Financial Results
1H10

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Conference call and webcast

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Lisbon, July 29th 2010

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

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Main Highlights

Income Statement (€ m) (3)	1H10	1H09	Δ %	Δ Abs.
Gross Profit	**2,729**	**2,454**	**11%**	**+275**
Supplies and services	405	353	14%	+51
Personnel costs	296	284	4.4%	+13
Costs with social benefits	61	66	-7.9%	-5
Concession fees	125	124	0.8%	+1
Other operating costs (net)	11	16	-30%	-5
Operating costs	**898**	**843**	**6.5%**	**+55**
EBITDA	**1,831**	**1,611**	**14%**	**+220**
Provisions	39	19	109%	+21
Net depreciation and amortisation (1)	705	613	15%	+92
EBIT	**1,086**	**979**	**11%**	**+108**
Capital gains/(losses)	5	28	-83%	-23
Financial results	(233)	(287)	19%	+54
Results from associated companies	13	14	-4.2%	-1
Pre-tax Profit	**871**	**733**	**19%**	**+138**
Income taxes	232	193	20%	+39
Discontinued activities	-	-	-	-
Net profit for the period	639	540	19%	+100
Net Profit Attributable to EDP Shareholders	**565**	**479**	**18%**	**+86**
Minority interests	75	60	24%	+14

Key Operational Data	1H10	1H09	Δ %	Δ Abs.
Employees	12,130	11,996	1.1%	+134
Installed capacity (MW)	20,802	18,888	10%	+1,914

Key Financial Data (€ m)	1H10	1H09	Δ %	Δ Abs.
FFO (Funds from operations)	1,439	1,282	12%	+157
Capex	1,312	1,653	-21%	-341
Maintenance	304	281	8.1%	+23
Expansion	1,008	1,372	-27%	-364
Net financial investment in the period	15	4	260%	+11

Key Balance Sheet Data (€ m)	Jun-10	Dez-09	Δ %	Δ Abs.
Equity booK value	7,466	7,291	2.4%	+174
Net debt	16,108	14,007	15%	+2,101
Regulatory receivables	859	596	44%	+263
Net debt/EBITDA (x)	4.4x	4.2x	4.7%	+0.2
Adjusted net debt (2)/EBITDA (x)	4.2x	3.9x	6.8%	+0.3

EBITDA increased 14% (+€220m) to €1,831m in 1H10, driven by: **(1) a 45% YoY (+€105m) rise in Brazil**, fuelled by a 23% appreciation of the Real against the Euro (+€64m), upturn in electricity demand and positive impact from annual tariff updates in both Bandeirante and Escelsa; **(2) a 27% (+€72m)YoY increase in wind power** backed by higher installed capacity (+22% YoY); and **(3) +13% increase (+€55m) in regulated networks** propelled by the first time consolidation of the assets acquired from Gas Natural and higher regulated revenues from our gas activities in Spain and Portugal.

In 1H10, 85% of consolidated EBITDA stemmed from regulated and long term contracted activities, reflecting the maintenance of a low-risk profile in our operating activities. In turn, EBITDA from liberalised activities retreated by 5% EBITDA, penalised by a strong comparison basis (1H09), when our hedging strategy paid off in light of negative thermal spreads and strong fall in pool price. **For 2010, EDP has already sold and forward contracted with clients 27TWh (over 100% of expected output) at prices around €50/MWh and thermal spreads close to €10/MWh. For 2011, EDP has already contracted over 10TWh (around 50% of expected output) at prices and thermal margins in line with 2010.**

Operating costs rose 7% reflecting: (1) the impact from BRL appreciation (adjusted for this, costs would have risen 3% YoY); (2) increasing activity in supply (with an 87% rise in volumes), wind and conventional generation activities (with a 10% increase in installed capacity); (3) the consolidation of operations acquired from Gas Natural (31-Dec-09); and (4) in Brazil, adverse weather conditions and regulatory changes.

EBIT rose 11% YoY (+€108m), to €1,086m, following a 18% increase in provisions and net depreciation and amortization, which was mainly driven by increasing activity.

Net financial costs declined 19% (-€54m), to €233m in 1H10, supported by a 18% (-€54m) decrease in net financial interests, following a 70bp decrease in average cost of debt, from 4.2% to 3.5%. **Minority interests** rose 23% to €75m in 1H10, on the back of higher minorities at Energias do Brasil, following a 26% YoY increase in net income and the sale of treasury stock to the market in 4Q09. **Net profit** rose 18% YoY, to €565m in 1H10, fuelled by strong operating and financial performance.

Net debt rose from €14.0bn in Dec-09 to €16.1bn in Jun-10, mainly reflecting: (1) €0.7bn of forex impact (appreciation of US dollar and Brazilian Real vs. the euro over the 1H10); (2) annual dividend payment in May-10 (€0.6bn); (3) abnormally high annual corporate tax payment in Portugal in 2Q10 (€0.4bn) following the sale of the right to receive €1.7bn of Portuguese's tariff deficits; (4) large accumulated capex (€2.6bn up to Jun-10) related to 3.7GW of power plants under construction (mainly hydro, wind and Brazil generation capacity). **Regulatory receivables** rose by €263m, to €859m, mainly driven by a reduction of tariff surplus in Portugal (+€262m) and additional tariff deficit generated in Spain in 1H10 (+€123m), which was partially compensated by lower receivables from Brazil and CMECs. Excluding regulatory receivables, EDP's net debt/EBITDA increased from 3.9x in Dec-09 to 4.2x, penalised a by different timing of FX impact on net debt (at YE rate) and EBITDA (at average FX rate in the period). **Funds from operations (FFO) rose 12% YoY to €1,439m** as a result of: (1) a 10% increase of installed capacity; (2) recovery of electricity demand; (3) consolidation of the gas assets acquired from Gas Natural; and (4) decrease of our average cost of debt. **Capex** totaled €1,312m, 77% of which devoted to expansion projects.

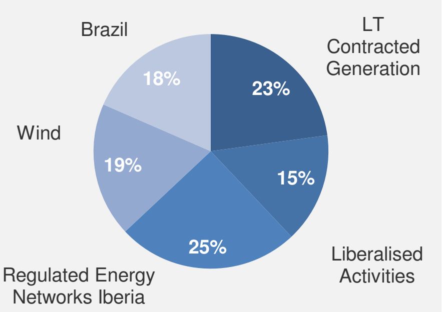
In Jul-10, EDP contracted with the EIB a €140m loan and 2 bilateral loans of €100m each. Accordingly, **total cash and available credit lines by Jul-10** amounted €4.2bn, allowing us to cover our expected funding needs beyond 2011.

(1) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised asstes. (2) Excluding regulatory receivables. (3) Impacts of the adoption of IFRIC 12 are presented in page 34

EBITDA Breakdown

EBITDA (€ m)	1H10	1H09	Δ %	Δ Abs.	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LT Contracted Generation	422.2	420.2	0.5%	+2	216.4	203.8	197.2	214.8	213.8	208.4	-	-
Liberalised Activities Iberia	280.1	294.7	-5.0%	-15	163.2	131.4	174.9	163.8	161.6	118.5	-	-
Regulated Networks Iberia	464.1	409.4	13%	+55	218.4	191.0	220.0	223.0	237.6	226.5	-	-
Wind Power	342.9	270.8	27%	+72	154.4	116.4	97.7	174.0	184.5	158.4	-	-
Brazil	341.2	235.9	45%	+105	111.9	124.0	151.0	163.2	165.6	175.6	-	-
Other	(19.7)	(20.5)	4.2%	+1	(15.2)	(5.3)	(24.2)	(3.1)	(23.6)	3.9	-	-
Consolidated	**1,830.8**	**1,610.5**	**14%**	**+220**	**849.1**	**761.4**	**816.6**	**935.8**	**939.6**	**891.2**	**-**	**-**

EBITDA 1H10



EDP consolidated EBITDA increased 14% YoY (+€220m) to €1,831m in 1H10, driven by our operations in Brazil (+€105m), wind operations (+€72m) and regulated networks (+€55m). Excluding the forex impact (+€64m from Brasil), EBITDA rose 10% YoY.

Main highlights are as follows:

LONG TERM CONTRACTED GENERATION IBERIA – EBITDA remained virtually flat at €422m in 1H10. Gross profit increased 3% YoY (+€16m), reflecting, on one hand, the positive impacts from: (i) higher hydro output at our mini-hydro plants (+90% YoY); (ii) additional special regime capacity; and (iii) higher results from fuel procurement (€4m gain in 1H10 vs. €29m loss in 1H09); and, on the other, the negative impacts from: (iv) the decommissioning of our Barreiro fuel oil plant (-€8m); (v) lower inflation; and (vi) lower working hours at our thermal plants. Operating costs rose 16% YoY (+€14m) reflecting the new special regime capacity that came on stream, equipment write-offs and some one-off gains booked in 1H09.

LIBERALISED ACTIVITIES IBERIA – EBITDA from liberalised activities retreated 5% (-€15m) to €280m in 1H10, due to a strong comparison basis. 1H09 EBITDA strongly benefitted from an hedging strategy that paid off in light of negative thermal spreads and a strong fall in pool price. 2Q10 EBITDA declined 27% QoQ reflecting the seasonality of this activity and abnormally good opportunities created by flooding hydro and wind resources during 1Q10, which resulted in very low pool prices and much higher demand in complementary markets. Gross profit from liberalised activities fell 4% YoY (-€16m), reflecting: (i) a €7m decrease in electricity generation and supply, as higher sales to clients did not fully compensate for lower spreads earned; and (ii) a €9m reduction in gas supply, hit by a significant contraction in unit supply margins stemming from fiercer competition.

REGULATED NETWORKS IBERIA – EBITDA rose 13% (+€55m) driven by gas regulated activities, which rose by €32m, to €111m in 1H10, on the back of the first time consolidation of the assets acquired from Gas Natural (+€22m), the application of IFRIC18[1] at the level of our electricity distribution activity in Iberia (+€7.5m) and higher regulated revenues from our activities in both Spain and Portugal. EBITDA from electricity distribution and last resource supply activities in Portugal (c65% of EBITDA from regulated networks Iberia) increased 3% YoY, reflecting a 1% increase of regulated gross profit (+€6m) and flat controllable operating costs.

WIND POWER – EDP Renováveis' EBITDA grew 27% (+€72m) fuelled by a 33% (€102m) rise of gross profit, which was driven by: (i) a 22% increase of installed capacity; (ii) an average load factor flat YoY at 31% (iii) a 32% rise in production; and (iv) a 1% YoY increase in average selling price. Operating costs rose €30m due to the expansion of operations. In **Europe**, EBITDA rose 37% (+€60m) with wind output increasing 50% YoY on the back of an 18% YoY increase of installed capacity and higher average load factor (+4pp to 29%), while average wind tariffs retreated 8%, penalized by Spain (-13% YoY) where the 28% decline in the achieved pool price was mitigated by forward sales at higher prices (with a positive impact of €11m). **In USA,** EBITDA rose 11% (+€13m) driven by a 20% YoY increase in output (28% increase of installed capacity) that was mitigated by lower load factors (from 36% in 1H09 to 32% 1H10) strongly penalized by low wind resources. Average selling price in USA was up 3% YoY reflecting: (i) a 7% increase in the average price of our PPA contracts, to USD54.8/MWh and (ii) a 24% increase in our average merchant price, to USD33.5/MWh.

BRAZIL – EDP Energias do Brasil's contribution to consolidated EBITDA rose 45% (+€105m), driven by a 23% appreciation of the Real against the Euro (+€64m impact on EBITDA). In local terms, EBITDA grew by 17% YoY backed by: (i) a strong recovery of electricity demand in our concession areas (volumes of electricity sold went up 9% YoY); (ii) the positive impact of the annual tariff updates at both Escelsa (Aug-09) and Bandeirante (Oct-09); and (iii) a positive impact from tariff deviations in distribution (+€24m). EBITDA performance at our Brazilian generation and supply activities (-3% YoY) was impacted by our quarterly allocation strategy of PPA's yearly contracted volumes, which resulted in a 2% YoY decline of volume sold.

(1) With the aplication of IFRIC 18, the asset received from the clients is registered by its estimated cost of construction, versus operating revenues. However, considering that IAS 16 establishes that the depreciation of the asset should be done within the time period during which economic benefits are generated, the assets are depreciated fully within the same year.

Profit & Loss Items below EBITDA

Provisions, Deprec. & Amortizat. (€ m)	1H10	1H09	Δ %	Δ Abs.
EBITDA	**1,830.8**	**1,610.5**	**14%**	**+220**
Provisions	39.3	18.8	109%	+21
Depreciation and amortisation	717.9	619.1	16.0%	+99
Compensation for depreciation	(12.7)	(5.8)	-118%	-7
EBIT	**1,086.3**	**978.5**	**11%**	**+108**

Financial Results (€ m)	1H10	1H09	Δ %	Δ Abs.
Net financial interest	(241.4)	(294.9)	18%	+54
Capitalized financial costs	84.2	46.0	83%	+38
Net foreign exch. diff. and derivates	(59.2)	10.7	-	-70
Investment income	10.2	7.6	-	+3
Other Financials	(26.7)	(56.7)	53%	+30
Financial Results	**(232.9)**	**(287.2)**	**19%**	**+54**

Results from Associat. Companies (€ m)	1H10	1H09	Δ %	Δ Abs.
CEM (21%) - China/Macao	4.7	5.0	-4.9%	-0
DECA II (EEGSA (21%)) - Guatemala	3.0	2.5	18%	+0
EDP Renováveis subsidiaries	3.3	1.9	73%	+1
Other	2.1	4.3	-50%	-2
Results from associated companies	**13.1**	**13.7**	**-4%**	**-1**

Capital Gains/(Losses) (€ m)	1H10	1H09	% Δ	Δ Abs.
ESC 90 (49%) - Telecom Brazil	-	14.7	-	-15
Soto IV (25%) - CCGT Spain	-	12.9	-	-13
Oni SGPS - Telecom Portugal	6.9	-	-	+7
Other	(2.1)	0.3	-	-2
Capital Gains/(Losses)	**4.8**	**27.9**	**-83%**	**-23**

Income Tax (€ m)	1H10	1H09	Δ %	Δ Abs.
Pre-tax profit	**871.3**	**732.9**	**19%**	**+138**
Income taxes	231.9	193.3	20%	+39
Effective tax rate (%)	*26.6%*	*26.4%*	*0.2 pp*	-
Discontinued activities	-	-	-	-

Minority Interests (€ m)	1H10	1H09	Δ %	Abs. Δ
EDP Renováveis	8.0	14.0	-43%	-6
HC Energia	(0.7)	1.3	-	-2
Gas Portugal subsidiaries	3.1	1.0	210%	+2
Energias do Brasil	64.2	44.0	46%	+20
Other	-	-	-	-
Minority Interests	**74.6**	**60.3**	**24%**	**+14**

The adoption of IFRIC 12 resulted in changes at the level of both depreciation & amortisation and compensation for depreciation. These changes, which resulted from a reclassification of depreciation of tangible fixed assets to intangible assets, had no impact at the results level. (See impacts on page 34)

Net depreciation and amortisation (net of compensation from depreciation and amortisation of subsidised assets) increased by 15% YoY in 1H10 (+€92m), mostly due to: (i) higher depreciations at EDPR (+€54m), following the increase in wind installed capacity; (ii) the start of operations of Lares 1 and 2 CCGT in Portugal (Oct/Nov-09) (+€9m); (iii) the first time consolidation of the gas assets acquired from Gas Natural (+€10m); and the application of IFRIC 18[1] on our gas and electricity distribution assets in Spain (+€8m).

Financial results:

a) **Net financial interests** decreased 18% YoY, to €241m in 1H10, following a c70bp reduction of the average cost of debt, from 4.2% in 1H09 to 3.5% in 1H10, driven by the decline in short term interest rates (note that c54% of EDP's debt has floating rates, with the most significant indexing being the Euribor 3 months, which fell from an average of 1.66% in 1H09 to an average of 0.67% in 1H10), offsetting the 7% rise in average net debt;

b) **Capitalised financial costs** went up €38m YoY to €84m in 1H10, mostly reflecting: (i) an increase in the capitalization of financial costs at EDPR level; (ii) an increase of the amount of works in progress of the Pecém coal plant in Brazil; and (iii) the capitalization of interests on Fridão and Alvito hydro power plants concession rights (Portugal);

c) **Net foreign exchange and derivatives** were negatively impacted in 1H10 by: (i) a €27m loss in derivatives, mostly related to hedging operations in energy markets from our generation activity and to interest rate and currency hedging on the financing of investments at Pecém coal plant in Brasil and (ii) a €29m negative forex impact essentially related to our investments in US wind operations, as during 1H10 the EUR suffered a 13% depreciation against the USD (or 9% during the 2Q10).

d) **Other financials** in 1H09 include an impairment loss of €29m to reflect the lower market value of EDP's stake in BCP.

Capital gains/(losses) in 1H10 include a €7m gain related to contracted adjustments on the sale price of Oni SGPS (sold in 2007). In 1H09, capital gains totalled €28m, consequence of: (i) the entry of Sonatrach into the capital of Soto 4 (with a 25% stake), in line with what was defined in the strategic partnership previously established; and (ii) the recognition of a €15m gain from the sale of Energias do Brasil s stake in ESC90 (Brazilian telecoms company).

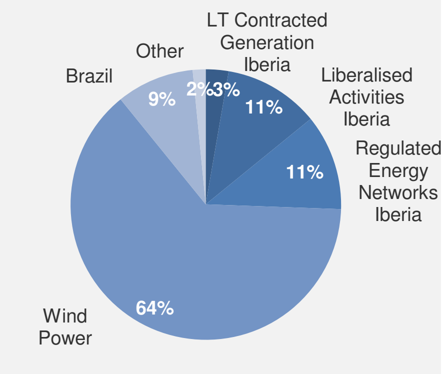
Minority interests increased 23% YoY to €75m in 1H10, on the back of higher minorities at Energias do Brasil, following a 25% YoY increase in net income and the sale of treasury stock to the market in 4Q09, which increased the economic interest of Energias do Brasil minorities from 28% to 35%.

(1) With the aplication of IFRIC 18, the asset received from the clients is registered by its estimated cost of construction, versus operating revenues. However, considering that IAS 16 establishes that the depreciation of the asset should be done within the time period during which economic benefits are generated, the assets are depreciated fully within the same year.

