Financial Results
1Q10

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

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Main Highlights

Income Statement (€ m) (3)	1Q10	1Q09	Δ %	Δ Abs.
Gross Profit	**1,402**	**1,261**	**11%**	**+141**
Supplies and services	194	166	17%	+29
Personnel costs	151	141	6.5%	+9
Costs with social benefits	33	35	-7.5%	-3
Concession fees	63	62	1.3%	+1
Other operating costs (net)	23	8	196%	+15
Operating costs	**463**	**412**	**12%**	**+51**
EBITDA	**940**	**849**	**11%**	**+90**
Provisions	10	5	115%	+5
Net depreciation and amortisation (1)	341	312	9.1%	+29
EBIT	**589**	**532**	**11%**	**+57**
Capital gains/(losses)	6	13	-55%	-7
Financial results	(118)	(166)	29%	+47
Results from associated companies	7	5	50%	+2
Pre-tax Profit	**483**	**384**	**26%**	**+99**
Income taxes	129	88	47%	+41
Discontinued activities	-	-	-	-
Net profit for the period	354	296	20%	+58
Net Profit Attributable to EDP Shareholders	**309**	**265**	**17%**	**+44**
Minority interests	45	31	46%	+14

Key Operational Data	1Q10	1Q09	Δ %	Δ Abs.
Employees	12,139	12,081	0.5%	+58
Installed capacity (MW)	20,728	18,727	11%	+2,002

Key Financial Data (€ m)	1Q10	1Q09	Δ %	Δ Abs.
FFO (Funds from operations)	773	633	22%	+140
Capex	573	840	-32%	-268
Maintenance	126	124	1.4%	+2
Expansion	447	716	-38%	-270
Net financial investment in the period	8	4	101%	+4

Key Balance Sheet Data (€ m)	Mar-10	Dez-09	Δ %	Δ Abs.
Equity book value	7,701	7,291	5.6%	+410
Net debt	14,631	14,007	4.5%	+624
Regulatory receivables	771	596	29%	+175
Net debt/EBITDA (x)	3.9x	4.2x	-7.3%	-0.3
Adjusted net debt (2)/EBITDA (x)	3.7x	3.9x	-5.4%	-0.2

EBITDA increased 11% (+€90m) to €940m in 1Q10, propelled by: **(i) a 48% YoY increase (+€54m) in Brazil**, on stronger BRL (against Euro), upturn in electricity demand and positive impact from annual tariff updates in both Bandeirante and Escelsa; **(ii) a 20% YoY rise (+€30m) in wind power** backed by higher installed capacity (+23% YoY); and **(iii) +9% increase (+€19m) in regulated networks** propelled by the first time consolidation of the assets acquired from Gas Natural and higher regulated revenues from our activities in Spain and Portugal.

In 1Q10, 83% 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 liberalized activities retreated by just 1% reflecting EDP's distinctive position in electricity generation and supply businesses (combining a strong long position in clients with flexible generation fleet) and the group's hedging policy. **For 2010, EDP has already sold and forward contracted 24TWh (over 100% of expected output) at prices around €50/MWh and thermal spreads close to €10/MWh. For 2011, EDP has already contracted over 7TWh (over 35% of expected output) at prices and thermal margins in line with 2010.**

Excluding Brazil and EDP Renováveis, **controllable operating costs** (supply and services, personnel costs and costs with social benefits) rose 5% driven by (i) increasing activity in generation and supply business, (ii) adverse weather conditions and higher costs with client services in Portugal electricity distribution activities. EDP Renovaveis' controllable operating costs were up 26% (+€12m) in line with installed capacity. Energias do Brasil's controllable operating costs rose 28%, reflecting the impact of stronger BRL.

EBIT rose 11% YoY (+€57m), to €589m, following a 9% increase in net depreciation and amortization, which was mainly driven by higher capacity on stream.

Net financial costs retreated 29% (-€47m), to €118m in 1Q10, mainly supported by a 36% (-€58m) decrease in net financial interests, following a 120bp decrease in average cost of debt, from 4.7% to 3.5%. **Minority interests** increased 46% (+14m) to €45m in 1Q10, on the back of higher minorities at Energias do Brasil, following a 76% YoY increase in net income and the sale of treasury stock in 4Q09. **Net profit** rose 17% YoY, to €309m in 1Q10, propelled by strong operating and financial performances.

Net debt rose from €14.0bn in Dec-09 to €14.6bn in Mar-10. The amount of net debt continues to be impacted by large accumulated capex (€2.2bn up to Mar-10) related to 3.5GW of power plants under construction (mainly hydro, wind and Brazil generation capacity). Net debt increase also reflected the €177m increase in regulatory receivables, from €596m to €771m. Accordingly, EDP's net debt/EBITDA slightly decreased from 3.9x to 3.7x, excluding regulatory receivables. **Funds from operations (FFO) rose 22% YoY to €773m** as a result of: 1) a 11% 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 €573m, 78% of which devoted to expansion projects.

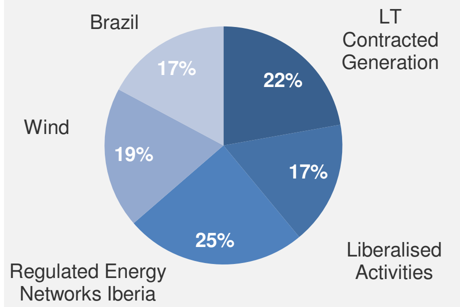
Total cash position and available credit lines in Mar-10 amounted €5.1bn, which allows us to cover our expected funding needs in the next 24 months.

(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)	1Q10	1Q09	Δ %	Δ Abs.	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LT Contracted Generation	213.8	216.4	-1.2%	-3	220.2	204.6	192.7	214.8	213.8	-	-	-
Liberalised Activities Iberia	161.6	163.2	-1.0%	-2	161.0	129.2	179.4	163.8	161.6	-	-	-
Regulated Networks Iberia	237.6	218.4	8.8%	+19	218.4	191.0	220.0	223.0	237.6	-	-	-
Wind Power	184.5	154.4	20%	+30	154.4	116.4	97.7	174.0	184.5	-	-	-
Brazil	165.6	111.9	48%	+54	111.9	124.0	151.0	163.2	165.6	-	-	-
Other	(23.6)	(15.2)	-55%	-8	(16.8)	(3.8)	(24.2)	(3.1)	(23.6)	-	-	-
Consolidated	**939.6**	**849.1**	**11%**	**+90**	**849.1**	**761.4**	**816.6**	**935.8**	**939.6**	**-**	**-**	**-**

EBITDA 1Q10



EDP consolidated EBITDA increased 11% YoY (+€90m) to €940m in 1Q10, propelled by operations in Brazil (+€54m YoY), wind operations (+€30m) and regulated networks (+€19m).

