2	-6.0%
Access	35.8	0.8	35.0	4299%
Spain	1,008.1	993.9	14.3	1.4%
Final	-	-	-	-
Access	1,008.1	993.9	14.3	1.4%
TOTAL	1,297.8	1,264.7	33.0	2.6%

Networks	2012	2011	Abs. Δ	Δ%	
Lenght of the networks (Km)	14,641	14,240	402	2.8%	
Portugal	4,321	4,125	196	4.8%	
Spain	10,321	10,115	206	2.0%	
Distribution	9,875	9,690	185	1.9%	
Transmission	446	425	21	4.9%	

### EDP - Sustainability performance

2012 Main Events	EDP Internal Sustainability Index (base 2006)			Economic Metrics	2012	2011	Δ%	
<b>Jan:</b> For the fifth consecutive year, EDP is distinguished in the publication world, "Sustainability Yearbook 2012" SAM, obtaining the rank of gold for the third time;		2012	2011	Δ%	Economic Value (€m)(1)			
Mar: EDP is rated by Ethisphere as one of the three most ethical companies in the world in the	Sustainability Index	130	130	0.4%	Directly Generated	17,488	16,394	6.7%
sector of electricity;	Environmental	144	146	-1.7%	Distributed Accumulated	15,363 2,125	14,118 2,276	8.8% -6.7%
Jun: EDP awarded as the most valuable Portuguese brand according to a study from the Brand	%Weight	36%	36%					
Finance consultant, with a brand value of €2.4bn;	Economic	110	111	-1.5%	Social Metrics (g)	2012	2011	Δ%
Jun: EDP wins the 2012 IR Magazine Europe Awards prize for best company in the Investor Relations	%Weight	33%	33%			40.075	42.462	
area in Portugal and among the European utilities, having EDP Renováveis been honored as the best	Social	137	131	4.7%	Employees (c)	12,275	12,168	0.9%
among alternative energies;	%Weight	31%	31%	4.770	Training (hours trainee)	503,272	477,091	5.5%
Aug: EDP considered by Thomson Reuters Extel IRRI 2012 as the best among the worldwide utilities					On-duty Accidents	38	46	-17%
in the class of "Sustainability and Corporate Governance Communication";	This Sustainability Index was developed by EDP and is				EDP Frequency rate (Tf)	1.82	2.17	-17% -16%
<b>Sep:</b> EDP in the top of world sustainability in the Dow Jones Index for the fifth year in a row, obtaining the same absolute score of the utilities leader	based on 26 sustainability performance indicators. (www.edp.pt/sustentabilidade/abordagemasustentabilidade/)			EDP Severity Rate (Tg) Freq. rate EDP+ESP(f) (Tf)	109 4.17	180 4.65	-40% -10%	

Environmental Metrics	2012	2011	Δ%
Absolute Atmospheric Emissions (kt) (a)	18,004.7	16,918.5	6.4%
NOX	16.0	10,518.5	6%
SO2	16.0	9.4	69%
Particle	0.753	0.660	14%
Particle	0.755	0.000	14/0
Specific Atmospheric Emissions (g/KWh)			
CO2	323.35	285.11	13%
NOx	0.29	0.25	13%
SO2	0.29	0.16	81%
GHG emissions (ktCO2 eq)			
Direct Emissions (scope 1)	18,046	16,957	6.4%
Indirect emissions (scope 2)	1,455	1,281	14%
Primary Energy Consumption (TJ) (b)	197,723	192,996	2.4%
Max. Net Certified Capacity (%)	76%	70%	6 p.p.
Water Use (10 m )	1,622,631	1,452,161	12%
Total Waste (t) (e)	647,166	554,796	17%
Environmental Costs (€ th)	80,514	77,422	4.0%
Environmental Fees and Penalties (€ th)	2218.0	4.1	-

Environmental Metrics - CO2 Emissions

CO2 Emissions		Absolute (ktCO2)		ic /h)	Generation (d) (GWh)		
	2012	2011	2012	2011	2012	2011	
PPA/CMEC	7,803	6,263	0.90	0.91	8,648	6,873	
Coal	7,786	6,252	0.90	0.91	8,647	6,879	
Fuel Oil & Natural Gas	17	11	-	-	1	(6)	
Liberalised	8,972	9,431	0.91	0.77	9,846	12,179	
Coal	7,724	6,761	1.15	1.26	6,741	5,354	
CCGT	1,248	2,669	0.40	0.39	3,106	6,826	
Special Regime	1,230	1,225	0.29	0.30	4,248	4,106	
Thermal Generation	18,005	16,919	0.79	0.73	22,742	23,158	
CO2 Free Generation					32,940	36,183	
CO2 Emissions			0.32	0.29	55,682	59,340	

(a) Excluding vehicle fleet

(b) Including vehicle fleet and gas consumption in transmission and distribution activities

(c) Including remunerated Executive Corporate Bodies

(d) Includes heat generation (2,254 GWh: 2012 vs. 2,159 GWh: 2011)

(e) Waste sent to final disposal

(f) ESP: External Services Provider (g) Excluding Pécem's coal plant

(1) Generated Economic Value (GEV): Turnover + other operating income + gains/losses with the sale of financial assets + gains/losses from associated companies + financial income

Distributed Economic Value (DEV): COGS + operating costs + other operating costs + current tax + financial costs + dividend payment; Accumulated Economic Value (AEV): GEV - DEV.