Capital Expenditure Breakdown

Capex (€ m)	1H10	1H09	∆ %	∆ Abs.	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LT contracted gen. Iberia	35.7	49.6	-28%	-14	21.0	28.6	22.9	55.0	12.8	22.9	-	-
Liberalised activities Iberia	149.2	401.0	-63%	-252	292.2	108.8	135.3	167.7	54.8	94.4	-	-
Regulated networks Iberia	150.1	158.1	-5.1%	-8	63.4	94.7	96.2	112.4	66.2	83.9	-	-
Wind power	834.3	912.5	-8.6%	-78	403.5	509.0	539.1	238.8	382.0	452.3	-	-
Brazil	121.8	96.3	27%	+26	39.7	56.5	64.2	98.1	39.5	82.3	-	-
Other	20.5	35.5	-42%	-15	20.6	14.9	17.3	34.8	17.3	3.3	-	-
EDP Group	**1,311.7**	**1,653.0**	**-21%**	**-341**	**840.5**	**812.5**	**875.0**	**706.7**	**572.6**	**739.1**	**-**	**-**
Expansion Capex	**1,008.1**	**1,372.1**	**-27%**	**-364**	**716.3**	**655.8**	**713.7**	**470.5**	**446.6**	**561.5**	**-**	**-**
Maintenance Capex	**303.6**	**280.9**	**8.1%**	**+23**	**124.2**	**156.7**	**161.3**	**236.3**	**126.0**	**177.7**	**-**	**-**

CAPEX 1H10



Generation Projects Installed in 2010 (€ m)	MW	Capex 2010
Wind Power	112	154.0
Hydro (Brazil)	2	0.5
Special regime (ex-wind)	25	2.9
Total	**139**	**157.3**

Generation Projects Under Development (€ m)	MW	Capex 2010	Acc. Capex
Under Construction			
Hydro Portugal	1,677	64.7	340.7
Wind power (1)	1,180	680.3	1,649.7
CCGT Iberia	424	21.6	256.0
Coal Brazil	360	51.9	326.5
Hydro Brazil	18	5.2	16.2
Special regime (ex-wind)	10	2.9	3.7
Total	**3,668**	**826.7**	**2,592.7**
Hydro Concession Payments		**-**	**285.2**
Total		**826.7**	**2,877.9**

Consolidated capex amounted to €1,312m in 1H10, 77% of which devoted expansion projects. In line with EDP's strategy to increase its exposure to CO_2 free generation technologies and risk controlled activities, capex in new hydro and wind capacity represented 91% of expansion capex and regulated/LT contracted activities were responsible for 87% of total capex. **Expansion capex** was €364m lower YoY, following slower pace of investments in both liberalised generation in Iberia (-€269m) and wind power (-€78m). The capex decrease at our liberalised activities in Iberia was prompted the payment of concession rights for Fridão (238MW) and Alvito (225MW) hydro power plants in Portugal, in 1Q09. **Maintenance capex** grew €23m YoY, to €304m in 1H10, mainly reflecting pluri-annual works at some merchant power plants in Portugal.

EDP spent €157m with final works at wind capacity entered in operation in 4Q09 and with the conclusion of the construction works of 139MW of additional capacity brought on stream in 1H10: i) +92MW of wind capacity in US, (ii) +21MW of wind capacity in France; ii) +25MW of cogeneration capacity in Portugal (Barreiro plant). As of Jun-10, EDP total **installed capacity** amounted to 20,8GW.

By the end of Jun-10, EDP had already invested a total of €2.6bn in 3,668MW under construction, of which 2,874MW (78%) are based on **CO_2 free technologies (hydro and wind)**. Additionally, EDP had already paid €285m for concession rights to build and operate three new plants in Portugal. **In Portugal,** EDP has so far invested nearly €340m (23% of total planned) in 6 hydro power plants under construction: (i) 4 repowerings totalling 1,429MW (Picote II, Bemposta II, Alqueva II and Venda Nova III), due to start operations between Dec-2011 and May-2015; and (ii) 2 new dams with a total capacity of 248MW (Ribeiradio and Baixo Sabor) due to start operations in Oct-2013 and Dec-2013, respectively. **In wind**, EDP has already invested €1.3bn in 1,180MW of new capacity under construction: 602MW in Europe, 508MW in USA and 70MW in Brazil. The time-to-market usually varies between 12 and 18 months. Regarding **thermal capacity**, EDP has so far invested: (i) €256m (86% of total investment) in 424MW Soto 5 CCGT in Spain, expected to be commissioned during the 1Q11; and (ii) €327m (57% of total investment) in 360MW Pecém coal plant in Brazil, due to start-up by the end of 2011.

(1) Excludes Eólicas de Portugal (138MW), 40% owned by EDP group

Cash Flow

Consolidated Cash Flow (€ m)	1H10	1H09	Δ %	Δ Abs.
EBITDA	**1,830.8**	**1,610.5**	**14%**	**+220**
Income tax	(178.7)	(166.9)	-7.0%	-12
Net financial interest	(241.4)	(294.9)	18%	+54
Net Income and dividends received from associates	23.3	13.7	70%	+10
Other adjustments	4.7	119.4	-96%	-115
FFO (Funds From Operations)	**1,438.8**	**1,281.8**	**12%**	**+157**
Net financial interest	241.4	294.9	-18%	-54
Net Income and dividends received from associates	(23.3)	(13.7)	70%	-10
Change in operating working capital	(792.8)	846.5	-	-1,639
Regulatory receivables (1)	(263.2)	1,097.6	-	-1,361
Operating Cash Flow	**864.0**	**2,409.5**	**-64%**	**-1,545**
Expansion capex	(1,008.1)	(1,372.1)	-27%	+364
Maintenance capex	(303.6)	(280.9)	8.1%	-23
Change in working capital from equipment suppliers	(174.9)	(243.9)	-28%	+69
Net Operating Cash Flow	**(622.6)**	**512.6**	**-**	**-1,135**
Net financial (investments)/divestments	14.8	4.1	-	+11
Net financial interest paid	(144.6)	(290.9)	50%	+146
Dividends received from associates	19.5	21.4	-9%	-2
Dividends paid	(561.8)	(507.2)	-11%	-55
Anticipated proceeds from inst. partnerships in US wind	108.8	39.3	177%	+69
Other non-operating changes	(915.4)	(108.1)	-	-807
Decrease/(Increase) in Net Debt	**(2,101.3)**	**(328.7)**	**-**	**-1,773**

Major Net Financial Investments (€ m)	1H10	1H09	Δ %	Δ Abs.
Major Financial Investments	**70.6**	**63.9**	**11%**	**+7**
Consolidation perimeter EDP Renováveis	54.7	53.3	176%	+23
Other	15.9	10.5	-	+5
Major Financial Divestments	**85.4**	**68.0**	**26%**	**+17**
Consolidation perimeter EDP Renováveis	72.7	17.0	-	+56
ESC90 (Brazil)	-	34.4	-	-34
Other	12.7	16.5	-23%	-4
Net Financial (Investments)/Divestments	**14.8**	**4.1**	**260%**	**+11**

Funds from operations (FFO) rose 12% YoY to €1,439m as a result of: 1) a 10% increase of installed capacity, 2) recovery of electricity demand, 3) consolidation of the gas assets acquired from Gas Natural and 4) decrease of our average cost of debt. FFO does not include the impact of tariff deviations in the regulated and long term contracted activities, reflected at the level of changes in working capital.

Consolidated operating cash flow decreased by 64% in 1H10 to €864m reflecting the sale without recourse in 1Q09 of the right to receive the Portuguese's tariff deficit accumulated in 2007 and 2008 in the amount of €1.2bn. Change in operating working capital in 1H10 is impacted by abnormally high annual corporate tax payment in Portugal in 2Q10 due to strong increase of EDP Group taxable income in 2009 related to the sale of the right to receive the 2007/2008/2009 Portuguese's tariff deficits in the amount of €1.7bn. The variation in regulatory receivables generated in 1H10 had a negative contribution of €263m for EDP's free cash flow, essentially due to reduction of positive tariff deviation in Portugal, which is being paid back to clients through tariffs (+€262m) and additional tariff deficit generated in Spain in 1H10 (+€123m).

Expansion capex decreased 27% to €1,008m in 1H10 reflecting lower capex in liberalised operations in Iberia due to the conclusion of Lares CCGT in 4Q09 and payment of €232m regarding the concession rights of Fridão and Alvito hydro power plants in Portugal in 1Q09. The increase in "change in working capital related to property and equipment suppliers" reflects construction works in Soto 5.

Financial divestments mainly include the cash proceeds from: (1) restricted cash in wind US equity partnerships. **Financial investments** in 1H10 includes: (1) amounts related to the EDPR activity like payment of success fees related to development of wind projects previously acquired by EDP, and (2) acquisition of stakes in wind parks in Spain and projects in Italy.

The decrease of **net financial interest paid** reflects the decrease in the average cost of debt driven by the decline in short term interest rates.

On May13th 2010, EDP paid its **annual dividend** amounting to €562m (€0.155/share), a 11% increase vs. previous year.

In 2Q10, our US wind subsidiary, received from **institutional equity partners** €109m, related to an agreement signed in Jun-10.

The **"Other non-operating changes"** are mainly impacted by forex (appreciation of US dollar and Brazilian Real vs. the Euro over 1H10) and fair value from hedge.

Overall, net debt in 1H10 increased €2.1bn.

(1) Includes tariff adjustments securitization (€1.2bn in 1Q09).

Consolidated Balance Sheet

Assets (€ m)	Jun-10	Dec-09	Δ Abs.
	Jun vs. Dec		
Property, plant and equipment, net	20,060	18,414	1,646
Intangible assets, net	10,009	9,630	379
Financial investments, net	640	618	22
Deferred Tax asset	681	661	19
Inventories	322	273	49
Accounts receivable - trade, net	2,180	2,008	172
Accounts receivable - other, net	4,864	4,736	128
Financial assets held for Trading	82	85	-3
Cash and cash equivalents	1,435	2,190	-754
Total Assets	**40,273**	**38,615**	**1,659**

Equity (€ m)	Jun-10	Dec-09	Δ Abs.
Share capital	3,657	3,657	-
Treasury stock and share premium	385	382	3
Reserves and retained earnings	2,859	2,229	631
Consolidated net profit EDP shareholders	565	1,024	-459
Equity Book Value	**7,466**	**7,291**	**174**
Minority Interest	**2,925**	**2,688**	**237**
Total Equity	**10,390**	**9,979**	**412**

Liabilities (€ m)	Jun-10	Dec-09	Δ Abs.
Medium/ Long-term debt & borrowings	14,607	13,486	1,121
Short-term debt & borrowings	3,018	2,794	223
Provisions	392	343	50
Hydrological correction account	94	113	-19
Deferred tax liability	845	761	84
Accounts payble - Other,net	10,926	11,139	-213
Total Liabilities	**29,883**	**28,636**	**1,247**
Total Equity and Liabilities	**40,273**	**38,615**	**1,659**

Regulatory Receivables (€ m)	Jun-10	Dec-09	Δ Abs.
Portugal (1)	(247)	(509)	262
Spain (2)	624	501	123
Brazil (1)	(13)	18	-31
Annual deviation - Mkt vs. CMEC	495	585	-90
Regulatory Receivables	**859**	**596**	**263**

Prov. for Social Benefits & Inst. Part. Liability (€ m)	Jun-10	Dec-09	Δ Abs.
Pensions (3)	1,083	1,109	-26
Medical care	779	770	9
Adjusted institutional partnership liability (4)	1,053	835	218
Prov. for Social Benefits & Inst. Part. Liability	**2,915**	**2,715**	**200**

The consolidated balance sheet had a significant impact as a result of the application of **IFRIC 12** to the gas distribution business, electricity distribution and generation business whose application resulted in the reclassification of tangible assets to intangible assets and financial investments and the netting of subsidies accounted in liabilities with their respective assets. Thus, the application of IFRIC 12 implied that 2009 consolidated balance sheet was amended.

Property, plant and equipments (net) assets rose by €1.7bn vs. Dec-09 to €20.1bn following: (1) the investments made in the construction of new generation plants, namely wind and hydro power plants and (2) an increase in the extension of our regulated energy network. The €0.4bn increase vs. Dec-09 of **intangible assets** is mainly concerned with the update of fair value of Naturgas put option. Note that in Jun-10, EDP's balance sheet include €4.2bn of works in progress (14% of total consolidated fixed assets of €30.1bn) largelly related to investments already made in plants, equipment or concession rights which are not yet operating or being depreciated.

The book value of **financial investments & financial assets** amounted to €722m as of Jun-10, including essentially our financial stakes at BCP (2.6%), REN (3.5%), Ampla (7.7%), Deca (21%) and CEM (21%).

Accounts receivable (other, net) recorded an increase by €0.1bn vs. Dec-09, following an increase in regulatory receivables mainly related to additional tariff deficit in Spain over 1H10. By Jun-10, EDP's balance sheet continued to include €872m of net regulatory receivables, not including regulatory receivables from Brazil, which are recognized in the balance sheet under Brazilian GAAP but not under IFRS.

The €0.2bn increase vs. Dec-09 of **Equity book value** reflects the €565m net profit in the period, the annual dividend payment of €562m made in May-10 and a positive impact from appreciation of the Brazilian Real against the Euro.

The €0.2bn increase vs. Dec-09 of **equity attributable to minority interests** is mostly related to the appreciation of the closing exchange rate of the Brazilian Real against the Euro (2.21 in 30-Jun-10 vs. 2.51 in 31-Dec-09).

The €10.9bn of **accounts payable (other, net)** include €1.9bn of unfunded pension fund and medical care liabilities. This amount is gross of taxes, and more than 70% of these liabilities are related to employees from regulated electricity distribution and supply in Portugal, meaning that most of these liabilities should be part of the regulated cost base in the moment of payment. The €0.2bn decrease vs. Dec-09 reflects the annual corporate tax payment in Portugal in 2Q10 and reduction of positive tariff deviation in Portugal.

Adjusted institutional partnership liability amounted €1.053m by Jun-10 vs. €835m by Dec-09. This amount is adjusted by deferred revenue and restricted cash. The deferred revenue is related to credits already benefited by the institutional investor. The adjusted institutional partnership liability should be gradually reduced over the lifetime of each wind power plant.

(1) Tariff deviations to be recovered/(returned) through tariffs in the following years.
(2) Amounts net of CO2 clawback costs.
(3) Pensions include the Provision for the HR Restructuring Program costs of EDP Distribuição, which is being recovered through the tariffs.
(4) Adjusted by the non-current deferred revenue.

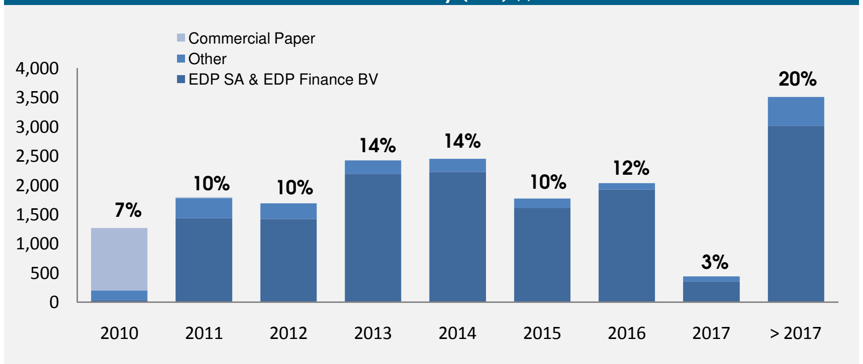
Consolidated Net Financial Debt

Nominal Financial Debt by Company (€ m)	1H10	YE2009	EDP %
EDP S.A. and EDP Finance BV	15,124.0	13,704.9	100%
EDP Produção	199.2	200.9	100%
HC Energia	195.0	335.8	97%
EDP Renováveis	554.4	539.3	78%
Portgás	83.6	100.9	72%
Energias do Brasil	1,196.3	1,245.6	65%
Nominal Financial Debt	**17,352.4**	**16,127.4**	**-**
Accrued interest on debt	233.6	245.5	-
Nominal Financial Debt + Accrued Interest	**17,586.0**	**16,372.9**	**-**
Fair value of hedged debt	39.1	(91.8)	-
Total Financial Debt	**17,625.1**	**16,281.1**	**-**
Cash and Cash Equivalents	**1,435.4**	**2,189.6**	**-34%**
EDP S.A., EDP Finance BV and other	652.3	1,305.4	-
EDP Renováveis	483.2	443.6	-
Energias do Brasil	299.9	440.5	-
Financial Assets at Fair Value through P&L	**81.8**	**84.9**	**-**
EDP Consolidated Net Debt	**16,107.9**	**14,006.7**	**-**

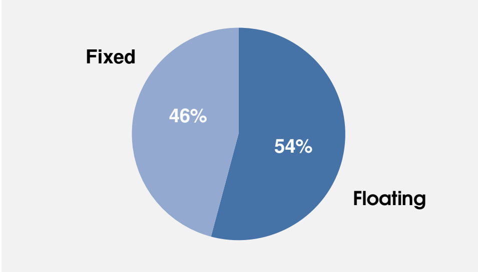
Debt Ratings	S&P	Moody's	Fitch
EDP SA & EDP Finance BV	**A-/Neg/A2**	**A3/Stab/P2**	**A-/Stab/F2**
Last Rating action	04-08-2009	13-07-2010	17-06-2010

Debt Ratios	1H10	YE2009
Net Debt / EBITDA	4.4x	4.2x
Net Debt / EBITDA adjusted	4.2x	3.9x

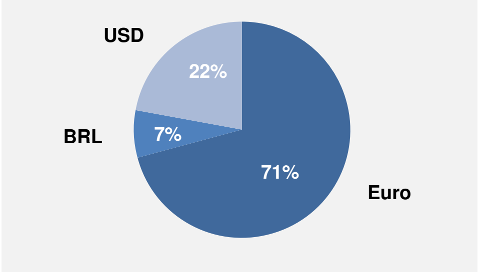
Debt Maturity (€ m) (1)



Debt by Interest Rate Type (1)



Debt by Currency (1)



EDP's net debt/EBITDA and net debt/EBITDA adjusted for regulatory receivables in 1H10 were 4.4x and 4.2x, respectively.

In Mar-10, EDP issued a Euro public bond in the amount of €1bn maturing in 5 years, which was swapped to floating rate. Also in 2Q10, EDP issued two privately placed floating-rate bonds in the amount of USD100m and €500m, with tenors of 5 years and 1 year, respectively.

As a consequence, the weight of floating rate in the Group's consolidated debt increased (50% Floating/50% Fixed by Dec-09 to 54% Floating/46% Fixed by Jun-10). EDP's main references in floating interest rate are Euribor 1 month/3 months. Average maturity in debt was 5.2 years in Jun-10.

In Jun-10, Fitch affirmed the "A-" rating of EDP with a stable outlook. In Jul-10, Moody's confirmed the "A3" ratings of EDP with a stable outlook.