Main highlights are as follows:

LONG TERM CONTRACTED GENERATION IBERIA – EBITDA retreated 1% (-€3m) in 1Q10, reflecting a €5m increase in gross profit and a €8m increase in operational costs. Growth in LT contracted gross profit was prompted by higher gross profit in special regime (+€11m), on the back of a +63% surge in the output from mini-hydro plants. Gross profit from PPA/CMEC declined 3%, penalised by the end of PPA contract at Barreiro fuel oil plant (-€3m), lower inflation and higher costs incurred following lower working hours at our thermal plants. Operating costs rose €8m reflecting new special regime capacity on stream and higher maintenance works.

LIBERALISED ACTIVITIES IBERIA – EBITDA from liberalised activities was 1% lower YoY, reflecting flat gross profit and a 3% increase in operating costs stemming from larger scale of operations. Electricity gross profit (generation and supply) rose 8% (+€15m) supported by (i) higher volumes supplied to retail clients (+111%) and (ii) a significant increase in revenues from ancillary services. As a result of the significant flexibility of our merchant generation plants (since take-or-pay restrictions were mitigated through the optimisation of gas allocation between plants and clients, generation mix is flexible and our technological solutions are amongst the most flexible) our electricity purchases in the pool surged in 1Q10 and electricity sales to final clients represented 190% of output from our liberalized electricity power plants in the period. Average sourcing costs retreated 6% driven by lower cost from electricity purchases (-21%) and from own generation (-12% mainly backed by cheaper generation mix and lower coal cost). Gas supply gross profit declined 43% (-€15m) due to a sharp contraction in unit supply margins stemming from fiercer competition.

REGULATED NETWORKS IBERIA - EBITDA rose 9% (+€19m) driven by gas regulated activities, which rose by €21m, to €60m, propelled by the first time consolidation of the assets acquired from Gas Natural and higher regulated revenues from our activities in Spain and Portugal. EBITDA from electricity distribution in Portugal (c65% of EBITDA from regulated networks Iberia) decreased 3% to €152m in 1Q10, reflecting a flat gross profit and higher controllable operating costs stemming from adverse weather conditions in 1Q10 and additional costs with client services.

WIND POWER – **EDP Renováveis' EBITDA** grew 20% (+€30m) fuelled by a 28% rise in gross profit and penalized by an 8% USD depreciation. Growth in gross profit was prompted by a 28% increase on wind power output, on higher installed capacity (+23% YoY) and load factor of 33% in 1Q10 (vs 31% in 1Q09). **In Europe,** wind output increased 60% YoY on the back of a 23% YoY increase of installed capacity and higher average load factor (+6pp to 34%). Average wind tariffs in Europe retreated 12% in 1Q10, penalized by Spain (-17% YoY) where the 43% decline in the achieved pool price was mitigated by forward sales at higher prices (with a positive impact of c€7.1/MWh on average selling price). **In USA,** electricity output went up just 6% reflecting a 30% increase in installed capacity and significantly lower load factors (from 40% in 1Q09 to 31% 1Q10) strongly penalized by low wind resource. Average selling price in USA was up 6% to USD49.2/MWh, reflecting a (i) 11% increase in the average price of our PPA, to €53.8/MWh and (ii) a 30% increase in average price of output sold in merchant markets, to USD38/MWh.

BRAZIL – EDP Energias do Brasil's contribution to consolidated EBITDA rose 48% (+€54m), propelled by a 20% appreciation of the Real against the Euro (+€28m impact on EBITDA). In local terms, EBITDA grew by 23% YoY backed by an 11% rise in electricity sold in our concession areas and by the positive impact from annual tariff updates in Escelsa (Aug-09) and Bandeirante (Oct-09). In spite of a 2% increase in installed capacity, EBITDA growth in Brazilian generation activities (-10% YoY) was impacted by our quarterly allocation of PPA's yearly contracted volumes, which resulted in a 6% YoY decline in volume sold.

Profit & Loss Items below EBITDA

Provisions, Deprec. & Amortizat. (€ m)	1Q10	1Q09	Δ %	Δ Abs.
EBITDA	**939.6**	**849.1**	**11%**	**+90**
Provisions	10.1	4.7	115%	+5
Depreciation and amortisation	347.0	315.2	10.1%	+32
Compensation for depreciation	(6.1)	(2.9)	-110%	-3
EBIT	**588.6**	**532.1**	**11%**	**+57**

Financial Results (€ m)	1Q10	1Q09	Δ %	Δ Abs.
Net financial interest	(101.9)	(159.7)	36%	+58
Capitalized financial costs	41.3	24.1	72%	+17
Net foreign exch. diff. and derivates	(35.2)	9.7	-	-45
Investment income	0.0	0.0	-	+0
Other Financials	(22.3)	(39.6)	44%	+17
Financial Results	**(118.1)**	**(165.5)**	**29%**	**+47**

Results from Associat. Companies (€ m)	1Q10	1Q09	Δ %	Δ Abs.
CEM (21%) - China/Macao	1.9	1.7	12%	+0
DECA II (EEGSA (21%)) - Guatemala	1.6	-	-	+2
EDP Renováveis subsidiaries	2.0	-	-	+2
Other	1.4	2.9	-54%	-2
Results from associated companies	**6.9**	**4.6**	**50%**	**+2**

Capital Gains/(Losses) (€ m)	1Q10	1Q09	% Δ	Δ Abs.
Soto IV (25%) - CCGT Spain	-	12.9	-	-13
Oni SGPS - Telecom Portugal	6.9	-	-	+7
Other	(1.1)	(0.0)	-	-1
Capital Gains/(Losses)	**5.8**	**12.9**	**-55%**	**-7**