As at Jun-10, committed liquidity facilities available amounted to €2,295m, which implied a total of €3,812m of cash and liquidity facilities available.

Additionally, in July-10, EDP contracted with the EIB a €140m loan maturing in 15 years and 2 bilateral loans of €100m each, maturing in 3,5 and 2 years, respectively. Total liquidity adjusted by loans contracted after Jun-10 amounted to €4,152m. This liquidity position allows EDP to cover its refinancing needs beyond 2011.

As at Jun-10, outstanding commercial paper amounted to €1.1bn. EDP intends to roll it forward during 2010, having as back-up a €1.6bn revolving credit facility, which is currently fully available and matures in 2012.

The debt related to "Other" corresponds mainly to Energias do Brasil local funding and EDP Renováveis' project finances, both of which are non-recourse to EDP.

The only material debt issues maturing until the end of 2011 are a €0.7bn bond in Mar-11 and a €0.5bn bond in Jun-11.

(1) Nominal Value.

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Business Areas

Iberian Electricity and Gas Markets

Electricity Balance (TWh)	Portugal 1H10	Portugal 1H09	Portugal Δ%	Spain (1) 1H10	Spain (1) 1H09	Spain (1) Δ%	Iberian Peninsula 1H10	Iberian Peninsula 1H09	Iberian Peninsula Δ%
Hydro	10.3	4.4	132%	25.1	13.9	81%	35.3	18.3	93%
Nuclear	-	-	-	29.2	26.0	12%	29.2	26.0	12%
Coal	1.7	6.0	-72%	7.2	18.2	-60%	8.9	24.2	-63%
CCGT	4.5	5.3	-15%	29.3	35.0	-16%	33.8	40.3	-16%
Fuel/gas/diesel	(0.0)	0.2	-	0.9	1.0	-10%	0.9	1.2	-28%
Own consumption	-	-	-	(2.9)	(3.5)	-18%	(2.9)	(3.5)	-18%
(-)Pumping	(0.2)	(0.4)	-52%	(2.6)	(1.9)	39%	(2.8)	(2.3)	23%
Conventional Regime	**16.3**	**15.5**	**4.8%**	**86.2**	**88.6**	**-2.8%**	**102.4**	**104.2**	**-1.7%**
Wind	4.7	3.2	50%	22.1	17.2	29%	26.8	20.3	32%
Other	4.6	3.3	40%	24.3	21.3	14%	28.9	24.6	17%
Special Regime	**9.3**	**6.4**	**45%**	**46.4**	**38.5**	**21%**	**55.7**	**44.9**	**24%**
Import/(export) net	0.4	2.7	-86%	(3.5)	(3.3)	4.2%	(3.1)	(0.6)	413%
Gross demand (before grid losses)	**26.0**	**24.7**	**5.2%**	**129.1**	**123.8**	**4.3%**	**155.0**	**148.5**	**4.4%**
Adjust. temperature, working days			4.4%			3.6%			n.a.

Gas Demand (TWh)	Portugal 1H10	Portugal 1H09	Portugal Δ%	Spain 1H10	Spain 1H09	Spain Δ%	Iberian Peninsula 1H10	Iberian Peninsula 1H09	Iberian Peninsula Δ%
Conventional demand	17.6	13.6	30%	139.3	126.0	11%	156.9	139.6	12%
Demand for electricity generation	9.5	10.8	-12%	61.6	71.8	-14%	71.1	82.7	-14%
Total Demand	**27.1**	**24.4**	**11%**	**200.9**	**197.9**	**1.5%**	**228.0**	**222.3**	**2.6%**

Electricity demand in the Iberian market rose 4.4% YoY in 1H10, with both Portugal and Spain showing steady recoveries throughout the period: +4.4% in Portugal and +3.6% in Spain, adjusted for temperature and working days. In spite of this demand recovery (+6.6TWh), it was still 1.4% below 1H08 level and residual thermal demand retreated 34% (22TWh) reflecting: (1) +17TWh of net hydro output, supported by high production factor (1.4x in both Portugal and Spain, well above the average year); (2) +6.5TWh of wind output, backed by 17% rise in installed capacity and strong wind resources, particularly in 1Q10; and (3) +4.3TWh of output from other special regime.

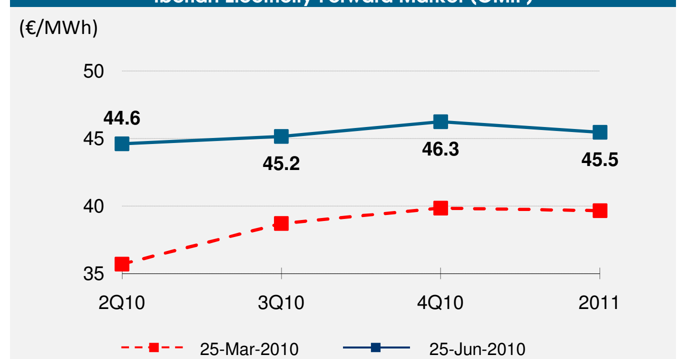
Even with a 6% YoY rise in CCGTs installed capacity in Iberia, its load factors in Spain remained higher than coal's (30% vs 15%) in 1H10, reflecting (i) gas' superior flexibility and (ii) gas sourcing conditions in Iberia, mainly based on long term take-or-pay contracts. Installed capacity in Iberia based on fuel/gasoil and coal retreated 21% and 2% respectively.

Average electricity spot price rose 38% QoQ, to €35/MWh in 2Q10, recovering from severe rainy/windy weather conditions in 1Q10. Even so, 1H10 pool price in Spain fell 25% YoY, reflecting high hydro levels stored in 1Q10 and excess of gas in Iberia. As a result of Portugal's cheaper generation mix (due to flooding hydro resources), imports from Spain were negligible and average price in Portugal fell €0.2/MWh below Spain's in 1H10. The fall in the average final price in Spain was smoother than in the spot price, reflecting the higher weight of system costs in the final price (as rising weight of wind in the system demands for more backup capacity): final price was down by 15% YoY in 1H10, to €38/MWh and was flat YoY in 2Q10, at €41/MWh.

In the Iberian gas market, volumes consumed recovered by 3% YoY in 1H10, driven by a 12% rise in conventional demand. Even so, 1H10 gas demand still fell 12% short of 1H08 level. Gas consumed in electricity generation retreated 14% due to lower CCGT working hours. The gap between the price of LT gas sourcing contracts in Iberia (CMP Spain) and spot benchmark (based on Zeebrugge) continued to be significant, despite the latter's faster growth pace in 2Q10: +15% QoQ vs +5% QoQ from Spain's LT contracts reference.

Installed Capacity in Electricity (GW)	Iberian Peninsula 1H10	Iberian Peninsula 1H09	Iberian Peninsula Δ%
Hydro	21.2	21.2	-
Nuclear	7.4	7.4	-
Coal	11.9	12.2	-2.3%
CCGT	24.1	22.8	5.7%
Fuel/gas/diesel	4.7	6.0	-21%
Conventional Regime	**69.4**	**69.6**	**-0.3%**
Wind	22.8	19.5	17%
Other special regime	16.7	16.0	5.0%
Special Regime	**39.6**	**35.4**	**12%**
Total	**109.0**	**105.1**	**3.7%**

Iberian Electricity Forward Market (OMIP)



Main Drivers	1H10	1H09	Δ%
Hydro coeficient (1.0 = avg. year)			
Portugal	1.43	0.69	107%
Spain	1.39	0.74	88%
Electricity spot price, €/MWh (2)			
Portugal	30.0	40.8	-27%
Spain	30.2	40.0	-25%
Electricity final price, €/MWh (2) (3)			
Spain	38.1	44.8	-15%
CO_2 allowances (EUA), €/ton (2)	14.4	12.6	14%
Coal (API2 CIF ARA), USD/t (2)	83.8	68.7	22%
Gas (CMP Spain), €/MWh (2)	21.7	23.7	-8.5%
Gas Zeebrugge, €/MWh (2)	14.5	14.7	-0.9%
Brent, USD/bbl (2)	78.5	52.4	50%
EUR/USD (2)	1.33	1.33	0.0%

(1) Source: REE (2) Average in the period (3) Final price reflects spot price and system costs (capacity payment, ancillary services).

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

Income Statement (€ m)	1H10	1H09	Δ%	Δ Abs.
PPA/CMEC Revenues	**462.3**	**624.4**	**-26%**	**-162**
Revenues in the market (i)	369.6	398.7	-7.3%	-29
Annual deviation (ii)	92.3	199.3	-54%	-107
PPAs/CMECs accrued income (iii)	0.4	26.4	-98%	-26
PPA/CMEC Direct Costs	**4.3**	**160.2**	**-97%**	**-156**
Coal	37.0	128.6	-71%	-92
Fuel oil	2.8	16.1	-82%	-13
CO_2 and other costs (net)	(35.6)	15.6	-	-51
Gross Profit PPA/CMEC	**458.0**	**464.2**	**-1.3%**	**-6**
Thermal (cogen., waste, biomass)	27.7	23.7	17%	+4
Mini-hydro	37.0	19.0	95%	+18
Gross Profit Special Regime	**64.7**	**42.7**	**52%**	**+22**
Operating costs	100.6	86.7	16%	+14
EBITDA	**422.2**	**420.2**	**0.5%**	**+2**
Net depreciation and provision	113.1	126.9	-11%	-14
EBIT	**309.1**	**293.3**	**5.4%**	**+16**
At Fin. Results: Hedging Gains (Losses) (1)	(13.7)	(4.6)	196%	-9
Employees (#)	1,420	1,466	-3.1%	-46

PPA/CMEC: Key Data	1H10	1H09	Δ %	Δ Abs.
Real/Contracted Availability (Km)				
Hydro plants	1.02	1.02	-0.3%	-0.0
Thermal plants	1.09	1.09	0.3%	+0.0
Installed Capacity (MW)	**6,931**	**6,987**	**-0.8%**	**-56**
Hydro (2)	4,094	4,094	-	-
Coal	1,180	1,180	-	-
Fuel oil	1,657	1,713	-3.3%	-56

Special Regime: Key Data	1H10	1H09	Δ %	Δ Abs.
Output (GWh)	**1,348**	**1,068**	**26%**	**+280**
Mini-hydro Portugal	422	221	90%	+200
Thermal Portugal	460	391	18%	+69
Thermal Spain	467	455	2.5%	+11
Average Gross Profit (€/MWh)				
Mini-hydro Portugal	88	86	2.5%	+2
Thermal Portugal	27	24	12%	+3
Thermal Spain	33	32	4.2%	+1

Capex (€ m)	1H10	1H09	Δ %	Δ Abs.
PPA/CMEC Generation	**26.7**	**28.2**	**-5.3%**	**-2**
Hydro recurrent	8.7	7.3	19%	+1
Thermal recurrent	6.9	8.8	-22%	-2
Non recurrent (environmental)	11.2	12.2	-8.4%	-1
Special Regime	**9.0**	**21.4**	**-58%**	**-12**
Expansion	7.7	17.2	-55%	-9
Maintenance	1.3	4.2	-69%	-3
Total	**35.7**	**49.6**	**-28%**	**-14**

In 1H10, **EBITDA from LT contracted generation was virtually flat** reflecting the positive impact from higher hydro output at our mini-hydro plants, new capacity on stream in the special regime and higher results from fuel procurement, on the one hand, and the negative impact from the decomissioning of Barreiro, lower inflation and higher operating costs.

Gross profit from PPA/CMEC declined 1.3% (-€6m) in 1H10, to €458m, mainly reflecting the decomissioning of Barreiro (-€8m), lower inflation, and impacts from lower working hours at our thermal plants. In line with the past, gross profit was positively impacted by EDP's outperformance of contracted levels: real availability rates at our thermal and hydro plants surpassed the contracted levels by 9% and 2%, respectively. The changes in fuel market prices between the moment of procurement and the moment of consumption resulted in a non-recurrent gain of €3.8m in 1H10 (vs a loss of €29m in 1H09). Note that as a result of EDP's strategy to hedge this change in fuel prices through derivative financial instruments, this impact is compensated at the level of financial results, either in the previous, current or following quarters.
The 1% decline in installed capacity under PPA/CMECs results from the exclusion of our fuel oil plant, Barreiro (56MW).

The annual deviation ('revisibility') between market gross profit under CMECs assumptions and under actual market conditions amounted to €92m in 1H10. This deviation stemmed from low pool prices (€30/MWh vs €53/MWh(3) CMEC reference) and from very low output in our thermal plants. This deviation is due to be recovered in up to 24 months, through TPA tariffs paid by all Portuguese electricity consumers.

Gross profit from Special regime rose 52% (+€22m) in 1H10 propelled by higher output at mini hydro plants (+90% YoY) and new thermal capacity on stream: 29MW of biomass in Figueira da Foz (Jun-09), 13MW of biomass in Constância (Sep-09) and 25MW of cogeneration in Barreiro (Mar-10).

Operating costs reached €101m in 1H10 (+16% YoY) reflecting equipment write-offs, new capacity on stream and some one-off gains booked in 1H09.

Depreciation charges decreased 11% YoY as the decommissioning of Barreiro plant and the extension of the useful life in several plants outstood the impact from new capacity on stream.

Capex in LT contracted generation declined 28% (-€14m) YoY in 1H10, to €36m, mainly reflecting lower capex in special regime (-€12m), namely in expansion projects. Non-recurrent capex in 1H10, responsible for 53% of the total, was mainly driven by the new DeNox facility at Sines (€11m invested in 1H10), due until 2011. This investment is due to be remunerated under PPA/CMEC system (8.5% ROA before inflation and taxes), being fully depreciated until 2017.

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 increase in liquidity of the Iberian electricity wholesale market. In terms of EDP's P&L, the total gross profit resulting from CMECs' financial system will keep the same profile over the next 10 years as the former PPA.

PPA/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 main assumptions (outputs, market prices, fuel and CO2 costs) and market real data, which will be paid/received by EDP, through regulated tariffs, up to two years after taking place.
(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.

(1) Includes €0.5m of realised gains in 1H10 (vs €76m in 1H09); (2) Includes Aguieira and Raiva (360MW), subject to a tolling agreement, for a 5-year period starting in Apr-09; (3) Includes ancillary services and capacity payment

Liberalised Activities in the Iberian Market

Income Statement (€ m)	1H10	1H09	Δ%	Δ Abs.
Gross Profit	**395.6**	**411.1**	**-3.8%**	**-16**
Electricity generation	303.5	306.5	-1.0%	-3
Portugal	115.1	103.1	12%	+12
Spain	185.6	208.5	-11%	-23
Adjustments	2.9	-5.1	-	+8
Electricity supply	41.1	44.9	-8.5%	-4
Gas supply	51.0	59.6	-15%	-9
Operating costs	115.5	116.4	-0.8%	-1
EBITDA	**280.1**	**294.7**	**-5.0%**	**-15**
Provisions	29.2	4.6	539%	+25
Net depreciation and amortisation	97.6	93.0	4.9%	+5
EBIT	**153.3**	**197.1**	**-22%**	**-44**

Electricity Performance	1H10	1H09	Δ%	1H10	1H09	Δ%
	Output (GWh)			Variable Cost (€/MWh) (1)		
Generation Output	7,939	9,645	-18%	32.8	32.7	0.4%
Electricity Purchases	15,653	4,079	284%	34.9	44.7	-22%
Electricity Sources	**23,592**	**13,724**	**72%**	**34.2**	**36.2**	**-5.6%**
	Volumes Sold (GWh)			Average Price (€/MWh) (2)		
Grid Losses	655	391	-	n.a.	n.a.	-
Retail - Final clients	15,283	8,162	87%	51.2	66.9	-23%
Wholesale market	7,654	5,171	48%	45.9	49.6	-7%
Electricity Uses	**23,592**	**13,724**	**72%**	**48.0**	**58.5**	**-18%**

Electricity Gross Profit (€ m)	1H10	1H09	Δ%	Δ Abs.
Before hedging (€/MWh)	13.8	22.2	-38%	-8
From Hedging (€/MWh) (3)	0.0	2.1	-98%	-2
Unit margin (€/MWh)	13.9	24.4	-43%	-10
Total Volume (TWh)	23.6	13.7	72%	+10
Subtotal	**327.6**	**334.5**	**-2.0%**	**-7**
Others (4)	**17.0**	**17.0**	**-0.2%**	**-0**
Total	**344.6**	**351.5**	**-2.0%**	**-7**

Gas Uses (TWh)	1H10	1H09	Δ%	Δ Abs.
Consumed by own power plants	11.9	11.0	8.2%	+1
Sold to Clients	17.2	11.0	56%	+6
Total	**29.1**	**22.0**	**32%**	**+7**

EBITDA from liberalised activities declined 5% YoY in 1H10, to €280m, penalised by a strong comparison basis (1H09), when our hedging strategy paid off in light of negative thermal spreads and strong fall in pool price. 2Q10 EBITDA declined 27% QoQ reflecting the seasonality of the activity and abnormally good opportunities created by flooding hydro and wind resources in 1Q10, which resulted in very low pool prices and much higher demand in complementary markets(5). **Gross profit from liberalised activities was 4% (-€16m) lower YoY**, reflecting (i) a €7m decrease in electricity generation and supply, as higher sales to clients did not fully compensate lower spreads earned YoY (ii) a €9m reduction in gas supply, hit by a significant contraction in unit supply margins stemming from fiercer competition.

EDP's merchant generation plants enjoy significant flexibility which is proving distinctive under current market conditions: take-or-pay restrictions were mitigated through the optimisation of gas allocation between plants and clients, generation mix is biased to flexible technologies (thermal) and our thermal plants have amongst the most flexible technological solutions. All this allows us to benefit from opportunities brought in the complementary markets(5) by the increasing weight of (instable) wind technology in the system. As a result of this: (1) EDP's electricity purchases in the pool surged in 1H10 to benefit from low prices in the pool and electricity sales to final clients represented 193% of output from our liberalised electricity power plants in 1H10; (2) average selling price in the wholesale markets stood well above the Spanish average electricity final price (€38/MWh in 1H10) reflecting our competitive advantages in the complementary markets(5).

Volumes: Total volumes sold rose by 9.9TWh YoY in 1H10 mainly driven by (i) an 87% (+7TWh) surge in sales to retail clients, prompted by the expansion of the free market (both in Portugal and Spain) and by (ii) a 48% (+2.5TWh) YoY increase in volumes sold in the wholesale market, driven by higher sales in complementary markets(5). Electricity purchases in the pool met nearly two thirds of total electricity needs (vs 30% in 1H09), reflecting its lower opportunity cost when compared with production at our plants. Thus, output from our merchant plants declined 18%.

Unit margin (1)(2): In spite of tough operating conditions, realised spreads in electricity business reached €14/MWh, supported by EDP's (i) successful forward contracting sales and locking-up of spreads and by (ii) superior flexibility to optimise our merchant portfolio. Average realised selling price declined 18% on lower prices contracted with clients (at €51/MWh) and lower prices achieved in wholesale markets. Average sourcing costs declined 6% supported by lower cost from electricity purchases (-22% YoY).

For 2010, EDP has already sold and forward contracted with clients 27TWh (over 100% of expected output) at prices around €50/MWh and thermal spreads close to €10/MWh. For 2011, EDP has already contracted over 10TWh (around 50% of expected output) at prices and thermal margins in line with 2010.

Our gas sourcing activity in 2010 is based on a 4.3bcm (annual) portfolio of long term contracts, complemented with spot acquisitions. Our consumption of gas rose 32% in 1H10, to 29TWh (2.5bcm), supported by sales to clients (+56% YoY), which benefited from the start-up of operations in Portugal (Apr-09) and from the consolidation (as from Dec 31st, 2009) of the portfolio acquired from Gas Natural. Gas consumption at our CCGT/cogeneration plants rose 8% YoY, supported by the additional 863MW of CCGT in operation since 4Q09. Looking forward, we expect Soto 5 (424MW) to start-up tests in 3Q10.

(1) Variable cost: fuel cost, CO2 cost net of free allowances, hedging costs (gains), system costs; (2) Average selling price: includes selling price (net of TPA tariff), ancillary services and others;
(3) Includes results from hedging on electricity; (4) Includes capacity payments, services rendered and others; (5) Includes secondary reserve margin, restriction market, deviation and intra-day markets, ancillary services.

Liberalised Electricity Generation in the Iberian Market

Income Statement (€ m)	1H10	1H09	Δ%	Δ Abs.
Gross Profit	**303.5**	**306.5**	**-1.0%**	**-3**
Portugal	115.1	103.1	12%	+12
Spain	185.6	208.5	-11%	-23
Adjustments	2.9	-5.1	-	+8
Supplies and services	25.9	28.7	-10%	-3
Personnel costs	17.4	21.7	-20%	-4
Costs with social benefits	0.9	0.9	3.4%	+0
Other operating costs (net)	12.0	26.9	-55%	-15
Operating Costs	**56.2**	**78.2**	**-28%**	**-22**
EBITDA	**247.3**	**228.4**	**8.3%**	**+19**
Provisions	12.7	6.5	97%	+6
Net deprec. and amortisation	95.2	91.2	4.4%	+4
EBIT	**139.4**	**130.7**	**6.6%**	**+9**
Employees (#)	**782**	**806**	**-3.0%**	**-24**

Key Operating Data	1H10	1H09	Δ%	Δ Abs.
Generation Output (GWh)	**7,939**	**9,645**	**-18%**	**-1,706**
CCGT	4,354	4,549	-4.3%	-195
Coal	1,583	3,701	-57%	-2,119
Hydro	1,485	936	59%	+550
Nuclear	516	459	13%	+58
Generation Costs (€/MWh) (1)	**32.8**	**32.7**	**0.4%**	**+0.1**
CCGT	49.3	42.5	16%	+6.8
Coal	27.3	32.5	-16%	-5.1
Hydro	0.2	-	-	+0.2
Nuclear	3.8	3.3	15%	+0.5
Load Factors (%)				
CCGT	30%	44%	-	-13p.p.
Coal	25%	58%	-	-33p.p.
Hydro	38%	24%	-	14p.p.
Nuclear	76%	68%	-	9p.p.
CO_2 Emissions (mn tones)				
Total emissions (2)	4.0	5.9	-32%	-2
Free allowances (2) (3)	4.9	4.9	0.8%	+0

Capex (€ m)	1H10	1H09	Δ%	Δ Abs.
Expansion	**110.8**	**379.6**	**-71%**	**-269**
CCGT	27.0	88.4	-69%	-61
Hydro	83.8	291.2	-71%	-207
Maintenance	**36.1**	**17.1**	**111%**	**+19**
Recurrent	36.4	21.4	70%	+15
Non recurrent (environmental)	(0.3)	(4.4)	93%	+4
Total	**146.9**	**396.7**	**-63%**	**-250**

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.

The performance of our merchant electricity generation fleet in 1H10 was marked by flat average generation cost and lower production (-18%), as electricity purchases in the pool proved to be a cheaper source of electricity to meet growing needs of our supply activities.

CCGTs: **Output** decreased 4% YoY in 1H10, following a 22% YoY drop in 2Q10, reflecting on the one hand (i) weak thermal demand in 1H10 and (ii) stronger comparison basis on 2Q09; and on the other hand (iii) 38% increase in installed capacity mainly backed by 2 new CCGT groups in Portugal (Lares 1 and 2, 863MW). Load factors in 1H10 were in line with sector average, benefiting from the higher flexibility of our plants under regimes of low working-hours. **Average production costs** advanced 16% in 1H10 driven by higher costs from our long term gas contracts (oil-linked).

Coal: **Output** dropped 57% YoY in 1H10, penalised by a longer than expected outage at Aboño 2 in 1Q10 and sharp contraction of thermal demand. In spite of 33pp YoY reduction in coal load factors posted in 1H10, our coal plants kept above the Spanish average load factors in 1H10 (25% vs 15%), thanks to its superior efficiency and to the use of blast furnace gases at Aboño plant. **Average production cost** declined 16% in 1H10, driven by higher contribution from blast furnace gases at Aboño plant (cheaper fuel source) and by lower CO_2 deficit in the period.

In 1H10 our thermal power plants have significantly increased the volumes sold in the complementary markets (1.6TWh vs -0.2TWh in 1H09), making use of its flexibility, particularly in 1Q10.

Total emissions of CO_2 fell 32% in 1H10, following a sharp reduction in coal output. Thus, total emissions fell short of free allowances attributable in the period.

Hydro & Nuclear: Hydro output rose 59% YoY in 1H10, reflecting extreme rainy weather, particularly in 1Q10. Also, nuclear output grew by 13%, reflecting Trillo's longer than expected outage for maintenance works in 1Q09 (during 7 weeks). In 2Q10, nuclear output declined 32% YoY reflecting a 4-week outage for fuel recharging.

Operating costs declined 28% (-€22m) YoY in 1H10, mainly reflecting the end of CO_2 clawback (€20m in 1H09), which was only partially compensated by higher costs related to the nuclear levy and social bonus (€5.5m) in 1H10.

Capex in liberalised generation declined by €250m YoY to €147m in 1H10, reflecting the payment of Fridão and Alvito hydro concession rights in Jan-09 (€232m) and lower amount spent in new CCGTs following the start-up of 863MW in Portugal in 4Q09. **Expansion** capex amounted to €111m, namely: (1) €65m spent in the execution of 4 ongoing hydro plant repowering (Picote II, Bemposta II, Alqueva II, Venda Nova III) and 2 new hydro plants (Baixo Sabor, Ribeiradio), due in 2011/15, (2) €27m spent in new CCGT capacity, namely in Soto 5 (424MW, due to start commercial operations in 1Q11). **Maintenance** capex rose to €36m impacted by pluri-annual works.

(1) Includes fuel costs, CO2 emission costs net of free allowances, hedging results; (2) Includes CO2 emissions from Aboño plant, which burns blast furnace gases;
(3) Amount corresponding to 25% of total free allowances attributed for the year.

Liberalised Electricity and Gas Supply in the Iberian Market

Income Statement (€ m)	Electricity Supply			
	1H10	1H09	Δ%	Δ Abs.
Gross Profit	**41.1**	**44.9**	**-8.5%**	**-4**
Supplies and services	30.3	25.1	21%	+5
Personnel costs	7.1	5.5	27%	+2
Costs with social benefits	0.2	0.2	29%	+0
Other operating costs (net)	2.0	(9.4)	-	+11
Operating Costs	**39.6**	**21.4**	**85%**	**+18**
EBITDA	**1.5**	**23.5**	**-94%**	**-22**
Provisions	16.4	-1.9	-	+18
Net depreciation and amortization	2.1	1.6	37%	+1
EBIT	**(17.1)**	**23.9**	**-**	**-41**

Income Statement (€ m)	Gas Supply			
	1H10	1H09	Δ%	Δ Abs.
Gross Profit	**51.0**	**59.6**	**-15%**	**-9**
Supplies and services	11.5	9.4	23%	+2
Personnel costs	2.0	1.9	1.4%	+0
Costs with social benefits	0.0	0.0	-3.6%	-0
Other operating costs (net)	6.1	5.4	13%	+1
Operating Costs	**19.7**	**16.8**	**17%**	**+3**
EBITDA	**31.3**	**42.8**	**-27%**	**-11**
Provisions	0.0	0.0	-	-0
Net depreciation and amortization	0.2	0.3	-10%	-0
EBIT	**31.0**	**42.5**	**-27%**	**-11**

Key data	1H10	1H09	Δ%	Δ Abs
Electricity in Portugal				
Volume Sold (GWh)	4,304	1,504	186%	+2,800
Market Share (%)	53%	69%	-	-16 p.p.
Avg. Selling Price (€/MWh)	51.6	71.6	-28%	-20
Number Clients (th.)	291	230	26%	+60
Electricity in Spain				
Free market				
Volume Sold (GWh)	10,304	6,637	55%	+3,667
Market Share (%)	13%	11%	-	2 p.p.
Avg. Selling Price (€/MWh)	51.7	66.8	-23%	-15
Number Clients (th.)	588	219	168%	+368
Last resource supply				
Volume Sold (GWh)	639	-	-	+639
Number Clients (th.)	399	-	-	+399
Gas in Spain & Portugal				
Spain - Volume Sold (GWh)	14,591	10,844	35%	3,747
Spain - Market Share (%)	10%	8.6%	-	2 p.p.
Portugal - Volume Sold (GWh)	2,565	201	-	2,364
Portugal - Market Share (1) (%)	33%	15%	-	18 p.p.
Avg. Gross Margin (€/MWh)	1.5	3.1	-53%	-2
Number Clients (th.)	822	627	31%	+194
Capex (Electricity & Gas, Iberia) (€m)	**2.3**	**4.2**	**-45%**	**-2**
Employees (Electricity & Gas, Iberia)	**269**	**250**	**7.6%**	**+19**

Our subsidiaries operating in electricity and gas liberalised supply have intra-group electricity and gas procurement contracts with other companies of the group.

Portugal Electricity Supply – In 1H10, **volumes supplied** by EDP to clients in the free market surged by 186%, to 4.3TWh, backed by (i) the continuing expansion of the free market (+272% YoY), which represented 34% of total consumption in 1H10 (vs 10% in 1H09), and by (ii) a decline in EDP's market share (from 69% to 53% in 1H10) as competition got fiercer. According to ERSE, annualised consumption in free market by Apr-10 already represented 50% of consumption in Portugal (vs 17% in Apr-09). **Average selling price** in retail decreased 28% reflecting the higher weight of industrial clients and current market conditions.

Spain Electricity Supply – In 1H10, electricity **volumes supplied** to our clients in the free market rose 55% following a 168% expansion in the client base prompted by the switching of residential clients (with lower per capita consumption) from regulated system and by the agreement reached with CIDE[2] in Jul-09. Market share rose 2p.p. to 13% reflecting EDP's ability to keep a share in the supply market the double of its share in generation. **Average selling price** declined 23% YoY, reflecting the adjustment of contracted prices to 2009 and current market conditions. Additionally, it is worth mentioning that as a result of the liberalisation process occurred in Jul-09, volumes supplied to clients under the last resource tariff (639GWh in 1H10) are now jointly managed with the remaining liberalised activities, whereby it will hereon reported in this area.

In respect to electricity supply both in Portugal and Spain, it is noteworthy that gross profit was penalised by higher than expected increase in system costs, particularly in 1Q10.

Spain & Portugal gas Supply – In **Spain**, volumes supplied increased by 35% fuelled by a strong recovery in the industrial segment and by the consolidation of portfolio acquired from Gas Natural on Dec 31, 2009. As a result of this, our market share in Spain rose by 2pp to 10%. In **Portugal**, operations kicked off in Apr-09 and volumes supplied in 1H10 reached 2.6TWh (vs 0.2TWh in 1H09), representing a market share of 33% (based on the annualised consumption with sales to cogeneration plants included). **Average unit gross margin** in Iberia decreased to €1.5/MWh (from €3.1/MWh in 1H09), reflecting fiercer competition and the adjustment of selling prices to the fall in sourcing costs over the last year (almost in line with the movement of CMP).

The growth in operating costs in both electricity and gas supply activities mainly reflected the impact of increasing activity and the inclusion of electricity last resource supply activities in Spain hereby.

Prospects:

Electricity and gas supply margins in both Portugal and Spain should continue under pressure in 2010, reflecting current competition environment, rising system costs (electricity) and excess of gas in Iberia. **Volume-wise**, EDP expects to expand its portfolio, benefiting from the expansion of free market in both countries. In line with this, **EDP has already sold and forward contracted electricity sales for 2010 representing around 30% increase from volumes sold in 2009.** Moreover, the Portuguese Government's decision to end with the last resource supply tariff option for large clients (all segments except normal low-voltage) in 1-Jan-2011 should enhance growth in Portugal's free market: total consumption of these segments in the regulated market totaled 17TWh in 2009 and 5.2TWh in 1H10.

(1) Based on annualised consumption; (2) CIDE is an association of small electricity distributors in Spain

EDP Renováveis: Financial Performance

Income Statement	Europe (€ m)			USA (USD m)			EDP Renováveis (€ m) (1)		
	1H10	1H09	Δ %	1H10	1H09	Δ %	1H10	1H09	Δ %
Gross Profit	**274.0**	**198.6**	**38%**	**179.6**	**145.3**	**24%**	**411.0**	**309.3**	**33%**
Supplies and services	40.7	27.9	46%	57.0	43.4	32%	91.1	67.6	35%
Personnel costs	8.8	6.8	30%	14.2	14.7	-3.0%	23.8	20.3	17%
Other operating costs (net)	3.4	2.7	29%	(65.9)	(69.4)	-5.1%	(46.9)	(49.5)	-5.4%
Operating Costs	**53.0**	**37.3**	**42%**	**5.4**	**(11.4)**	**-**	**68.1**	**38.4**	**77%**
EBITDA	**221.0**	**161.2**	**37%**	**174.2**	**156.8**	**11%**	**342.9**	**270.8**	**27%**
Provisions	-	(0.2)	-	-	-	-	(0.0)	(0.2)	-78%
Net deprec. and amortisation	95.8	69.4	38%	132.3	96.7	37%	196.9	142.6	38%
EBIT	**125.2**	**92.1**	**36%**	**42.0**	**60.1**	**-30%**	**146.1**	**128.4**	**13.7%**
Capital gains/(losses)	-	0.3	-	-	-	-	-	0.3	-
Financial results	(108.7)	(79.6)	37%	(41.3)	(33.5)	24%	(88.8)	(44.2)	101%
Results from associates	3.3	1.9	-	(0.0)	(0.2)	-	3.3	1.8	-
Pre-tax profit	**19.8**	**14.6**	**35%**	**0.6**	**26.4**	**-98%**	**60.6**	**86.3**	**-29.7%**
Income taxes	5.3	6.0	-12%	-	-	-	16.4	20.6	-20%
Discontinued activities	-	-	-	-	-	-	-	-	-
Profit for the period	14.5	8.6	68%	0.6	26.4	-98%	44.2	65.7	-33%
Equity Holders of EDPR	**12.8**	**8.4**	**52%**	**0.6**	**26.4**	**-98%**	**42.9**	**65.6**	**-35%**
Minority interests	1.7	0.2	-	-	-	-	1.3	0.2	727%
Employees (#)	**395**	**345**	**14%**	**309**	**281**	**10%**	**781**	**669**	**17%**

EDP Renováveis	1H10	1H09	Δ %
Share price at end of period (€/share)	4.83	7.30	-34%
Number of shares issued (million)	872.3	872.3	-
Stake owned by EDP (%)	77.5%	77.5%	-
USD/EUR - End of period rate	1.23	1.41	-13%
USD/EUR - Average of period rate	1.33	1.33	-0.0%

EDPR Key Balance Sheet Figures (€ m)	1H10	1H09	Δ %
Bank loans and other	38.4	220.9	-83%
Loans with EDP Group companies	2,687.9	1,703.4	-
Net Financial Debt	**2,726.3**	**1,924.3**	**-**
Financial Debt	**3,372.2**	**2,673.4**	**83%**
Minority Interests	**120.8**	**98.7**	**22%**
Adj. Inst. Partnership Liability (2)	**1,053.3**	**825.5**	**27.6%**
Equity Book Value	**5,238.5**	**5,165.3**	**1.4%**

EDPR Financial Results (€ m)	1H10	1H09	Δ %
Net interest costs	(76.2)	(30.7)	-148%
Institutional partnership costs (non-cash)	(31.5)	(28.0)	-13%
Capitalised costs	34.7	19.0	82%
Forex Diferences	(11.9)	1.6	-
Other	(3.8)	(6.2)	38%
Financial Results	**(88.8)**	**(44.2)**	**-101%**

EDPR Operating Costs (€ m)	1H10	1H09	Δ %
Opex / Avg MW (€ 000) (2)	46.4	38.0	22%
Opex / MWh (€) (2)	17.2	16.2	6.2%

EDP Renováveis (EDPR) owns, manages and develops all the wind power assets of EDP Group. EDPR has operations in 11 countries with the major markets being USA (c38% of EBITDA in 1H10, operations in 9 states) and Spain (35% of EBITDA in 1H10).

In 1H10, EDPR's EBITDA grew 27% to €343m reflecting a 22% YoY increase of its installed capacity (to 5,665MW) a 32% increase on wind power output and a flat YoY load factor of 31% in 1H10. The average price increased 1% YoY €59/MWh. Net depreciation and amortisation rose 38% from €143m in 1H09 to €197m in 1H10 reflecting the increase in installed capacity.

The average USD forex rate remained flat against the Euro thus with no impact at EBIT level. As of Jun-10, approximately 46% of EDP Renováveis' financial debt was in US Dollars, as USA operations are fully funded in USD denominated debt (loans with EDP) and by tax equity or partnerships with USA institutional investors. The increase of debt denominated in EUR reflects the investment that the company has done in Europe.

EDP Renováveis' financial debt increased 83% YoY(+€0.7bn) to €3.4bn in Jun-10, in order to fund the construction of new installed capacity, being 84% of loans with EDP Group, which are made through a fixed rate for 10 years, while external debt with financial institutions is mostly related to project finance with a long-term profile. Net debt/EBITDA rose from 3.6x in 1H09 to 3.9x in 1H10 reflecting the company's high growth pace of installed capacity.