Income Tax (€ m)	1Q10	1Q09	Δ %	Δ Abs.
Pre-tax profit	**483.2**	**384.1**	**26%**	**+99**
Income taxes	129.0	88.0	47%	+41
Effective tax rate (%)	*26.7%*	*22.9%*	*3.8 pp*	-
Discontinued activities	-	-	-	-

Minority Interests (€ m)	1Q10	1Q09	Δ %	Abs. Δ
EDP Renováveis	12.3	13.5	-8.9%	-1
HC Energia + Naturgas	0.1	0.8	-88%	-1
Gas Portugal subsidiaries	2.2	0.4	450%	+2
Energias do Brasil	30.4	15.8	92%	+15
Other	-	0.3	-	-0
Minority Interests	**45.0**	**30.8**	**46%**	**+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 9% YoY in 1Q10 (+€29m), due to: i) higher depreciations at EDPR (+€24m), following the increase in wind installed capacity; ii) the start of operations of Lares 1 and 2 CCGT in Portugal (Oct/Nov-09) (+€5m); iii) the first time consolidation of the gas assets acquired from Gas Natural (+€6m).

Financial results:

a) **Net financial interests** decreased 36% YoY, to €102m in 1Q10, following a c120bp reduction of the average cost of debt, from 4.7% in 1Q09 to 3.5% in 1Q10, driven by the decline in short term interest rates (note that c55% of EDP's debt has floating rates, with the most significant indexing being the Euribor 3 months, which fell from an average of 2.01% in 1Q09 to an average of 0.66% in 1Q10), offsetting the 4% rise in average net debt;

b) **Capitalised financial costs** went up €17m YoY to €41m in 1Q10, reflecting: i) a stable amount of works in progress when looking at Mar-09 vs. Mar-10, as the entry into operations of 863MW of CCGT capacity (Lares 1 and 2 in Portugal) was compensated by the start of construction of 813MW of hydro capacity (Ribeiradio and Venda Nova III in Portugal); ii) an increase in the capitalization of financial costs at EDP Renováveis level, related to new debt allocation criteria in US wind operations; iii) 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 1Q10 by a €24m loss in derivatives, mostly related to: i) hedging operations in energy markets from our generation activity (€16m); and ii) to forex impacts related to investment at Pecém coal plant in Brasil (€4m).

d) **Other financials** in 1Q09 include an impairment loss of €29m to reflect the lower market value of EDP's stake in BCP.

Capital gains/(losses) amounted to €6m in 1Q10, mostly related to contracted adjustments on the sale price of Oni SGPS (sold in 2007). In 1Q09, capital gains totalled €13m, consequence of 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.

EDP Group's **effective tax rate** increased from 22.9% in 1Q09 to 26.7% in 1Q10, mostly due to an increase of the contribution of our Brazilian operations to the pre-tax profit.

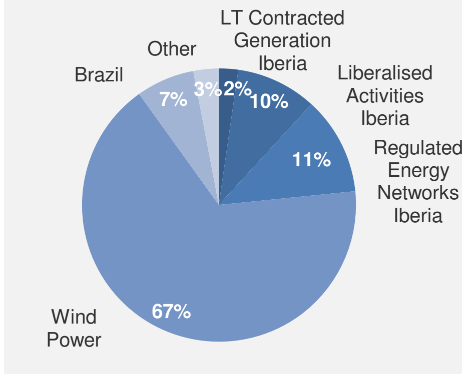
Minority interests increased 46% YoY to €45m in 1Q10, on the back of higher minorities at Energias do Brasil, following an 76% YoY increase in net income and the sale of treasury stock to the market in 4Q09, which increased the economic interest of Energias do Brasil minorities from 28% to 35%.

Capital Expenditure Breakdown

Capex (€ m)	1Q10	1Q09	Δ %	Δ Abs.
LT contracted gen. Iberia	12.8	21.0	-39%	-8
Liberalised activities Iberia	54.8	292.2	-81%	-237
Regulated networks Iberia	66.2	63.4	4.4%	+3
Wind power	382.0	403.5	-5.3%	-21
Brazil	39.5	39.7	-0.6%	-0
Other	17.3	20.6	-16%	-3
EDP Group	**572.6**	**840.5**	**-32%**	**-268**
Expansion Capex	**446.6**	**716.3**	**-38%**	**-270**
Maintenance Capex	**126.0**	**124.2**	**1.4%**	**+2**

Capex (€ m)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LT contracted gen. Iberia	21.0	28.6	22.9	55.0	12.8	-	-	-
Liberalised activities Iberia	292.2	108.8	135.3	167.7	54.8	-	-	-
Regulated networks Iberia	63.4	94.7	96.2	112.4	66.2	-	-	-
Wind power	403.5	509.0	539.1	238.8	382.0	-	-	-
Brazil	39.7	56.5	64.2	98.1	39.5	-	-	-
Other	20.6	14.9	17.3	34.8	17.3	-	-	-
EDP Group	**840.5**	**812.5**	**875.0**	**706.7**	**572.6**	**-**	**-**	**-**
Expansion Capex	**716.3**	**655.8**	**713.7**	**470.5**	**446.6**	**-**	**-**	**-**
Maintenance Capex	**124.2**	**156.7**	**161.3**	**236.3**	**126.0**	**-**	**-**	**-**

CAPEX 1Q10



Generation Projects Installed in 2010 (€ m)	MW	Capex 2010
Wind Power	15	55.0
CCGT Iberia	-	-
Hydro (Brazil)	2	-
Special regime (ex-wind)	25	0.1
Total	**42**	**55.1**

Generation Projects Under Development (€ m)	MW	Capex 2010	Acc. Capex
Under Construction			
Hydro Portugal	1,677	20.0	296.0
Wind power (1)	1,040	327.0	1,396.0
CCGT Iberia	424	9.6	243.9
Coal Brazil	360	14.4	289.0
Hydro Brazil	18	3.2	14.1
Special regime (ex-wind)	10	0.3	1.1
Total	**3,529**	**374.5**	**2,240.1**
Hydro Concession Payments		**-**	**285.2**
Total		**374.5**	**2,525.3**

Consolidated capex totaled €573m in 1Q10, of which 78% were invested on expansion projects. In line with EDP's strategy to increase its exposure to CO_2 free generation technologies and risk controlled activities, capex on new hydro and wind capacity represented 92% of expansion capex, while 87% of total investment was devoted to regulated and LT contracted activities. **Expansion capex** went down €270m YoY, reflecting lower investments in both liberalized conventional generation in Iberia (-€237m) and wind power (-€21m). The observed decrease of capex at our liberalized activity in Iberia is mostly consequence of a high 1Q09, which included the payment of €232m regarding the concession rights of Fridão (238MW) and Alvito (225MW) hydro power plants in Portugal. **Maintenance capex** amounted to €126m in 1Q10, up €2m YoY, reflecting essentially higher investments at our existing CCGT power plants in Portugal.

EDP spent €55m with final works at wind capacity entered in operation in 4Q09 and with the conclusion of the construction works of 42MW of additional capacity brought on stream during the first 3 months of the year: i) +15MW of wind capacity in France; ii) +25MW of cogeneration capacity in Portugal (Barreiro plant). As of Mar-10, EDP total **installed capacity** amounted to 20,728 MW.

By the end of Mar-10, EDP had already invested a total of €2.2bn in 3,529MW of **capacity under construction**, of which 2,735MW (77%) are **CO_2 free capacity (hydro and wind)**. In Portugal, EDP has already invested close to €300m in 6 hydro power plants under construction: i) 4 repowerings at Picote II, Bemposta II, Alqueva II and Venda Nova III hydro plants for a total of 1,429MW, to start operations between Dec-2011 and May-2015; and ii) 2 new dams, Ribeiradio and Baixo Sabor, for a total capacity of 248MW to start operations in Oct-2013 and Dec-2013, respectively. These 6 hydro power plants are expected to represent a total investment of €1.5bn until 2015. EDP also has a total of €1.4bn invested in 1,040MW of wind capacity under construction, out of which 572MW are located in Europe, 398MW in USA and 70MW in Brazil. Wind capacity time-to-market usually varies from 12-18 months. Regarding **conventional generation capacity**, EDP has already invested: i) €244m (82% of total investment) in 424MW Soto 5 CCGT in Spain, expected to be commissioned during the 1Q11; and ii) €289m (53% of total investment) in 360MW Pecém coal plant in Brazil, which should come on stream by the end of 2011.

(1) Excludes Eólicas de Portugal (113MW), 40% owned by EDP Group.

Cash Flow

Consolidated Cash Flow (€ m)	1Q10	1Q09	Δ %	Δ Abs.
EBITDA	**939.6**	**849.1**	**11%**	**+90**
Income tax	(70.2)	(98.0)	28%	+28
Net financial interest	(101.9)	(161.6)	37%	+60
Net Income and dividends received from associates	7.0	4.6	50%	+2
Other adjustments	(1.2)	39.0	-	-40
FFO (Funds From Operations)	**773.2**	**633.1**	**22%**	**+140**
Net financial interest	101.9	161.6	-37%	-60
Net Income and dividends received from associates	(7.0)	(4.6)	50%	-2
Change in operating working capital	(408.3)	724.2	-	-1,132
Regulatory receivables (1)	(175.4)	1,039.5	-	-1,215
Operating Cash Flow	**459.9**	**1,514.3**	**-70%**	**-1,054**
Expansion capex	(446.6)	(716.3)	-38%	+270
Maintenance capex	(126.0)	(124.2)	1%	-2
Change in working capital from equipment suppliers	(332.9)	(224.4)	48%	-108
Net Operating Cash Flow	**(445.6)**	**449.4**	**-**	**-895**
Net financial (investments)/divestments	7.7	3.8	101%	+4
Net financial interest paid	(49.8)	(102.1)	-51%	+52
Dividends received from associates	0.0	0.0	74%	+0
Dividends paid	0.0	0.0	-	+0
Anticipated proceeds from inst. partnerships in US wind	(2.6)	39.3	-107%	-42
Other non-operating changes	(134.1)	(45.5)	194%	-89
Decrease/(Increase) in Net Debt	**(624.3)**	**344.9**	**-**	**-969**

Major Net Financial Investments (€ m)	1Q10	1Q09	Δ %	Δ Abs.
Major Financial Investments	**44.4**	**13.2**	**237%**	**+31**
Consolidation perimeter EDP Renováveis	44.2	12.9	176%	+23
Other	0.3	0.3	-	+0
Major Financial Divestments	**52.1**	**17.0**	**207%**	**+35**
Consolidation perimeter EDP Renováveis	43.6	16.5	-	+27
Other	8.5	0.5	-	+8
Major Net Financial Investments	**7.7**	**3.8**	**101%**	**+4**

Funds from operations (FFO) rose 22% YoY to €773m as a result of: 1) a 11% 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 70% in 1Q10 to €460m 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. Excluding this deal, regulatory receivables generated in 1Q10 had a positive contribution of €6m for EDP's free cash flow in the period, essentially due to decrease in deviations from the CMECs system in the period, which compensated an increase in tariff deficit in Spain.

Expansion capex decreased 38% to €447m in 1Q10 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 (238MW) and Alvito (225MW) 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 V and payments done in 1Q10 associated to investments iin fixed assets made in 4Q09.

Financial divestments mainly include the cash proceeds from: (1) restricted cash in wind US equity partnerships. **Financial investments** in 1Q10 includes: (1) amounts related to the EDPR activity like payment of success fees related to development of wind projects previously acquired by EDP, and acquisition of wind parks in Spain and Italy.

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

In 2010, our US wind subsidiary, paid to institutional equity partners €3m, related to cash attributable to the investors.

The increase in **other non-operating changes** reflects forex impact as a result of appreciation of USD and BRL against EUR.

Overall, net debt in 1Q10 increased €0.6bn.