Liabilities referred as institutional partnerships, which reflects the "tax equity agreements" in the US, increased from €826m in Jun-09 to €1.053m in Jun-10 reflecting: (i) the closing of Vento III in Jun-10 and (ii) the translation of the forex effect. (iii) offset by the ongoing amortization of this liability.

In 1H10 financial costs increased to €89m in 1H10, 101% above the €44m registered in the 1H09. This increase is explained by the: i) increase in interest costs as a result of a higher net debt, in line with the ongoing growth program, and an increase in average cost of debt from 4.5% in 1H09 to 5.0% in 1H10, reflecting the wider spreads on the debt contracted over the last 12 months, ii) an increase in institutional partnership costs given the closed deals in the last 12 months, iii) forex differences mainly related to investments in Poland and Romania and , iv) an increase in the capitalized financial costs at EDPR level, related to new debt allocation criteria in US wind operations.

(1) Includes Holding, other and consolidation adjustments. (2) net of deferred revenue and restricted cash.

EDP Renováveis: installed capacity & capex

Installed Capacity (MW)	Gross	% Held (1)	Capacity Contrib. to EBITDA Jun-10	Jun-09	Δ %	Δ Abs
Spain	**2,278**	**1,795**	**1,923**	**1,692**	**14%**	**231**
Transitory Regime	1,414	1,072	1,153	1,101	4.7%	52
RD 661/2007	864	723	770	591	30%	179
Portugal	**722**	**702**	**595**	**553**	**7.6%**	**42**
Old Remuneration	595	575	595	553	7.6%	42
New Remuneration	127	127	-	-	-	-
France	**241**	**241**	**241**	**193**	**25%**	**48**
Poland	**120**	**116**	**120**	**-**	**-**	**120**
Belgium (PPA)	**57**	**40**	**57**	**57**	**0.0%**	**-**
USA	**2,950**	**2,734**	**2,715**	**2,123**	**28%**	**592**
PPA	1,825	1,769	1,750	1,549	13%	201
Hedged	264	138	138	138	0.0%	-
Merchant	862	827	827	436	90%	391
Brazil	**14**	**8**	**14**	**14**	**-**	**-**
Total	**6,382**	**5,635**	**5,665**	**4,632**	**22%**	**1,033**

Gross MW	Under Constr.	Pipeline Tier 1	Tier 2	Tier 3	Prosp.	Total
Spain	**328**	**300**	**485**	**1,821**	**2,340**	**5,274**
Portugal	**138**	**217**	**18**	**9**	**200**	**582**
Rest of Europe	**274**	**194**	**590**	**2,544**	**1,893**	**5,494**
France	33	67	70	304	652	1,125
Poland	-	70	386	776	402	1,634
Romania	228	57	26	30	500	841
Other (2)	13	-	108	1,435	339	1,894
USA	**509**	**450**	**6,882**	**7,545**	**4,087**	**19,473**
Brazil	**70**	**111**	**153**	**351**	**760**	**1,445**
Total	**1,317**	**1,272**	**8,128**	**12,270**	**9,280**	**32,267**

Capex (€ m)	1H10	1H09	Δ %	Δ Abs.
Spain	91	248	-63%	-157
Portugal	2	44	-95%	-42
Rest of Europe	192	201	-4.5%	-9
Europe	**285**	**493**	**-42%**	**-208**
USA - Gross capex	527	419	26%	+108
USA - Cash grant received	-	-	-	-
USA - Net Capex	**527**	**419**	**26%**	**+108**
Other	**22**	**1**	**3041%**	**+21**
Total	**834**	**913**	**-9%**	**-79**

Works in Progress (€ m)	1H10	1H09	Δ %	Δ Abs.
Under Construction/development MW	**1,650**	**1,540**	**7%**	**+110**

Installed capacity of EDPR increased by 1,033MW between Jun-09 and Jun-10 representing a 22% YoY increase. As a consequence, EDPR currently manages a portfolio of 5,665 MW of capacity (or 6,382 MW of gross capacity). In 1H10 EDPR total additions amounted to 175MW (62MW in Spain, 21MW in France and 92MW in USA).

Capacity under construction by Jun-10 was 1,317MW from which: (1) 1,180MW of capacity which will be fully consolidated at EBITDA level split by 43% in USA, 28% in Spain and 19% in Romania and (2) 138MW in Portugal corresponding to our 40% attributable capacity in Eneop consortium consolidated by EDPR via equity method.

Capex in 1H10 amounted to €834m, reflecting the projects installed in 1H10 and 1,180MW of projects under construction by Jun-10. Capital expenditures related with the construction and development activities amounted to €154m, which reflects the final works with the capacity in operation and the capacity installed in the period. It is important to highlight that total amount in capacity under construction/development amounted to €1,650m by Jun-10. In late April EDPR signed a turbine procurement agreement with Vestas that will bring flexibility of access to new turbines. This contract previews an initial firm order of 1,500MW, to be supplied, installed and commissioned in 2011 and 2012 with flexibility in quantity, local and date of delivery and also flexibility to choose commercial available wind turbine models and classes for each project with a given notice.

In USA, the market environment for new instalations remains challenging, while the lower electricity demand is postponing utilities' short-term needs on new PPAs with renewable operators.There are no news on the approval by the US Congress of a Federal RES and as we refered in the 1st quarter this is not putting homogeneous pressure on utilities to close PPAs or to purchase renewable credits. Besides this unfavorable market environment EDPR was able to close a 20 year PPA with Tenessee Valley Authority for 115MW. Taking into consideration the current regulatory and market environment in US, EDPR has adjusted downwards its previous targeted growth of new installations for 2010-2012 by 0.7GW from 4.3GW to 3.6GW maintaining flexibility for further reduction up to 0.8GW(in all geographies) in the period. This will allow EDPR to limit exposure to merchant risk along with the maintenance of capex flexibility. EDPR continues well placed to benefit from an improved PPA's market or/and on the approval of a new Energy Bill with effective renewable targets.

It is worth mentioning that in early 1Q10 EDPR entered 2 new geographies: UK and Italy. In the UK EDPR entered the market through a joint venture, in which its holds 75% shareholding, that was awarded the exclusive rights to develop 1.3GW of off-shore wind farms. In Italy EDPR entered the wind energy market through the acquisition (€12m) of Italian Wind, srl, adding to its portfolio several projects in Italy, totaling 520MW in different stages. The 1H10 also witnessed our entrance in Canada where we are currently studying projects.

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

(2) Other include Belgium, Italy and UK.

EDP Renováveis: Operating Performance

Operating Data	1H10	1H09	Δ %	Δ Abs.
Installed Capacity	**5,665**	**4,632**	**22%**	**+1,033**
Avg. Wind Load Factor	**31%**	**31%**	**-**	**(1 pp)**
Europe	**29%**	**25%**	**-**	**4 pp**
Portugal	31%	25%	-	6 pp
Spain	28%	26%	-	3 pp
Rest of Europe	25%	22%	-	3 pp
USA	**32%**	**36%**	**-**	**(4 pp)**
Brazil	**23%**	**20%**	**-**	**3 pp**
Electricity Output (GWh)	**6,940**	**5,249**	**32%**	**+1,691**
Europe	**3,244**	**2,163**	**50%**	**+1,081**
Portugal	772	542	43%	+231
Spain	2,110	1,465	44%	+645
Rest of Europe	362	157	131%	+206
USA	**3,682**	**3,074**	**20%**	**+608**
Brazil	**14**	**12**	**18.7%**	**+2**

Wind Tariffs	1H10	1H09	Δ %	Δ Abs.
Average Unit Tariffs	**59.2**	**58.9**	**0.5%**	**+0**
Europe (€/MWh)	**84.3**	**91.4**	**-8%**	**-7**
Portugal	99.7	99.1	0.6%	+1
Spain	77.4	88.8	-13%	-11
Avg. Achieved Pool Price	*28.3*	*39.2*	-28%	-11
Rest of Europe	91.4	86.3	5.9%	+5
USA (USD/MWh)	**49.0**	**47.5**	**3.0%**	**+1**
PPA/Hedged Capacity	54.8	51.4	6.6%	+3
Merchant Capacity	33.5	27.0	24%	+7
Brazil (BRL/MWh)	**251.0**	**255.9**	**-1.9%**	**-5**

Gross Profit	1H10	1H09	Δ %	Δ Abs.
Gross Profit (€ m)	**411.0**	**309.3**	**33%**	**+102**
Europe	**274.0**	**198.6**	**38%**	**+75**
Portugal	78.1	55.3	41%	+23
Spain	151.0	117.6	28%	+33
Rest of Europe	32.7	13.5	143%	+19
Other & Adjustments	12.1	12.2	-1.1%	-0
USA	**135.4**	**109.5**	**24%**	**+26**
Others	**1.6**	**1.1**	**40%**	**+0**
USA Adjusted Gross Profit (€ m)	**186.7**	**156.2**	**20%**	**+31**
Gross Profit	135.4	109.5	24%	+26
PTC Revenues & Other	51.4	46.6	10%	+5

Wind power output rose 32% YoY in 1H10. In **Europe,** wind output increased 50% YoY on the back of a 18% YoY increase of installed capacity and average load factor growing 4pp YoY to 29%. In **USA**, electricity output went up just by 20% YoY following a 28% YoY increase of installed capacity but with load factors falling from 36% in 1H09 to 32% in 1H10 strongly penalized by low wind resource.

Average selling price in USA went up by 3% YoY in 1H10 to USD49/MWh. Average price of our long-term selling contracts (PPAs) rose 7% to USD 54.8/MWh in 1H10, reflecting higher prices from the last contracts added to our PPAs' portfolio. Note that in 1H10, our wind power output sold through PPAs amounted to 2,687GWh (+4% YoY, representing 73% of our output in USA in 1H10 vs. 84% in 1H09). Average selling price for wind power sold in merchant markets rose 24% YoY to USD33.5/MWh in 1H10, presenting a recovery of electricity prices in US through a demand growth due to more favourable weather conditions in the period. Our wind power sold in merchant markets amounted to 996 GWh (+104% supported on new capacity commissioned YoY, representing 27% of our output in USA in 1H10 vs. 16% in 1H09). In Feb-10, EDPR closed a 20-year PPA contract in USA with TVA (Tenessee Valley Authority) for the 115MW of its Pioneer Prairie I wind farm to be in place from Sep-10 onwards. Moreover EDPR continues actively negotiations or marketing efforts to close new PPA contracts in USA for its wind power plants under construction, in late development and already in operation but without PPA, aiming to continue to reduce its exposure to short term energy markets.

Average wind tariffs in Spain fell 13% YoY in 1H10 reflecting the 28% YoY decline in the achieved pool price and forward sales at higher prices which had a positive impact of c€5.4/MWh on average selling price in Spain or €11m at gross profit level. Note that 32% of EDPR wind power output in Spain in 1H10 (676GWh) were protected by the cap & floor system, 36% of output (766GWh) were sold forward while just 32% of output (668GWh) were exposed to pool price performance. For 2010, the wind power output protected by the cap & floor system (€75/MWh floor price) is expected to represent 40% of total wind output in Spain, given that all new capacity installments are under this system. Moreover for 2H10 EDPR has sold forward c82% of expected wind power output out of the cap & floor system, fixing a selling price of €82/MWh (€44/MWh pool price + €38/MWh fixed premium). For 2011 EDPR already sold forward 54% of its production, out of the cap & floor system, with a fixed selling price of €81/MWh (€43/MWh pool price + €38/MWh fixed premium).

Rest of Europe delivered an average selling price of €91.4/MWh in the 1H10, having increased 5.9% YoY. This increase is the result of both a stable tariff in the French market (growing at an inflation type rate) where the average selling price was €82.8/MWh, and the increased contribution of the Belgium market (average price of €112.2/MWh) to the Rest of Europe portfolio, which benefits from a high price and a low risk through a long-term power purchase agreement (PPA). Worth noting are the Polish assets which started cruise speed operations in 1H10 and achieved a €107.9/MWh price. In Poland, EDPR has a long-term contract to sell the green certificates generated from its 120MW for 15 years.

Overall, gross profit went up by +33% (+€102m), with the main contributions coming from Spain (+€33m, +28% YoY) based on a 44% increase of output and a 13% decline of average price, and Portugal (+€23m, +41% YoY), based on an 8% increase in installed capacity, flat average price and 43% increase of output. In USA the 20% increase YoY of adjusted gross profit is explained by the 10% increase in PTC revenues.

Electricity Distribution and Last Resource Supply in Portugal

Income Statement (€ m)	1H10	1H09	Δ %	Δ Abs.
Gross Profit	**683.5**	**677.1**	**0.9%**	**+6**
Supplies and services	142.6	143.8	-0.9%	-1
Personnel costs	88.4	87.3	1.3%	+1
Costs with social benefits	38.9	43.2	-9.9%	-4
Concession fees	119.2	128.3	-7.1%	-9
Other operating costs (net)	(0.6)	(11.1)	94%	+10
Operating Costs	**388.4**	**391.4**	**-0.8%**	**-3**
EBITDA	**295.1**	**285.6**	**3.3%**	**+9**
Provisions	1.7	(2.0)	-	+4
Net depreciation and amortisation	127.0	128.5	-1.2%	-2
EBIT	**166.4**	**159.1**	**4.6%**	**+7**

Gross Profit Performance	1H10	1H09	Δ %	Δ Abs.
Gross Profit (€m)	**683.5**	**677.1**	**0.9%**	**+6**
Regulated gross profit - current period	667.5	660.2	1.1%	+7
Non-regulated gross profit	16.0	16.9	-5.6%	-1
Distribution Grid				
Reg. revenues - current period (€ m)	613.0	599.4	2.3%	+14
Electricity inflows (GWh)	25,639	24,425	5.0%	+1,214
Clients connected (th)	6,131.6	6,093.4	0.6%	+38
Last Resource Supply				
Reg. revenues - current period (€ m)	55.6	61.9	-10%	-6
Clients supplied (th)	5,812.2	5,860.8	-0.8%	-49
Electricity inflows (GWh)	17,506	22,089	-21%	-4,583
Wholesale procurement price (€/MWh)	45.7	48.5	-5.8%	-3
Regulatory Receivables (€ m)				
Beginning of Period	**(508.9)**	**1,145.4**	**-**	**-1,654**
Previous periods tariff deviations (1)	254.6	(1,062.8)	-	+1,317
Tariff deviation in the period	13.2	(140.8)	-	+154
Other (2)	(6.1)	(1.8)	-	-4
End of Period	**(247.3)**	**(60.1)**	**-**	**-187**

Capex & Opex Performance	1H10	1H09	Δ %	Δ Abs.
Controllable Operating Costs (3)	**231.0**	**231.1**	**-0.1%**	**-0**
Cont. costs/client (€/client)	37.7	37.9	-0.7%	-0
Cont. costs/km of network (€/Km)	1,050.0	1,044.8	0.5%	+5
Employees (#)	4,419	4,499	-1.8%	-80
Capex (Net of Subsidies) (€m)	**94.3**	**112.0**	**-16%**	**-18**
Network ('000 Km)	220.0	221.2	-0.6%	-1
Equivalent interruption time (min.) (4)	58	53	9.4%	+5

EBITDA from electricity distribution and last resource supply activities in Portugal increased 3% YoY to €295m in 1H10, reflecting a 1% increase of regulated gross profit (€668m) and a 1% decline in operating costs, as the slight increase in personnel costs was offset by lower supplies and services.

In Dec-09, ERSE set a 2.9% avg. increase for 2010 electricity tariffs in Portugal, assuming 45.1TWh of electricity consumption and an avg. cost of electricity of €51/MWh. ERSE also established an 8.39% rate of return (vs. 8.55% in 2009), which set 2010 regulated gross profit at €1,300m.

Electricity inflow into the grid increased 5.0% YoY to 25.6TWh in 1H10 (+3.9% adjusted for temperature and working days), reflecting an improvement of industrial demand as well as a colder winter. **Distribution grid regulated revenues** totaled €613m in 1H10. Additionally, our electricity distribution company, EDP Distribuição (EDP D), recorded a €107m positive tariff deviation to be returned to the tariffs: (i) c€70m relate to an inconsistency in the tariff applied to REN and that will be adjusted in 2H10, having no impact at the end of the year; (ii) the balance reflects a consumption mix (per voltage) more favorable than ERSE's assumption.

In 1H10, volumes supplied by our **last resource supplier**, EDP Serviço Universal (EDP SU), fell 23% YoY to 15.8TWh, essentially due to a switching of clients to liberalized suppliers, namely in the industrial segment, with EDP SU market share in electricity supply in Portugal falling from 90% in 1H09 to 66% in 1H10 (82% in 2009). Note that the Portuguese Government recently announced the end of last resource supply tariff option for large clients (Very High, High, Medium and Special Low Voltage) starting in 2011. In 1H10, these clients represented 34% of last resource demand and €3m of last resource supply regulated revenues.

Regarding electricity purchases, volumes purchased from special regime producers in 1H10 rose 46% YoY (26% above ERSE's assumption). EDP SU wholesale procurement price stood at €46/MWh in 1H10, which is below ERSE's assumption of €51/MWh, however, total avg. cost of electricity purchase came 12% above ERSE's estimate due to an higher than expected avg. cost of special regime generation (€100/MWh vs. ERSE's assumption of €91/MWh). Overall, due to higher volumes purchased from special regime producers at higher costs, EDP SU recorded €120m negative tariff deviation to be recovered from the tariffs mostly during 2011.

All in all, a €13m negative tariff deviation was recognized in 1H10, which along with the devolution trough the tariffs of €255m of tariff deviations from previous periods, among other, translated into higher **regulatory receivables**. Note that until Dec-10, a total of €509m will have been returned to the tariffs: EDP SU will have paid back to clients €629m while EDP D will have recovered €120m. All in all, until the end of 2010, the amount of regulatory receivables is expected to converge to zero.

Controllable operating costs remained flat at €231m in 1H10: i) S&S benefited from lower communication and back office expenses, offsetting the increase in O&M costs that followed the adverse weather conditions of the beginning of the year; ii) personnel costs increased 0.5% YoY, (excluding severance payments, indemnities and personnel costs capitalization), reflecting both a lower headcount and a 1.5% annual avg. salary update for 2010. **Costs with social benefits** fell 10% YoY due to lower provisions for medical care and pension fund.

Capex amounted to €94m and was mostly dedicated to network expansion and service quality. Due to adverse weather conditions in 1Q10, Equivalent Interruption Time (EIT) went up 5min. YoY to 58min.

(1) Includes the assignment to a third party of the right tariff deficits/adjustments (2009) and recovery or pay-back through the tariffs of previous years' tariff deviations.