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

Consolidated Balance Sheet

Assets (€ m)	Mar-10	Dec-09	Δ Abs.
Property, plant and equipment, net	19,102	18,410	692
Intangible assets, net	9,912	9,627	284
Financial investments, net	700	618	81
Deferred Tax asset	649	661	-12
Inventories	265	273	-9
Accounts receivable - trade, net	2,209	2,008	201
Accounts receivable - other, net	4,638	4,736	-98
Financial assets held for Trading	83	85	-2
Cash and cash equivalents	2,523	2,190	334
Total Assets	**40,081**	**38,608**	**1,473**

Equity (€ m)	Mar-10	Dec-09	Δ Abs.
Share capital	3,657	3,657	-
Treasury stock and share premium	385	382	2
Reserves and retained earnings	3,350	2,229	1,122
Consolidated net profit EDP shareholders	309	1,024	-715
Equity Book Value	**7,701**	**7,291**	**410**
Minority Interest	**2,803**	**2,688**	**115**
Total Equity	**10,503**	**9,979**	**525**

Liabilities (€ m)	Mar-10	Dec-09	Δ Abs.
Medium/ Long-term debt & borrowings	14,063	13,486	576
Short-term debt & borrowings	3,174	2,794	380
Provisions	352	343	9
Hydrological correction account	103	113	-9
Deferred tax liability	805	759	47
Accounts payble - Other,net	11,079	11,134	-55
Total Liabilities	**29,577**	**28,630**	**948**
Total Equity and Liabilities	**40,081**	**38,608**	**1,473**

Regulatory Receivables (€ m)	Mar-10	Dec-09	Δ Abs.
Portugal (1)	(305)	(509)	204
Spain (2)	554	501	53
Brazil (1)	(2)	18	-20
Annual deviation - Mkt vs. CMEC	524	585	-61
Regulatory Receivables	**771**	**596**	**175**

Prov. for Social Benefits & Inst. Part. Liability (€ m)	Mar-10	Dec-09	Δ Abs.
Pensions (3)	1,085	1,109	-24
Medical care	777	770	7
Adjusted institutional partnership liability (4)	916	835	81
Prov. for Social Benefits & Inst. Part. Liability	**2,779**	**2,715**	**64**

The consolidated balance sheet had a relevant impact, but only in terms of reclassifications, with the application of **IFRIC 12** to the gas distribution business, electricity distribution and generation business (special regime), which resulted in reclassification of tangible assets to intangible assets net of the respective allowances accounted in liabilities (compensations for depreciation and amortisation of subsidised assets) and finally to the accounts receivables in the medium and long-term from the concession regulator equivalent to the residual net book value and the assets at the end of the concession. Thus, the adoption of IFRIC 12 resulted in changes in the consolidated balance sheet of 2009. (See impacts on page 34)

Property, plant and equipments (net) assets rose by €0.7bn vs. Dec-09 to €19.1bn 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 €0.3bn increase vs. Dec-09 of **intangible assets** is mainly concerned to the effect of the 2010 assignments of CO_2 allowances for 2010-2012 to our generation activity (+€187m). Note that in Mar-10, EDP's balance sheet include €4.3bn of works in progress, (15% of total consolidated fixed assets of €29bn) largelly related to investments already made in plants, equipment or concession rights which are not yet either operating or being depreciated.

The book value of **financial investments & financial assets** amounted to €783m as of Mar-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 a decrease by €0.1bn vs. Dec-09, following a decrease in regulatory receivables mainly related to CMEC and a decrease in derivative financial instruments (swaps). By Mar-10, EDP's balance sheet continued to include €773m 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 €0.4bn increase YoY of **Equity book value** mainly reflects the 1Q10 net profit .

The €0.1bn increase YoY of equity attributable to **minority interests** is mostly related to the appreciation of the closing exchange rate of the Brazilian Real against the Euro (2.40 in 31-Mar-10 vs. 2.51 in 31-Dec-09).

The €11.1bn 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.

Adjusted institutional partnership liability amounted €916m by Mar-10 vs. €835m by Dec-09. This amount is adjusted by deferred revenue and restricted cash. The deferred revenue is related to tax 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.

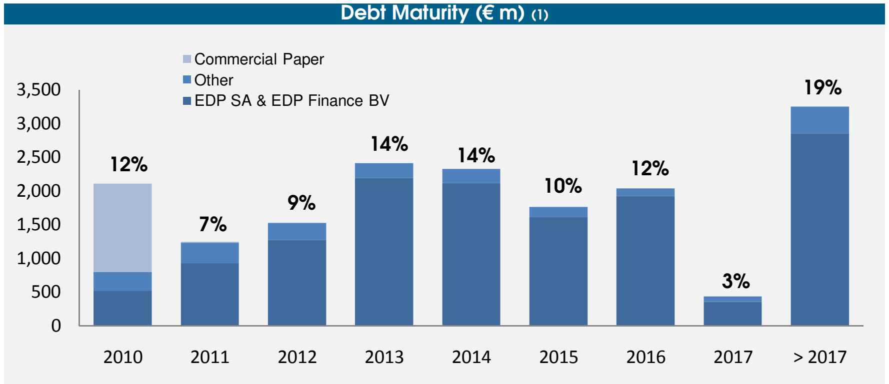
Consolidated Net Financial Debt

Nominal Financial Debt by Company (€ m)	1Q10	YE2009	EDP %
EDP S.A. and EDP Finance BV	14,760.2	13,704.9	100%
EDP Produção	200.4	200.9	100%
HC Energia	246.6	335.8	97%
EDP Renováveis	584.3	539.3	78%
Portgás	98.6	100.9	72%
Energias do Brasil	1,230.6	1,245.6	65%
Nominal Financial Debt	**17,120.7**	**16,127.4**	**-**
Accrued interest on debt	187.8	245.5	-
Nominal Financial Debt + Accrued Interest	**17,308.5**	**16,372.9**	**-**
Fair value of hedged debt	(71.2)	(91.8)	-
Total Financial Debt	**17,237.3**	**16,281.1**	**-**
Cash and Cash Equivalents	**2,523.1**	**2,189.6**	**15%**
EDP S.A., EDP Finance BV and other	1,624.2	1,305.4	-
EDP Renováveis	424.4	443.6	-
Energias do Brasil	474.5	440.5	-
Financial Assets at Fair Value through P&L	**83.3**	**84.9**	**-**
EDP Consolidated Net Debt	**14,630.9**	**14,006.7**	**-**