(2) Includes interests on previous years tariff deviations. (3) Supplies & services and personnel costs. (4) Adjusted for non-recurring impacts (rainstorms, high winds and summer fires).

Electricity Distribution in Spain

Income Statement (€ m)	1H10	1H09	Δ %	Δ Abs.
Gross Profit	**82.4**	**84.9**	**-2.9%**	**-2**
Supplies and services	25.2	31.0	-19%	-6
Personnel costs	9.8	9.8	-0.0%	-0
Costs with social benefits	1.4	1.4	-1.5%	-0
Other operating costs (net)	(12.1)	(2.1)	-482%	-10
Operating Costs	**24.3**	**40.2**	**-39%**	**-16**
EBITDA	**58.1**	**44.7**	**30%**	**+13**
Provisions	-	0.0	-	-0
Net depreciation and amortisation	22.6	13.4	69%	+9
EBIT	**35.5**	**31.3**	**13%**	**+4**

Gross Profit Performance	1H10	1H09	Δ %	Δ Abs.
Gross Profit	**82.4**	**84.9**	**-2.9%**	**-2**
Regulated gross profit	77.2	77.4	-0.2%	-0
Other non-regulated gross profit	5.2	7.4	-30%	-2
Regulated Revenues (€ m)	**77.2**	**77.4**	**-0.2%**	**-0**
Distribution	70.8	69.5	2.0%	+1
Transmission	3.5	3.9	-11%	-0
Supply	2.9	4.0	-28%	-1
Distribution				
Electricity distributed (GWh)	4,804	4,543	5.7%	+261
Clients connected (th)	647.5	639.0	1.3%	+8
Regulatory Receivables (€ m) (1)				
Beginning of Period	**501.4**	**283.7**	**77%**	**+218**
Previous periods tariff deficits (2)	44.8	78.5	-43%	-34
Tariff deficit in the period	73.0	30.6	138%	+42
Other (3)	4.9	(17.4)	-	+22
End of Period	**624.0**	**375.5**	**66%**	**+249**

Capex & Opex Performance	1H10	1H09	Δ %	Δ Abs.
Controllable Operating Costs (4)	**35.0**	**40.8**	**-14%**	**-6**
Cont. costs/client (€/client)	54.0	63.8	-15%	-10
Cont. costs/km of network (€/Km)	1,589	1,906	-17%	-317
Employees (#)	381	362	5.2%	+19
Capex (net of subsidies) (€ m)	**18.3**	**21.1**	**-13%**	**-3**
Network ('000 Km)	22.0	21.4	2.9%	+1
Equivalent interruption time (min.)	40	105	-62%	-65

EBITDA from our electricity distribution activity in Spain increased 30% YoY to €58m in 1H10, benefitting from: (i) lower costs with supplies and services, on the back of a decrease in O&M, marketing and back-office expenses; and (ii) higher other operating revenues as a result of the application of IFRIC18(5) (€7.5m). Excluding this last impact, EBITDA increased 13% YoY. **Gross profit** decreased 3% YoY to €82m in 1H10, on the back of lower revenues from upfront network connection fees. Note that our last resource supply activity in Spain is now included in our liberalised activities in Iberia.

Regulated revenues in 1H10 totalled €77m, in line with what was defined by the Spanish government for 2010. In Dec-09, a Ministerial Order was published setting provisionally the remuneration for electricity distribution, transmission and supply regulated activities. Regulated revenues attributable to HC Distribución (HC D) for 2010 amount to €146m, up 3% YoY (excluding €7m for the transmission assets, which sale was agreed today with REE to comply with current legislation). Note that subsequent to the liberalization process, regulated revenues here presented from electricity supply relate to some activities that DisCos still perform, such as meter readings or access tariffs invoicing.

Electricity distributed by HC D in the region of Asturias posted a 6% YoY increase, following a clear recovery of the industrial activity vs. a particularly weak 1H09. The revival of capital intensive industries reflected into an 8% increase of electricity consumption from HV and MV segments (mostly industrial), while consumption from the LV segment (mostly residential) remained flat at 1.4TWh.

In Dec-09, the Spanish Government defined a 2.64% avg. increase for 1H10 last resource tariffs vs. 2H09, assuming an avg. cost of electricity of €60/MWh. 1H10 Spanish tariff deficit is estimated at €1.77bn for the system as a whole, out of which €104m were attributed to HC Energia (not fully reflected in the amount of regulatory receivables, as, by the end of Jun-10, €31m were still pending financial settlement). By the end of Jun-10, the Spanish Government announced its intention to freeze electricity tariffs from July 1st, 2010, even though not ruling out the possibility of future tariff increases. Currently, the Spanish electricity system tariff deficit for 2010 is estimated at €3.6bn.

Ending Jun-10, HC Energia's **regulatory receivables** amounted to €624m (including interests/financial updates): (i) €70m regarding 1H10 tariff deficit; (ii) €237m from the 2009 tariff deficit; and (iii) €317m from the 2006-08 acc. tariff deficit.

Controllable operating costs went down 14% YoY, on the back of a decrease in supplies and services explained, on the one hand, by lower marketing and back-office expenses, which was mostly due to the relocation of our last resource supply activity in Spain to our liberalised activities, and, on the other, by a decrease in O&M expenses, as 1H09 was negatively impacted by the Klaus cyclone that affected the north of Spain in the beginning of 2009. This decrease in controllable costs enabled a recovery of efficiency ratios.

Capex decreased 13% YoY to €18m in 1H10, reflecting both an increase in subsidies and lower investments in new markets and new connections in light of the current unfavourable macroeconomic environment. Equivalent interruption time fell 65min. YoY as 1H09 was negatively affected by the Klaus cyclone, which damaged our distribution grid.

(1) Net of CO2 clawback costs. (2) Includes the recovery/payment of previous periods tariff deficits (3) Includes interests/financial updates on tariff deficits. (4) Supplies & services and personnel costs.
(5) With the aplication of IFRIC 18, the asset received from the clients is registered by its estimated cost of construction, versus operating revenues. However, considering that IAS 16 establishes that the depreciation of the asset should be done within the time period during which economic benefits are generated, the assets are depreciated fully within the same year.

Gas - Regulated Activity

Income Statement (€ m)	Portugal 1H10	Portugal 1H09	Portugal % Δ	Spain 1H10	Spain 1H09	Spain % Δ	Total 1H10	Total 1H09	Total % Δ
Gross Profit	**30.6**	**16.5**	**85%**	**120.4**	**95.2**	**26%**	**150.9**	**111.7**	**35%**
Supplies and services	5.4	5.9	-8.0%	16.8	13.0	29%	22.2	18.9	18%
Personnel costs	3.0	2.3	32%	11.5	9.3	24%	14.5	11.6	25%
Costs with social benefits	0.1	0.0	187%	0.2	0.2	9.3%	0.4	0.3	37%
Other operating costs(net)	0.7	1.1	-	2.3	0.8	186%	2.9	1.9	56%
Operating Costs	**9.2**	**9.3**	**-1.1%**	**30.8**	**23.3**	**32%**	**40.0**	**32.6**	**23%**
EBITDA	**21.4**	**7.2**	**197%**	**89.5**	**71.9**	**25%**	**110.9**	**79.1**	**40%**
Provisions	0.0	0.2	-98%	-0.1	-0.2	-37%	(0.1)	0.0	-
Net depreciation and amortisatio	5.7	5.2	9.2%	30.0	16.7	80%	35.7	21.9	63%
EBIT	**15.7**	**1.8**	**784%**	**59.6**	**55.4**	**7.6%**	**75.3**	**57.2**	**32%**
Capex (net os subsidies) (€ m)	**15.7**	**11.6**	**35%**	**21.7**	**13.4**	**62%**	**37.4**	**25.0**	**50%**
Distribution	15.7	11.6	35%	13.1	9.1	43%	28.8	20.8	39%
Transmission	-	-	-	8.6	4.3	103%	8.6	4.3	103%
Employees (#)	**100**	**101**	**-1.0%**	**378**	**281**	**35%**	**478.0**	**382.0**	**25%**

Regulated Activity	1H10	1H09	% Δ	Abs. Δ
Number of Supply Points (th)	**1,209.2**	**906.0**	**33%**	**+303**
Portugal	235.3	207.9	13%	+27
Spain	974	698	40%	+276
Gas Distributed (GWh)	**28,459**	**14,137**	**101%**	**+14,322**
Portugal	3,570	3,028	18%	+542
Spain	24,889	11,109	124%	+13,780
Regulated Revenues (€ m)	**141.8**	**95.8**	**48%**	**+46.0**
Portugal	30.6	16.5	85%	+14.1
Spain	111.3	79.3	40%	+31.9
Distribution	99.2	69.6	43%	+29.6
Transmission	12.1	9.7	24%	+2.4
Network (Km)	**12,719**	**9,199**	**38%**	**+3,520**
Portugal - Distribution	3,597	3,304	8.8%	+292
Spain				
Distribution	8,736	5,557	57%	+3,179
Transmission	387	338	15%	+49

On December 31st, 2009, Naturgas Energia (NGE) completed the acquisition from Gas Natural of its low pressure natural gas distribution activities in the regions of Cantabria and Murcia, as well as of its high pressure natural gas distribution assets in the regions of the Basque Country, Asturias and Cantabria. These assets started being consolidated at P&L level from Jan-10 onwards. Yesterday, subsequent to the exercise of a put option held by Ente Vasco de Energia over a 30.4% stake in NGE, HC Energia signed an agreement for the purchase of a 29.4% stake in NGE for €617m to be paid in 3 tranches between 2010 and Jul-13. HC Energia currently owns 65.6% of NGE.

EBITDA from gas regulated activities went up 40% YoY to €111m in 1H10, due to both the first time consolidation of the assets acquired from Gas Natural (+€22m) and higher regulated revenues from our activities in both Spain and Portugal. Excluding the contribution of the assets acquired from Gas Natural, EBITDA increased 13% YoY.

In **Spain**, gas regulated activities gross profit went up 26% YoY (+€25m) to €120m in 1H10, including the first-time contribution of the assets acquired from Gas Natural (+€29m). Note that 1H10 gross profit include a €6m non-recurrent loss to adjust last year's regulated revenues for the negative impacts of the economic crisis on gas demand and inflation. On a pro-forma basis, excluding this one-off impact, gross profit went up 2% YoY. **Regulated revenues** increased 40% YoY to €111m: i) the assets acquired from Gas Natural contributed with an additional €26m, regarding c3,000Km of distribution network and 259th points of supply; excluding this contribution, ii) gas distribution regulated revenues grew 5% YoY, reflecting an increase of our network's extension, a 2% rise in the number of supply points to 715th, and higher volumes of gas distributed. Gas distributed through high pressure network (mostly industrials) benefited from a recovery of the industrial sector and a particularly weak comparison vs. 1H09. The volume of gas distributed through low pressure network (mostly residentials) increased 11%YoY to 5.3TWh in 1H10, backed by an increase in the number of supply points; iii) gas transmission regulated revenues rose 24% YoY, due to a 15% increase of transmission network length and higher remuneration per kilometer in recent investments.

The Ministerial Order published in Dec-09 set the remuneration for the gas regulated activities. Regulated revenues attributable to Naturgas Energia (NGE) in 2010 amount to €168m, up 5% YoY, excluding the contribution of the assets acquired from Gas Natural, which represent another €50m of regulated revenues in 2010.

In **Portugal**, gas distribution activity **regulated revenues** went up by €14m YoY to €31m in 1H10, following a 18% increase of the volumes of gas distributed, supported by a higher number of supply points, and the recognition of the asset initial revaluation, not considered in 2009 regulated revenues.

In Jun-10, the Portuguese regulator (ERSE) set the gas tariffs for Portugal for the year going from Jul-10 to Jun-11. The 9% return on assets that was defined for gas distribution translated into a regulated gross profit of €61m, up 21% YoY. Additionally, starting Jul-10, the transitional last resource tariff option for gas clients with annual consumption >10.000m^3 was terminated, in accordance with the undergoing liberalization calendar.

Controllable operating costs[1] increased 21% YoY, due to the first time consolidation of the assets acquired from Gas Natural (+€9m). Excluding this effect, controllable operating costs fell €3m YoY, on the back of lower O&M and marketing expenses.

Capex increased by €12m YoY to €37m in 1H10, following: i) the investments on the Bergara-Irun transmission pipeline, to be fully operational by the end of 2010 (total capex of €68m); and ii) higher investments on the distribution networks and points of supply.

(1) Supplies & services and personnel costs.

EDP - Energias do Brasil: Financial Performance

Income Statement	Consolidated (R$ m)				Consolidated (€ m)			
	1H10	1H09	Δ %	Δ Abs.	1H10	1H09	Δ %	Δ Abs.
Gross Profit	**1,176.0**	**1,044.6**	**13%**	**131**	**493.3**	**355.7**	**39%**	**138**
Supplies and services	183.4	157.0	17%	26	77.0	53.4	44%	24
Personnel costs	108.0	107.3	0.6%	1	45.3	36.5	24%	9
Costs with social benefits	20.6	33.2	-38%	-13	8.6	11.3	-24%	-3
Other operating costs (net)	50.7	54.2	-6.4%	-3	21.3	18.4	15%	3
Operating Costs	**362.7**	**351.6**	**3.1%**	**11**	**152.1**	**119.7**	**27%**	**32**
EBITDA	**813.3**	**693.0**	**17%**	**120**	**341.2**	**235.9**	**45%**	**105**
Provisions	4.3	4.2	-	0	1.8	1.4	27%	0
Net depreciation and amortisation	171.3	160.7	6.6%	11	71.9	55.6	29%	16
EBIT	**637.7**	**528.1**	**21%**	**110**	**267.5**	**179.0**	**49%**	**89**
Capital gains/(losses)	-	121.0	-	-121	-	41.2	-	-41
Financial results	(63.8)	(117.6)	46%	54	(26.7)	(40.1)	33%	13
Results from associates	(0.9)	(0.1)	-	-1	(0.4)	(0.0)	-	-0
Pre-tax profit	**573.0**	**531.3**	**7.8%**	**42**	**240.4**	**180.1**	**33%**	**60**
Income taxes	185.8	151.2	23%	35	77.9	51.5	51%	26
Effective tax rate (%)	32%	28%	4.0 pp	0	32%	29%	3.8 pp	0
Profit for the period	387.2	380.1	1.9%	7	162.4	128.6	26%	34
Equity Holders of Energias do Brasil	**331.8**	**327.4**	**1.3%**	**4**	**139.2**	**110.7**	**26%**	**29**
Minority interests	55.4	52.7	5.2%	3	23.3	17.9	30%	5
Capex	**290.4**	**283.0**	**2.6%**	**7**	**121.8**	**96.4**	**26%**	**25**

Energias do Brasil	1H10	1H09	Δ %
Share price at end of period (R$/share)	35.80	27.05	32%
Number of ahares Issued (million)	158.8	158.8	0.0%
Treasury stock (million)	0.3	15.8	-98%
Number of shares owned by EDP (million)	102.9	102.9	0.0%
Real/Euro - End of period rate	2.21	2.75	24%
Real/Euro - Average of period rate	2.38	2.94	23%
Inflation rate (IGP-M - 12 months)	5.2%	0.0%	-
Interest rate (SELIC)	10.25	9.25	100 pp
Employees (#)	2,357	2,336	21

Key Balance Sheet Figures (€ m)	1H10	1H09	Δ %
Net financial debt	971	939	3%
Regulatory receivables	(13)	50	-
Minority interests	797	626	27%
Equity book value	2,108	1,372	54%

Rating & Debt Ratios	1H10	1H09	Δ %
Net debt / EBITDA	1.4x	2.0x	
			Moody's
Energias do Brasil			**Ba1/Sta**
Last Rating action			08-04-10

In local currency, EDP Energias do Brasil's 1H10 EBITDA rose 17% YoY driven by (i) a strong recovery of electricity demand and (ii) the positive impact from annual tariff updates in Escelsa (Aug-09) and Bandeirante (Oct-09).

In 1H10, EDP Energias do Brasil's contribution to consolidated **EBITDA was positively affected by the 23% appreciation of the Real against the Euro** (+€64m impact on EBITDA).

Note that 1H10 YoY comparison is impacted by **some non recurrent issues** from which we highlight: (1) additional revenue (R$6m) as compensation for termination of contract by a consumer in 1H10 and (2) R$15m HR restructuring costs related to headcount reduction program in 1H09.

In Nov-09, EDP Brasil sold 15.5 million treasury shares (9.8% of its share capital) through a secondary public distribution offer at a price of R$28.50 per share leading EDP Energias do Brasil to decrease its treasury stock position to 0.2% of share capital.

Net financial debt increased 3% YoY in EUR terms (-16% in BRL terms) due to FX impact and average maturity in debt is 4.4 years in Jun-10.

Net financial costs in BRL terms decreased 46% YoY impacted by: (1) lower average cost of debt (from 10.7% in 1H09 to 8.6% in 1H10) and (2) R$11m one-off positive impact in the cost unwinding related to a new law that exempts interest costs on overdue tax payments.

In Jun-10, EDP Brasil signed a loan agreement for R$135m with Banco do Brasil to mature in 2015. Of the total gross debt at Jun-10, **8.1% were denominated in foreign currency**, of which 99.3% was protected from exchange rate through hedging instruments. **The weight of fixed rate in EDP Brasil's debt was 59% by Jun-10**. EDP Brasil's main reference in fixed interest rate is TJLP, which is defined as the cost of financing granted by the BNDES and currently stands at 6%.

Capital gains in 1H09 are fully related to the sale of our stake in the telecom company Esc90. **Minority interests in EUR terms** rose at balance sheet level following the appreciation of the BRL. At income statement level, minority interests in BRL terms increased due to better financial results in Lajeado hydro plant, in which we do not have 100% ownership.

Overall, EDP Brasil net profit in 1H10 (under IFRS) rose 1% YoY in BRL. Excluding capital gains, EDP Brasil net profit in 1H10 rose 61% YoY.

In May-10, EDP Brasil paid an **a dividend** of R$296.3m, corresponding to R$1.87 per share.