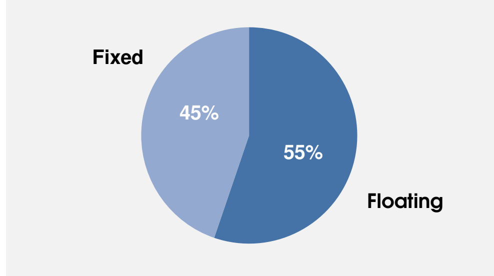
Debt Ratings	S&P	Moody's	Fitch
EDP SA & EDP Finance BV	**A-/Neg/A2**	**A3/Stab/P2**	**A-/Stab/F2**
Last Rating action	04-08-2009	05-05-2010	06-02-2009

Debt Ratios	1Q10	YE2009
Net Debt / EBITDA	3.9x	4.2x
Net Debt / EBITDA adjusted	3.7x	3.9x

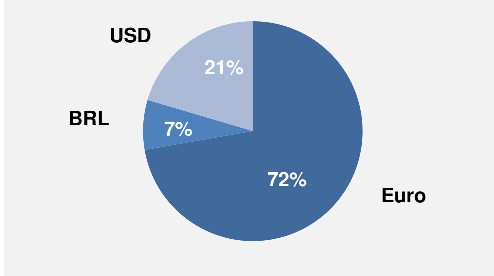
Debt Maturity (€ m) (1)



Debt by Interest Rate Type (1)



Debt by Currency (1)



EDP's net debt/EBITDA and net debt/EBITDA adjusted for regulatory receivables in 1Q10 were 3.9x and 3.7x, respectively.

In Mar-10, EDP issued a Eurobond in the total amount of €1bn maturing in 5 years (Mar-15) with a 3.25% fixed coupon, which was swapped to floating rate.

As a consequence, the weight of floating rate in the Group's consolidated debt increased (50% floating/50% fixed by Dec-09 to 55% floating/45% fixed by Mar-10). EDP's main references in floating interest rate are Euribor 1 month/3 months.

As at May-10, Moody's has affirmed the A3 ratings of EDP with a stable outlook. Moody's has stated that a downgrade in the RoP's rating by up to 2 notches would not impact the current uplift on EDP's rating unless this action were to lead Moody's to review its current assessment of moderate support.

As at Mar-10, committed liquidity facilities available increased by 10% to €2,536m, which implied a total of €5,142m of cash and liquidity facilities available. This liquidity position allow us to cover needs 24 months ahead.

As at Mar-10, outstanding commercial paper amounted to €1.3bn. EDP intends to roll it forward during 2010, having as back-up a €1.6bn revolving credit facility, which is currently fully available.

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 2010 and 2011 are a €0.5bn bond in Jun-10 and a €0.7bn bond in Mar-11.

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(1) Nominal Value.

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Business Areas

Iberian Electricity and Gas Markets

Electricity Balance (TWh)	Portugal 1Q10	Portugal 1Q09	Portugal Δ%	Spain (1) 1Q10	Spain (1) 1Q09	Spain (1) Δ%	Iberian Peninsula 1Q10	Iberian Peninsula 1Q09	Iberian Peninsula Δ%
Hydro	6.2	3.1	101%	14.3	7.8	83%	20.5	10.9	88%
Nuclear	-	-	-	14.6	14.3	2.4%	14.6	14.3	2.4%
Coal	0.9	3.1	-72%	4.2	11.3	-62%	5.1	14.4	-65%
CCGT	1.9	2.3	-20%	14.6	15.8	-7.9%	16.4	18.2	-9.4%
Fuel/gas/diesel	0.0	0.2	-99%	0.3	0.5	-32%	0.4	0.7	-52%
Own consumption	-	-	-	(1.5)	(1.9)	-18%	(1.5)	(1.9)	-18%
(-)Pumping	(0.1)	(0.1)	-36%	(1.8)	(1.1)	59%	(1.9)	(1.3)	48%
Conventional Regime	**8.8**	**8.5**	**2.9%**	**44.7**	**46.7**	**-4.2%**	**53.5**	**55.2**	**-3.1%**
Wind	2.9	1.7	65%	13.2	9.5	40%	16.1	11.2	44%
Other	2.4	1.8	36%	11.5	10.5	10%	13.9	12.3	14%
Special Regime	**5.3**	**3.5**	**51%**	**24.8**	**20.0**	**24%**	**30.0**	**23.5**	**28%**
Import/(export) net	(0.2)	1.0	-	(1.4)	(1.6)	-11%	(1.5)	(0.6)	167%
Gross demand (before grid losses)	**13.9**	**13.0**	**6.7%**	**68.1**	**65.1**	**4.6%**	**82.0**	**78.1**	**5.0%**
Adjust. temperature, working days			4.8%			3.0%			n.a.

Gas Demand (TWh)	Portugal 1Q10	Portugal 1Q09	Portugal Δ%	Spain 1Q10	Spain 1Q09	Spain Δ%	Iberian Peninsula 1Q10	Iberian Peninsula 1Q09	Iberian Peninsula Δ%
Conventional demand	9.4	7.1	31%	81.1	72.4	12%	90.5	79.5	14%
Demand for electricity generation	4.0	4.7	-16%	30.9	32.9	-6.1%	34.9	37.6	-7.3%
Total Demand	**13.4**	**11.9**	**12.6%**	**112.0**	**105.3**	**6.4%**	**125.4**	**117.1**	**7.0%**

Electricity demand in the Iberian market rose 5% in 1Q10, with both Portugal and Spain showing steady recoveries, even when adjusted for temperature and working days: +4.8% in Portugal and +3.0% in Spain. Notwithstanding this demand upturn (+3.9TWh), residual thermal demand declined by 34% (11TWh) YoY following: (1) +9TWh (+88%) of net hydro output, backed by a production factor well above the average year, at 1.5 in Portugal and Spain; (2) +4.9TWh (+44%) of wind output, backed by a strong wind resources and an 18% increase in installed capacity; and (3) +1.7TWh of output from other special regime prompted by an 8% rise in installed capacity. The decline in thermal demand in Portugal was sharper than in Spain (-52% vs -31%) due to Portugal's higher exposure to hydro.