Brazil: Electricity Distribution

Income Statement (R$ m)	1H10	1H09	Δ %	Δ Abs.
Gross Profit	**774.1**	**636.2**	**22%**	**+138**
Supplies and services	139.2	118.9	17%	+20
Personnel costs	77.5	78.5	-1.3%	-1
Costs with social benefits	18.2	25.3	-28%	-7
Other operating costs (net)	46.1	40.9	12%	+5
Operating Costs	**281.0**	**263.6**	**6.6%**	**+17**
EBITDA	**493.1**	**372.6**	**32%**	**+120**
Provisions	3.8	4.3	-11%	-0
Net deprec. and amortisation	90.5	83.8	7.9%	+7
EBIT	**398.8**	**284.5**	**40%**	**+114**

Gross Profit Performance	1H10	1H09	Δ %	Δ Abs.
IFRS Gross Profit	**774**	**636**	**22%**	**+138**
Tariff Deviation (1)	(6)	50	-	-57
Deviat. from previous year (2)	(61)	(59)	3.1%	-2
Others	6	18	-64%	-11
Brazilian GAAP Gross Profit	**713**	**645**	**11%**	**+68**
Regulatory Receivables (R$ m)	**(30)**	**147**	**-**	**-177**
Clients Connected (th)	**2,680.2**	**2,611.7**	**2.6%**	**+69**
Bandeirante	1,470.0	1,444.3	1.8%	+26
Escelsa	1,210.3	1,167.4	3.7%	+43
Electricity Distributed (GWh)	**11,893**	**10,072**	**18%**	**+1,821**
Bandeirante	7,145	6,437	11%	+709
Escelsa	4,747	3,635	31%	+1,113
From which:				
To clients in Free Market (GWh)	4,479	3,258	37%	+1,221
Electricity Sold (GWh)	**7,413**	**6,813**	**8.8%**	**+600**
Bandeirante	**4,475**	**4,207**	**6.4%**	**+268**
Resid., Commerc. & Other	2,903	2,821	2.9%	+82
Industrial	1,573	1,386	13%	+187
Escelsa	**2,938**	**2,606**	**13%**	**+332**
Resid., Commerc. & Other	2,409	2,164	11%	+245
Industrial	529	443	20%	+86

Capex & Opex Performance	1H10	1H09	Δ %	Δ Abs.
Controllable Operating Costs (3)	**216.7**	**197.4**	**10%**	**+19**
Cont. costs/client (R$/client)	80.9	75.6	7.0%	+5
Cont. costs/km (R$/Km)	2.6	2.4	5.7%	+0
Employees (#)	2,002	2,015	-0.6%	-13
Capex (net of subsidies) (R$m)	**138.7**	**142.0**	**-2.3%**	**-3**
Network ('000 Km)	83.7	80.6	3.8%	+3

In electricity distribution in Brazil, the **EBITDA in 1H10 increased by 32% YoY.** Gross profit in 1H10 surged 22% YoY mainly reflecting:

(1) Significant recovery of electricity volumes sold and distributed in 1H10: Volume of electricity sold increased by 9% YoY in 1H10 (+10% vs. 1H08) and by 7% YoY in 2Q10. In the residential & commercial segment, volume sold in 1H10 rose 7% YoY and 4% YoY in 2Q10 reflecting: (i) a rise of 3% YoY in the number of clients connected and (ii) an increase of consumption per client supported by higher penetration of electrical home appliances. In the industrial segment, electricity volumes sold rose 15% in 1H10 reflecting the recovery of Brazilian industrial production. Regarding electricity distributed (but not sold) to free market clients (essentially large industrial consumers supplied directly in the free wholesale market from which EDP collects only third party access tariffs), volume of electricity distributed increased 37% YoY in 1H10 (+36% YoY in 2Q10 and +3% vs. 1H08), reflecting a strong recovery of demand namely from the mining and steel sectors and a weak 1H09 comparison basis.

(2) Positive impact from annual tariff updates (Escelsa since Aug-09 and Bandeirante since Oct-09), which reflect essentially annual updates on cost base (CPI-X) and pass-through costs. Note that the Return on RAB defined by the regulator is set at 15% before taxes for the entire regulatory periods of Escelsa (from Aug-07 to Jul-10) and Bandeirante (from Oct-07 to Sep-11). In early August, ANEEL will approve the remuneration of Escelsa for the 3-year regulatory period from Aug-10 to Jul-13.

(3) Positive impact from tariff deviations at gross profit level was higher in 1H10 than in 1H09. Gross profit under IFRS for distribution in Brazil includes the cash flow impact from tariff deviation, while gross profit under Brazilian GAAP is closer to the normalized regulated gross profit. Tariff deviation created in previous years and being recovered through tariffs in 1H10 amounted to R$61m (in line with 1H09). On the other hand, a new positive tariff deviation of R$6m was created in 1H10 (vs. negative tariff deviation of R$50m in 1H09). This positive tariff deviation in 1H10 was created due to: (1) appreciation of BRL against USD in 1Q10, which decreased Itaipu hydro production costs (USD denominated) and (2) lower production costs in the Brazilian regulated system due to higher output from hydro and low thermal production. As a result, the amount of regulatory receivables decreased from R$147m pending collection in Jun-09 to R$30m in Jun-10 which are owed to consumers and will be paid back by EDP Brasil in the next tariff revisions.

Personnel costs decreased 1% YoY as a result of staff reduction and efficiency programs implemented. Supplies and services increased due to: (1) adverse weather conditions (storms and floods) in the beginning of 2010, which implied an increasing of the volume of calls to the toll-free customer support and an increase in repairs and maintenance works and (2) change by the regulator of the legislation related to customer service (decrease of the maximum average time of attendance). Other operating costs increased in 1H10 as a result of a fine related with an electricity "blackout" that happen in the end of 2009 in the Bandeirante and Escelsa concession areas. This cost is still under discussion with the regulator.

(1) 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 .
(2) Regulatory receivables being generated in the current period to be recovered by EDP through tariffs in the next annual tariff adjustment.
(3) Supplies & services and personnel costs.

Brazil: Electricity Generation and Supply

Income Statement (R$M)	Generation			
	1H10	1H09	Δ %	Δ Abs.
Gross Profit	**378.1**	**386.0**	**-2.0%**	**-8**
Supplies and services	27.0	21.3	27%	+6
Personnel costs	17.7	18.2	-3.1%	-1
Costs with social benefits	1.4	2.5	-43%	-1
Other operating costs (net)	6.5	6.8	-4.1%	-0
Operating Costs	**52.6**	**48.8**	**7.7%**	**+4**
EBITDA	**325.5**	**337.2**	**-3.5%**	**-12**
Provisions	(0.5)	(0.3)	70%	-0
Net depreciation and amortisation	73.6	70.0	5.2%	+4
EBIT	**252.4**	**267.5**	**-5.6%**	**-15**

Generation	1H10	1H09	Δ %	Δ Abs.
Gross Profit (R$ m)	**378.1**	**386.0**	**-2.0%**	**-8**
Lajeado	154.3	164.3	-6.1%	-10
Peixe Angical	131.0	136.6	-4.1%	-6
Energest (15 hydro plants)	92.8	85.1	9.1%	+8
Installed Capacity - Hydro (MW)	**1,734**	**1,725**	**0.5%**	**+9**
Lajeado	903	902	0.1%	+1
Peixe Angical	452	452	-	-
Energest (15 hydro plants)	380	371	2.3%	+9
Electricity Sold (GWh)	**3,665**	**3,737**	**-1.9%**	**-72**
Lajeado	1,499	1,542	-2.8%	-43
Peixe Angical	1,111	1,115	-0.4%	-4
Energest (15 hydro plants)	1,056	1,081	-2.3%	-25
Average Selling Price (R$/MWh)	**119.6**	**117.5**	**1.8%**	**+2**
Lajeado	103.3	105.1	-1.7%	-2
Peixe Angical	150.3	148.4	1.3%	+2
Energest (15 hydro plants)	110.3	103.4	6.7%	+7
Capex (R$ million)	**151.6**	**140.6**	**7.8%**	**+11**
Maintenance	14.3	10.6	35%	+4
Expansion	137.3	130.0	5.6%	+7
Pécem	123.7	47.6	160%	+76
Other	13.6	82.4	-84%	-69
Employees (#)	**260**	**243**	**7.0%**	**+17**

GENERATION:

EBITDA in our electricity generation activities in Brazil decreased 3.5% driven by a 2% decline in gross profit.

Installed capacity increased by 1% as a result of the repowering of Suiça (+3MW in 4Q09) and Rio Bonito (+4MW in 4Q09 and +2MW in 1Q10) hydro plants.

Electricity volume sold decreased 2% YoY in 1H10 as a short term power production strategy. Since the spot prices were low early in the year, distribution companies reduced the volume of energy purchased from our PPA in generation and replaced that volumes with purchases in the spot market. The strategy of seasonal adjustments in the volumes of electricity sold by EDP is to allocate more volume in the second half of the year, when spot prices are expected to recover (spot price increased 143% in 2Q10 from R$28 in 31-Mar to R$68 in 30-Jun).

Average selling price rose 2% YoY in 1H10. All EDP Energias do Brasil's installed capacity is contracted under PPA long term contracts with an average maturity of 14 years and prices updated to inflation.

Operating costs rose by 8% YoY reflecting mainly one-off legal costs associated with the merger of all companies of Lajeado group and earlier works related with environment and maintenance.

Capex increased by 8% YoY to R$152m. Expansion capex represents 91% of total capex from which 90% refers to the construction of Pécem coal plant (70% of progress achieved). The start-up is scheduled to the end of 2011 and we already invested R$866m. Until the start-up of Pecém coal plant, we expect to invest further R$570m. The "other expansion capex" decreased by R$69M mainly driven by the end of construction of Santa Fé, the repowering of Suiça and Rio Bonito. The 1H10 other expansion capex is related to the repowering of Mascarenhas (18MW), with conclusion is planned to occour in 2012.

In **Pecém coal plant,** EDP Energias do Brasil holds a 50% stake in partnership with MPX Mineração e Energia. The conditions contracted with the Brazilian electricity system include the availability of an installed capacity of 615 MW for a 15-year term starting in January 2012 and a gross profit of R$417.4m per year (amount at 2007 nominal prices to be updated at inflation) with the full pass through of fuel costs. The project will be financed with 75% of long term debt, that is already contracted.

Supply	1H10	1H09	Δ %	Δ Abs.
Gross profit (R$ m)	20.8	21.6	-3.6%	-1
Operating costs (R$ m)	(2.1)	8.7	-	-11
EBITDA (R$ m)	22.9	12.9	78%	+10
				-
Electricity sales (GWh)	3,886	3,810	2.0%	+76
Number of clients (#)	68	112	-39%	-44

LIBERALIZED ELECTRICITY SUPPLY:

Our trading and supply activity is carried out by our Enertrade subsidiary in the free market essentially through a service of energy sourcing to large industrial clients without incurring in material energy market risk. **In 1H10, EBITDA in supply increased by R$10m YoY** due to: (1) a one-off gain in 1Q10 due to an agreement with a costumer on a contract termination (R$6m) and (2) end in 3Q09 of the accounting of provision associated to the supply contract with Ampla (R$3.8m in 1H09).

Income Statements

Income Statement by Business Area

1H10 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	Wind Power	Brazil	Other & Adjustments	EDP Group
Gross Profit	**522.9**	**395.1**	**916.8**	**411.0**	**493.3**	**(10.1)**	**2,729.0**
Supplies and services	49.5	67.3	190.0	91.1	77.0	(70.3)	404.6
Personnel costs	37.6	26.4	112.7	22.6	45.3	51.8	296.4
Costs with social benefits	10.4	1.1	40.7	1.2	8.6	(1.1)	60.8
Concession rents	2.5	-	119.2	3.9	-	(0.3)	125.3
Other operating costs (net)	0.6	20.0	(9.8)	(50.8)	21.3	29.7	11.0
Operating costs	**100.6**	**114.8**	**452.8**	**68.1**	**152.1**	**9.7**	**898.2**
EBITDA	**422.2**	**280.2**	**464.1**	**342.9**	**341.2**	**(19.8)**	**1,830.8**
Provisions	(3.0)	29.2	1.6	(0.0)	1.8	9.8	39.3
Net depreciation and amortisation (1)	116.1	97.6	185.3	196.9	71.9	37.4	705.2
EBIT	**309.1**	**153.5**	**277.2**	**146.1**	**267.5**	**(67.0)**	**1,086.3**

1H09 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	Wind Power	Brazil	Other & Adjustments	EDP Group
Gross Profit	**506.9**	**411.1**	**873.7**	**309.3**	**355.7**	**(2.7)**	**2,453.8**
Supplies and services	43.9	63.2	193.7	67.6	53.4	(68.5)	353.5
Personnel costs	34.8	29.2	108.7	20.3	36.5	54.3	283.8
Costs with social benefits	10.5	1.0	44.9	0.0	11.3	(1.7)	66.0
Concession rents	2.8	-	128.3	2.4	-	(9.1)	124.3
Other operating costs (net)	(5.4)	23.0	(11.3)	(51.9)	18.4	42.8	15.6
Operating costs	**86.7**	**116.4**	**464.2**	**38.4**	**119.7**	**17.8**	**843.3**
EBITDA	**420.2**	**294.7**	**409.4**	**270.8**	**235.9**	**(20.5)**	**1,610.5**
Provisions	0.9	4.6	(2.0)	(0.2)	1.4	14.1	18.8
Net depreciation and amortisation (1)	126.0	93.0	163.8	142.6	55.6	32.3	613.3
EBIT	**293.3**	**197.1**	**247.6**	**128.4**	**179.0**	**(66.9)**	**978.5**

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

Quarterly Income Statement

Quarterly P&L (€ m)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Electricity Sales	2,866.6	2,391.4	2,706.5	2,969.7	3,096.8	2,874.5	-	-
Gas Sales	316.3	199.8	177.9	250.6	324.0	273.4	-	-
Other Sales	12.6	20.4	18.7	73.4	18.4	35.1	-	-
Services Provided	37.9	44.9	62.8	48.9	55.1	85.4	-	-
Operating Revenues	**3,233.3**	**2,656.5**	**2,965.9**	**3,342.5**	**3,494.3**	**3,268.4**	**-**	**-**
Electricity	1,464.8	1,045.2	1,343.9	1,486.6	1,688.5	1,558.2	-	-
Gas	218.3	128.0	98.5	196.4	221.4	193.9	-	-
Fuel	272.3	273.4	287.3	222.7	172.4	176.4	-	-
Materials and goods for resale	17.1	16.8	11.1	10.5	9.7	13.2	-	-
Direct Activity Costs	**1,972.5**	**1,463.5**	**1,740.8**	**1,916.1**	**2,092.0**	**1,941.7**	**-**	**-**
Gross Profit	**1,260.8**	**1,193.0**	**1,225.1**	**1,426.4**	**1,402.3**	**1,326.7**	**-**	**-**
Supplies and services	165.5	187.9	176.3	238.4	194.2	210.4	-	-
Personnel costs	141.3	142.5	124.5	131.7	150.5	145.9	-	-
Costs with social benefits	35.4	30.6	44.1	48.2	32.8	28.1	-	-
Concession fees	61.8	62.5	61.9	62.4	62.7	62.7	-	-
Other operating costs (net)	7.6	8.0	1.8	9.8	22.5	(11.6)	-	-
Operating costs	**411.7**	**431.5**	**408.5**	**490.6**	**462.7**	**435.4**	**-**	**-**
EBITDA	**849.1**	**761.4**	**816.6**	**935.8**	**939.6**	**891.2**	**-**	**-**
Provisions	4.7	14.1	15.2	40.7	10.1	29.2	-	-
Net depreciation and amortisation (1)	312.3	301.0	308.5	397.7	340.9	364.3	-	-
EBIT	**532.1**	**446.4**	**492.8**	**497.4**	**588.6**	**497.7**	**-**	**-**
Capital gains/(losses)	12.9	15.0	2.8	29.1	5.8	(1.0)	-	-
Financial Results	(165.5)	(121.7)	(92.1)	(107.4)	(118.1)	(114.8)	-	-
Results from associated companies	4.6	9.1	7.2	4.3	6.9	6.2	-	-
Pre-tax profit	**384.1**	**348.8**	**410.6**	**423.4**	**483.2**	**388.1**	**-**	**-**
Income taxes	88.0	105.5	115.6	90.6	129.0	102.9	-	-
Discontinued Activities	-	-	-	-	-	-	-	-
Net Profit for the period	296.1	243.3	295.0	332.7	354.2	285.2	-	-
Net Profit Attributable to EDP	**265.3**	**213.3**	**268.6**	**275.8**	**309.2**	**255.6**	**-**	**-**
Minority interests	30.8	30.0	26.4	57.0	45.0	29.6	-	-

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

Income Statement by Business Area

1H10 (€ m)	Generation Iberia	Supply Iberia	EDP Renováveis	Distribution Iberia	Gas Iberia	Energias do Brasil	Other & Adjustments	EDP Group
Operating Revenues	**1,920.9**	**1,297.3**	**412.9**	**2,596.1**	**792.3**	**1,015.9**	**(1,272.8)**	**6,762.6**
Direct Activity Costs	**1,094.6**	**1,256.2**	**1.9**	**1,830.2**	**591.0**	**522.6**	**(1,262.8)**	**4,033.7**
Gross Profit	**826.4**	**41.1**	**411.0**	**765.9**	**201.4**	**493.3**	**(10.1)**	**2,729.0**
Supplies and services	75.4	30.3	91.1	167.8	33.3	77.0	(70.3)	404.6
Personnel costs	55.0	7.1	22.6	98.2	16.5	45.3	51.8	296.4
Costs with social benefits	11.3	0.2	1.2	40.3	0.4	8.6	(1.1)	60.8
Other operating costs (net)	15.1	2.0	(46.9)	106.5	8.9	21.3	29.4	136.3
Operating costs	**156.8**	**39.6**	**68.0**	**412.7**	**59.1**	**152.1**	**9.7**	**898.2**
EBITDA	**669.6**	**1.5**	**342.9**	**353.2**	**142.3**	**341.2**	**(19.8)**	**1,830.8**
Provisions for risks and contigencies	9.8	16.4	(0.0)	1.7	(0.1)	1.8	9.8	39.3
Net depreciation and amortisation (1)	211.3	2.1	196.9	149.6	36.0	71.9	37.4	705.2
EBIT	**448.5**	**(17.1)**	**146.1**	**201.9**	**106.4**	**267.5**	**(67.0)**	**1,086.3**