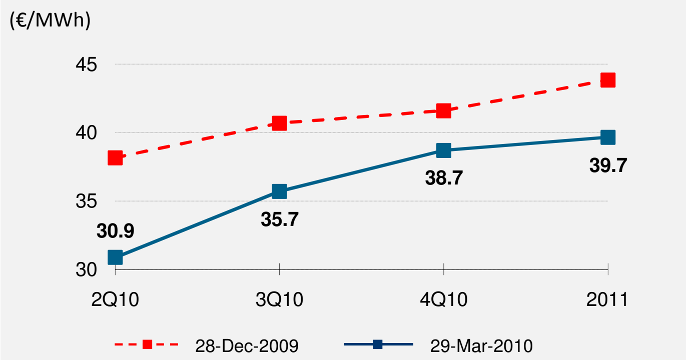
Even with a 6% rise in CCGTs installed capacity, its load factors in Spain remained higher than coal's (30% vs 17%) in 1Q10, reflecting (i) gas' better position in merit order, (ii) gas' superior flexibility and (iii) gas sourcing conditions in Iberia, mainly based on long term take-or-pay contracts. Installed capacity based on fuel/gasoil retreated 11%.

In 1Q10, average electricity spot price in Spain sunk 23% QoQ, to €25/MWh, falling 41% below 1Q09. This fall was driven by the sharp reduction in thermal demand and the excess of gas in Iberia. As a result of Portugal's cheaper generation mix (thanks to flooding hydro resources), Portugal became a net exporter of electricity to Spain (rather than net importer as in the past) and average price in Portugal fell €0.2/MWh below Spain's. Even so, the fall in Spain's electricity final prices was smoother than in the spot market (-27% vs -41%), reflecting the higher weight of ancillary services in the final price (as rising weight of wind in the system (demanded for higher backup capacity).

In the Iberian gas market, volumes consumed recovered by 7% YoY in 1Q10, driven by higher conventional demand. Conventional demand rose 14%, propelled by a 12% rise in Spain (reflecting higher demand from industrial segment) and a 31% rise in Portugal (thanks to some new large consumers, namely cogeneration plants, which impact should be diluted throughout 2010). In turn, gas consumed in electricity generation retreated 7% due to low 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, putting additional pressure on Iberian gas marketplace.

Installed Capacity in Electricity (GW)	Iberian Peninsula 1Q10	Iberian Peninsula 1Q09	Iberian Peninsula Δ%
Hydro	21.2	21.2	0%
Nuclear	7.4	7.4	0%
Coal	11.8	12.2	-3.5%
CCGT	24.1	22.8	5.7%
Fuel/gas/diesel	5.3	6.0	-11%
Conventional Regime	**69.8**	**69.6**	**0.3%**
Wind	22.3	19.0	18%
Other special regime	16.7	15.5	7.6%
Special Regime	**39.0**	**34.5**	**13%**
Total	**108.8**	**104.1**	**4.5%**

Iberian Electricity Forward Market (OMIP)



Main Drivers	1Q10	1Q09	Δ%
Hydro coeficient (1.0 = avg. year)			
Portugal	1.52	0.82	85%
Spain	1.54	0.79	95%
Electricity spot price, €/MWh (2)			
Portugal	25.2	43.4	-42%
Spain	25.4	43.0	-41%
Electricity final price, €/MWh (2) (3)			
Spain	35.5	49.0	-28%
CO_2 allowances (EUA), €/ton (2)	14.4	11.4	27%
Coal (API2 CIF ARA), USD/t (2)	78.4	72.3	8.4%
Gas (CMP Spain), €/MWh (2)	21.2	26.7	-21%
Gas Zeebrugge, €/MWh (2)	13.5	18.4	-27%
Brent, USD/bbl (2)	77.3	45.5	70%
EUR/USD (2)	1.35	1.30	3.7%

(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)	1Q10	1Q09	Δ%	Δ Abs.
PPA/CMEC Revenues	**236.4**	**323.8**	**-27%**	**-87**
Revenues in the market (i)	192.7	252.0	-24%	-59
Annual deviation (ii)	81.2	98.5	-17%	-17
PPAs/CMECs accrued income (iii)	(37.6)	(26.7)	41%	-11
PPA/CMEC Direct Costs	**10.8**	**92.5**	**-88%**	**-82**
Coal	18.4	65.5	-72%	-47
Fuel oil	2.1	13.0	-84%	-11
CO_2 and other costs (net)	(9.8)	14.0	-	-24
Gross Profit PPA/CMEC	**225.6**	**231.3**	**-2.5%**	**-6**
Thermal (cogen., waste, biomass)	14.9	12.7	17%	+2
Mini-hydro	24.0	14.7	63%	+9
Gross Profit Special Regime	**38.8**	**27.4**	**42%**	**+11**
Operating costs	50.6	42.6	19%	+8
EBITDA	**213.8**	**216.4**	**-1.2%**	**-3**
Net depreciation and provision	57.4	62.7	-8.3%	-5
EBIT	**156.4**	**153.7**	**1.8%**	**+3**
At Fin. Results: **Hedging Gains (Losses)** (1)	(0.6)	7.1	-	-8
Employees (#)	1,432	1,501	-4.6%	-69

PPA/CMEC: Key Data	1Q10	1Q09	Δ %	Δ Abs.
Real/Contracted Availability (Km)				
Hydro plants	1.02	1.00	1.4%	+0.0
Thermal plants	1.09	1.08	1.6%	+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	1Q10	1Q09	Δ %	Δ Abs.
Output (GWh)	**744**	**599**	**24%**	**+145**
Mini-hydro Portugal	275	169	63%	+106
Thermal Portugal	239	199	20%	+40
Thermal Spain	229	230	-0.5%	-1
Average Gross Profit (€/MWh)				
Mini-hydro Portugal	87	87	-0.2%	-0
Thermal Portugal	26	30	-11%	-3
Thermal Spain	37	29	27%	+8

Capex (€ m)	1Q10	1Q09	Δ %	Δ Abs.
PPA/CMEC Generation	**11.0**	**11.9**	**-7.0%**	**-1**
Hydro recurrent	3.1	4.1	-25%	-1
Thermal recurrent	3.0	2.1	41%	+1
Non recurrent (environmental)	4.9	5.6	-12%	-1
Special Regime	**1.8**	**9.2**	**-80%**	**-7**
Expansion	1.7	8.2	-79%	-7
Maintenance	0.1	1.0	-87%	-1
Total	**12.8**	**21.0**	**-39%**	**-8**

In 1Q10, **EBITDA from LT contracted generation** declined 1% (-€3m), reflecting a €5m increase in gross profit and a €8m increase in operating costs. Adjusted for non-recurrent items, EBITDA declined 7%, to €214m, driven by lower contribution from PPA/CMEC. Non-recurrent items refer to fuel procurement costs (-€13m in 1Q09, -€0.5m in 1Q10), resulting from changes in fuel market prices between the moment of procurement and the moment of consumption. Note that as a result of EDP's strategy to hedge this change in fuel prices through derivative financial instruments, this negative impact is compensated at the level of financial results, either in the previous, current or following quarters.