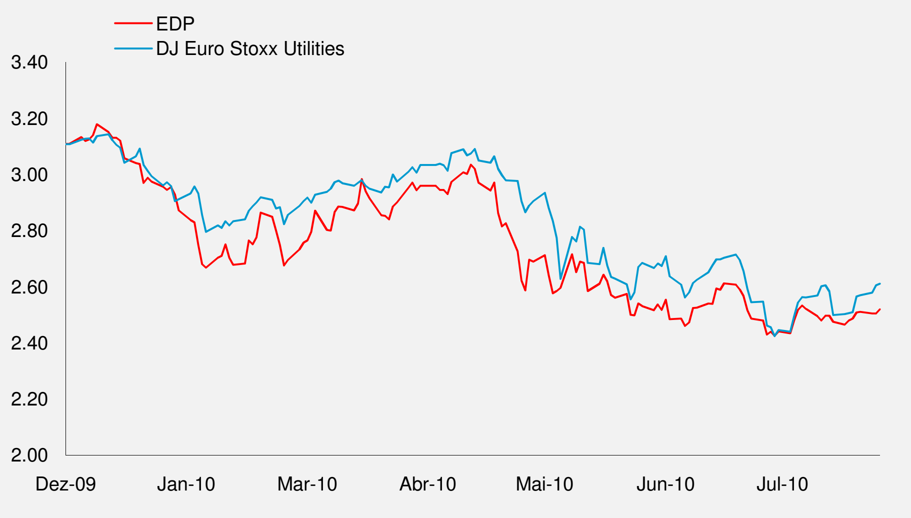
1H09 (€ m)	Generation Iberia	Supply Iberia	EDP Renováveis	Distribution Iberia	Gas Iberia	Energias do Brasil	Other & Adjustments	EDP Group
Operating Revenues	**1,578.8**	**733.6**	**313.9**	**2,518.4**	**623.3**	**762.0**	**(640.2)**	**5,889.8**
Direct Activity Costs	**765.3**	**688.7**	**4.7**	**1,756.5**	**451.9**	**406.4**	**(637.4)**	**3,436.0**
Gross Profit	**813.5**	**44.9**	**309.3**	**762.0**	**171.3**	**355.6**	**(2.8)**	**2,453.8**
Supplies and services	72.6	25.1	67.6	174.8	28.3	53.4	(68.5)	353.5
Personnel costs	56.6	5.5	20.3	97.1	13.5	36.5	54.3	283.8
Costs with social benefits	11.4	0.2	-	44.6	0.3	11.3	(1.7)	66.0
Other operating costs (net)	24.3	(9.4)	(49.5)	115.1	7.3	18.4	33.7	139.9
Operating costs	**164.9**	**21.4**	**38.4**	**431.6**	**49.5**	**119.7**	**17.8**	**843.3**
EBITDA	**648.6**	**23.5**	**270.8**	**330.4**	**121.9**	**235.9**	**(20.5)**	**1,610.5**
Provisions for risks and contigencies	7.4	(1.9)	(0.2)	(2.0)	0.0	1.4	14.1	18.8
Net depreciation and amortisation (1)	217.2	1.6	142.6	141.9	22.2	55.5	32.3	613.3
EBIT	**424.0**	**23.9**	**128.4**	**190.5**	**99.6**	**179.0**	**(66.9)**	**978.5**

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

Annex

EDP Share Performance

YTD EDP Stock Performance on Euronext Lisbon



EDP Stock Market Performance	YTD	52W (28-07-2010)	2009
EDP Share Price (Euronext Lisbon - €)			
Close	2.52	2.52	3.11
Max	3.19	3.22	3.22
Min	2.40	2.40	2.34
Average	2.71	2.83	2.88
EDP's Liquidity in Euronext Lisbon			
Turnover (€ m)	4,189	6,835	5,027
Average Daily Turnover (€ m)	28	26	19
Traded Volume (million shares)	1,548	2,416	1,743
Avg. Daily Volume (million shares)	10.4	9.2	6.7
EDP Market Value			
Market Capitalisation (€ m)	9,214	-	11,365
Enterprise Value (€ m)	28,247	-	28,059

EDP's Main Events

Jan-13: EDP signs construction contract for Venda Nova III 736 MW new hydro plant

Jan-27: EDP Renováveis enters the italian wind market through the acquisition of 520 MW to be developed

Feb-10: Replacement of representative of Sonatrach in the General Supervisory Board

Mar-09: EDP issues EUR1bn 5 year bond

Mar-12: Pictet Asset Management reduced its participation in EDP's share capital

Apr-16: EDP's Annual General Shareholders Meeting

Apr-26: EDP Renováveis awards Vestas a procurement contract to deliver up to 2.1 GW of wind capacity

Abr-27: EDP announces divdend payment announcement to May 13th (€0.155 – Gross dividend)

Mai-05: Moody's confirms EDP's long term credit rating to 'A3' assigning stable outlook

Jun-29: Blackrock decreases participation in EDP

Jul-28: EDP reinforces control over Naturgas

Jul-29: EDP sells electricity transmission assets in Spain to REE

Source: Bloomberg

EDP - Installed capacity & electricity generation

Installed Capacity - MW (1)	1H10	1H09	Δ MW	Δ 10/09
PPA/CMEC	**6,931**	**6,987**	**-56**	**-0.8%**
Hydro	**4,094**	**4,094**	**-**	
Run off the river	1,860	1,860	-	
Reservoir	2,234	2,234	-	
Coal	**1,180**	**1,180**	**-**	
Sines	1,180	1,180	-	
Fuel oil	**1,657**	**1,713**	**-56**	
Setúbal	946	946	-	
Carregado	710	710	-	
Barreiro	-	56	-56	
Special Regime (Ex-Wind)	**473**	**448**	**25**	**5.5%**
Small-Hydro	160	160	0	
Cogeneration+Waste	275	257	18	
Biomass	38	32	7	
Liberalised Electricity Generation	**5,999**	**5,096**	**903**	**18%**
Hydro	**910**	**910**	**-**	
Portugal	484	484	-	
Spain	426	426	-	
Coal	**1,460**	**1,460**	**0**	
Aboño I	342	342	-	
Aboño II	536	536	-	
Soto Ribera II	236	236	-	
Soto Ribera III	346	346	-	
CCGT	**3,308**	**2,405**	**903**	**38%**
Ribatejo (3 groups)	1,176	1,176	-	
Lares (2 groups)	863	-	863	
Castejón (2 group)	843	811	32	
Soto IV (1 group)	426	418	8	
Nuclear	**156**	**156**	**-**	
Trillo	156	156	-	
Gasoil	**165**	**165**	**-**	
Tunes	165	165	-	
Wind (More detail on page 16)	**5,665**	**4,632**	**1,033**	**22%**
Europe	2,936	2,495	441	
USA	2,715	2,123	592	
Brazil	14	14	-	
Brazil (Ex-Wind)	**1,734**	**1,725**	**9**	**0.5%**
Hydro	**1,734**	**1,725**	**9**	**0.5%**
Lajeado	903	902	1	
Peixe Angical	452	452	-	
Energest	380	371	9	
TOTAL	**20,802**	**18,888**	**1,914**	**10%**

Electricity Generation (GWh)	1H10	1H09	Δ GWh	Δ 10/09
PPA/CMEC	**10,628**	**8,799**	**1,829**	**21%**
Hydro	**9,123**	**3,976**	**5,147**	**129%**
Run off the river	5,921	2,729	3,192	
Reservoir	3,202	1,247	1,955	
Coal	**1,506**	**4,588**	**-3,081**	**-67%**
Sines	1,506	4,588	-3,081	
Fuel oil	**-2**	**236**	**-237**	**-**
Setúbal	-4	187	-191	
Carregado	3	-2	4	
Barreiro	-	51	-51	
Special Regime (Ex-Wind)	**1,354**	**1,069**	**285**	**27%**
Small-Hydro	427	222	205	
Cogeneration+Waste	831	807	24	
Biomass	96	40	56	
Liberalised Electricity Generation	**7,939**	**9,645**	**-1,706**	**-18%**
Hydro	**1,485**	**936**	**550**	**59%**
Portugal	816	361	455	
Spain	670	575	95	
Coal	**1,583**	**3,701**	**-2,119**	**-57%**
Aboño I	567	771	-205	
Aboño II	765	1,808	-1,043	
Soto Ribera II	177	511	-334	
Soto Ribera III	74	611	-537	
CCGT	**4,354**	**4,549**	**-195**	**-4.3%**
Ribatejo (3 groups)	1,183	3,193	-2,010	
Lares (2 groups)	1,237	-	1,237	
Castejón (2 group)	1,300	827	472	
Soto IV (1 group)	635	529	106	
Nuclear	**516**	**459**	**58**	**13%**
Trillo	516	459	58	
Gasoil	**0**	**-**	**0**	
Tunes	0	-	0	
Wind	**6,940**	**5,252**	**1,688**	**32%**
Europe	3,244	2,163	1,081	
USA	3,682	3,074	608	
Brazil	14	15		
Brazil (Ex-Wind)	**3,836**	**4,060**	**-224**	**-5.5%**
Hydro	**3,836**	**4,060**	**-224**	**-5.5%**
Lajeado	1,785	2,021	-235	
Peixe Angical	1,186	1,170	16	
Energest	865	870	-5	
TOTAL	**30,697**	**28,825**	**1,872**	**6.5%**

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

EDP - Volumes distributed, clients connected and networks

ELECTRICITY

Electricity Distributed (GWh)	1H10	1H09	Δ GWh	Δ %
Portugal	**23,871**	**22,741**	**1,131**	**5.0%**
Very High Voltage	712	768	-56	-7.3%
High / Medium Voltage	10,259	9,527	732	7.7%
Low Voltage	12,900	12,446	455	3.7%
Spain	**4,804**	**4,543**	**261**	**5.7%**
High / Medium Voltage	3,448	3,191	257	8.1%
Low Voltage	1,356	1,352	4	0.3%
Brazil	**11,893**	**10,072**	**1,821**	**18%**
Free Clients	4,479	3,258	1,221	37%
Industrial	2,102	1,828	273	15%
Residential, Comercial & Other	5,312	4,985	327	6.6%
TOTAL	**40,568**	**37,355**	**3,213**	**8.6%**

Clients Connected (th)	1H10	1H09	Abs. Δ	Δ %
Portugal	**6,132**	**6,093**	**38.2**	**0.6%**
Very High / High / Medium Voltage	24	23	0.3	1.2%
Special Low Voltage	34	33	0.7	2.0%
Low Voltage	6,074	6,037	37.3	0.6%
Spain	**647**	**639**	**8.5**	**1.3%**
Final	399	472	-72.7	-15%
Access	248	167	81.1	49%
Brazil	**2,680**	**2,612**	**68.5**	**2.6%**
Bandeirante	1,470	1,444	25.7	1.8%
Escelsa	1,210	1,167	42.9	3.7%
TOTAL	**9,459**	**9,344**	**115.2**	**1.2%**

Networks	1H10	1H09	Abs. Δ	Δ %
Lenght of the networks (Km)	**325,745**	**323,250**	**2,496**	**0.8%**
Portugal	219,979	221,196	-1,217	-0.6%
Spain	22,029	21,404	625	2.9%
Brazil	83,737	80,650	3,087.8	3.8%
Losses (% of electricity delivered to the grid)				
Portugal	-6.9%	-6.9%	0.0 pp	
Spain	-3.9%	-3.8%	-0.1 pp	
Brazil				
Bandeirante	-11.6%	-10.7%	-0.9 pp	
Technical	-5.6%	-5.1%	-0.4 pp	
Comercial	-6.0%	-5.5%	-0.5 pp	
Escelsa	-14.3%	-15.2%	0.8 pp	
Technical	-8.2%	-9.3%	1.1 pp	
Comercial	-6.1%	-5.9%	-0.2 pp	

GAS

Gas Distributed (GWh)	1H10	1H09	Δ GWh	Δ %
Portugal	**3,570**	**3,028**	**542**	**18%**
Low Pressure (P ≤ 4 Bar)	1,673	1,462	211	14%
Medium Pressure (P > 4 Bar)	1,878	1,547	331	21%
LPG	19	19	-1	-3.3%
Spain	**24,883**	**11,109**	**13,774**	**124%**
Low Pressure (P ≤ 4 Bar)	13,659	4,792	8,867	185%
Medium Pressure (P > 4 Bar)	11,225	6,317	4,907	78%
TOTAL	**28,453**	**14,137**	**14,316**	**101%**

Points of Supply (th)	1H10	1H09	Abs. Δ	Δ %
Portugal	**235.3**	**207.9**	**27.4**	**13%**
Final	234.8	207.8	27.0	13%
Access	0.5	0.1	0.4	429%
Spain	**973.8**	**698.1**	**275.8**	**40%**
Final	-	-	-	-
Access	973.8	698.1	275.8	40%
TOTAL	**1,209.2**	**906.0**	**303.2**	**33%**

Networks	1H10	1H09	Abs. Δ	Δ %
Lenght of the networks (Km)	**12,719**	**9,199**	**3,520**	**38.3%**
Portugal	3,597	3,304	292	8.8%
Spain	9,123	5,895	3,228	55%
Distribution	8,736	5,557	3,179	57%
Transmission	387	338	49	15%

EDP - Sustainability performance

2Q10 Main Events

- **Abr-10: António Mexia** considered **best CEO among european energy sector companies**, by "Institutional Investor";
- **Abr-10**: **Horizon Wind Energy** signs with NYSERDA*, in association with PSC**, a contract for the **sale of the green certificates** generated by **Marple River wind farm**;
- **Mai-10**: **Campaign "Sai para a Rua"**, an invitation for citizens to participate of the BDay iniciative, to **increase knowledge on biodiversity**;
- **Jun-10**: **Castejón** renews **Environmental Management Certification**;
- **Jun-10**: **EDP** considered by "Forbes" magazine **one of the best companies, worldwide, of the utilities sector**;
- **Jun-10: 2009 Report** of **Energias do Brasil** complies with AA1000AS (2008), type 1;
- **Jun-10:** Re-launch of **"+ Conciliar"** program (with new measures to improve **EDP's employees standards of personal life vs. professional life**).

EDP Internal Sustainability Index (base 2006)

	1H10	1H09	Δ %
Sustainability Index	**127**	**118**	**7.1%**
Environmental	115	114	1.2%
%Weight	36%	36%	
Economic	142	126	13%
%Weight	33%	33%	
Social	122	115	6.4%
%Weight	31%	31%	

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

Economic Metrics

Economic Metrics	1H10	1H09	Δ %
Economic Value (€m)(1)			
Directly Generated	6,548	5,644	16%
Distributed	4,191	3,605	16%
Accumulated	2,356	2,039	16%

Social Metrics

Social Metrics	1H10	1H09	Δ %
Empoyees (c)	**12,023**	**11,909**	**1.0%**
Training (hours trainee)	**193,742**	**154,233**	**26%**
On-duty Accidents	24	25	-4.0%
EDP Severity Rate (Tg)	120	145	-17%
EDP Frequency rate (Tf)	2.18	2.33	-6.4%
Freq. rate EDP+ESP(f) (Tf)	5.12	4.60	11%

Environmental Metrics

Environmental Metrics	1H10	1H09	Δ %
Absolute Atmospheric Emissions (kt) (a)			
CO_2	5,727.8	10,510.8	-46%
NOx	4.5	19.3	-77%
SO_2	4.3	12.7	-67%
Particle	0.221	0.708	-69%
Specific Atmospheric Emissions (g/KWh)			
CO_2	183.65	357.41	-49%
NOx	0.15	0.66	-78%
SO_2	0.14	0.43	-68%
Primary Energy Consumption (TJ) (b)	**66,305**	**116,324**	**-43%**
Max. Net Certified Capacity (%)	**66%**	**65%**	**1 pp**
Water Use (10^3 m^3)	**426,382**	**895,471**	**-52%**
Total Waste (t) (e)	**255,275**	**298,820**	**-15%**
Environmental Costs (€ th)	**35,613**	**49,214**	**-28%**
Environmental Fees and Penalties (€ th)	**4.5**	**9.0**	**-50%**

Environmental Metrics - CO_2 Emissions

CO_2 Emissions	Absolute ($ktCO_2$)		Specific (t/MWh)		Generation (d) (GWh)	
	1H10	1H09	1H10	1H09	1H10	1H09
PPA/CMEC	**1,510**	**4,147**			**1,506**	**5,020**
Coal	1,492	3,862	0.99	0.84	1,506	4,588
Fuel Oil & Natural Gas	18	285	-	0.66	-	433
Liberalised	**3,981**	**5,870**			**5,937**	**8,251**
Coal	2,286	4,202	1.44	1.14	1,583	3,701
CCGT	1,695	1,667	0.39	0.37	4,354	4,549
Special Regime	**237**	**494**	**0.12**	**0.29**	**1,935**	**1,690**
Thermal Generation	**5,728**	**10,511**	**0.61**	**0.70**	**9,378**	**14,962**
CO_2 Free Generation					**21,811**	**14,446**
CO_2 Emissions			**0.18**	**0.36**	**31,189**	**29,408**

(a) Excluding vehicle fleet.
(b) Including vehicle fleet.
(c) Excluding Corporate Bodies.
(d) Includes heat generation (1,041 GWh: 1H09 and 1,009 GWh: 1H10).
(e) Waste sent to final disposal.
(f) ESP: External Services Provider.

* New York State Energy Research and Development Authority
** Public Service Commission

(1) Generated Economic Value (GEV): Turnover + gains/losses with the sale of financial assets + other financial income + other financial costs + gains/losses from associated companies.
Distributed Economic Value (DEV): Turnover – operating profit, income taxes and dividends; Accumulated Economic Value (AEV): GEV – DEV

IFRIC 12 - Impact on Finacial Statements

Consolidated Balance Sheet (€m)	Jun-10	Dec-09
Intangible assets		
Concession		
Portugal		
Electricity		
Distribution	2,378.0	2,424.5
Generation	273.5	123.0
Gas	122.0	264.0
Brazil		
Electricity		
Distribution and transport	928.2	849.4
Tangible fixed assets	(5,899.6)	(5,684.2)
Receivables for Concessions - IFRIC 12	444.9	370.3
Total impact on Assets	**(1,753.1)**	**(1,653.1)**
Allowances and asset investment - not current	(2,825.5)	(2,672.3)
Allowances and investment assets - current	1,072.4	1,019.1
Total impact on Liabilities	**(1,753.1)**	**(1,653.1)**

IFRIC 12 was adopted by the EU Commission on March 25, 2009 and applies to the exercises that begin after that date. In the EDP, the application of this interpretation is mandatory from January 1, 2010, being mandatory the presentation of comparative for the year 2009.

IFRIC 12 is designed to provide an accounting framework to the bussinesses developed by operators in public-private infrastructure concessions, under which services of public interest are provided.

IFRIC 12 applies to contracts of public-private concession in which the concession regulator: controls or regulates the type of services that can be provided using the underlying infrastructure; controls or regulates the price at which services are provided; controls/holds a significant interest in the infrastructure at the end of the concession.

Income Statements (€m)	1H10	1H09
Amortization of concession rights	212.9	201.0
Depreciation of tangible fixed assets	(161.6)	(152.9)
Compensation for depreciation	(51.1)	(48.1)
Other	(0.2)	(0.0)
Total impact on Profit & Loss	**-**	**-**

As a result of the application of IFRIC 12 to the gas distribution business, electricity distribution and generation business, the consolidated income statement shows a reclassification of depreciation of tangible fixed assets to intangible assets.