Gross profit from PPA/CMEC declined 3% (-€6m) in 1Q10, to €226m, mainly reflecting (i) the end of PPA at Barreiro (-€3m), lower inflation, and higher costs incurred following lower working hours at our thermal plants. In line with the past, EDP kept availability rates above the contracted level, both at thermal and hydro plants. The 1% decline in installed capacity under PPA/CMECs results from the end of PPA at our fuel oil plant, Barreiro (56MW).

The annual deviation ('revisibility') between market gross profit under CMECs assumptions and under actual market conditions amounted to €81m in 1Q10. This deviation resulted from low pool prices (€25 vs €53/MWh(3) CMEC reference) and from very low output in our coal and fuel oil 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 42% (+€11m) in 1Q10 propelled by a +63% surge in the output of mini-hydro plants. Gross profit from thermal plants rose 17%, reflecting new capacity on stream: 29 MW 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 €51m in 1Q10 (+19% YoY) reflecting new capacity on stream and additional maintenance works.

In spite of higher special regime capacity in place, depreciation charges retreated by 8% reflecting the exclusion of Barreiro plant from this portfolio and the extension of the useful life in hydro plants.

Capex in LT contracted generation declined 39% (-€8m) YoY in 1Q10, to €13m, fully driven by lower expansion capex in special regime. Non-recurrent capex in 1Q10, representing 43% of total, was mainly driven by the new DeNox facilities at Sines (€5m capex in 1Q10, c€30m additional expected in 2010), which are 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 €3.9m of realised gains in 1Q10 (vs €53m in 1Q09); (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)	1Q10	1Q09	Δ%	Δ Abs.
Gross Profit	**216.8**	**217.2**	**-0.1%**	**-0**
Electricity generation	181.7	166.7	9.0%	+15
Portugal	66.0	57.5	15%	+8
Spain	113.9	108.6	4.8%	+5
Adjustments	1.8	0.5	244%	+1
Electricity supply	14.6	14.6	-0.2%	-0
Gas supply	20.6	35.8	-43%	-15
Operating costs	55.3	53.9	2.5%	+1
EBITDA	**161.6**	**163.2**	**-1.0%**	**-2**
Provisions	0.3	3.6	-92%	-3.3
Net depreciation and amortisation	49.5	51.4	-3.6%	-2
EBIT	**111.8**	**108.3**	**3.2%**	**+4**

Performance in Electricity	1Q10	1Q09	Δ%	1Q10	1Q09	Δ%
	Output (GWh)			Variable Cost (€/MWh) (1)		
Generation output	3,955	4,594	-14%	28.0	31.7	-11.6%
Electricity purchases	8,012	1,198	569%	33.6	42.4	-21%
Electricity Sources	**11,968**	**5,792**	**107%**	**31.8**	**33.9**	**-6.4%**
	Volumes Sold (GWh)			Average Price (€/MWh) (2)		
Grid losses & other	441	215	-	n.a.	n.a.	-
Retail	7,532	3,566	111%	50.9	67.9	-25%
Wholesale						
Spot	1,964	609	222%	29.8	49.6	-40%
Forward	928	1,576	-41%	55.5	62.0	-10%
Retail & Wholesale	**10,865**	**5,966**	**82%**	**45.4**	**62.0**	**-27%**
Ancillary services	1,103	(174)	-			
Electricity Uses	**11,968**	**5,792**	**107%**			
Gross Profit (€/MWh Produced)				**49.6**	**39.5**	**26%**

Ancillary Services & Capacity Payments	1Q10	1Q09	Δ%	Δ Abs.
Net revenues (€ m)	96.3	13.7	-	+82.6

Gas Uses (TWh)	1Q10	1Q09	Δ%	Δ Abs.
Consumed by own power plants	5.5	4.0	37%	+1.5
Sold to clients	9.6	6.0	59%	+3.6
Total	**15.1**	**10.0**	**50%**	**+5.0**

EBITDA from liberalised activities retreated -1% YoY in 1Q10, at €162m, reflecting almost flat gross profit and a 3% increase in operating costs stemming from larger scale of operations. In spite of tough operating conditions in the Iberian market, **gross profit from liberalised activities was almost flat**, as (i) the €15m increase in electricity generation and supply (backed by higher volumes sold to clients and higher net revenues from ancillary services) offset (ii) the €15m reduction in gas supply (hit by a significant contraction in unit supply margins due to 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 which allow the group to benefit from opportunities brought in the market of anciallary services by the increasing weight of (instable) wind technology in the system. As a result of this flexibility: (1) EDP's electricity purchases in the pool surged in 1Q10 (reflecting the very low prices in the pool) and electricity sales to final clients represented 190% of output from our liberalized electricity power plants in the period; (2) net revenues from capacity payments and ancillary services surged to €96m in 1Q10 (vs €14m in 1Q09), on abnormally high weight of wind in the system in the quarter.

Volumes: Sales to retail clients surged 111% in 1Q10 reflecting the expansion of free market (both in Portugal and Spain). While total volume sold by EDP in the Iberian retail and forward wholesale markets rose 65% in 1Q10, electricity purchases in the pool met two thirds of total needs, reflecting its lower opportunity cost when compared with production at our plants. Therefore, output from our merchant plants declined 14%. Lastly, it is worth to note the increasing weight of ancillary services which volumes totalled 1.1TWh in 1Q10 (vs -0.2TWh in 1Q09).

Spreads (1)(2): in spite of tough operating conditions, realised spreads in electricity business (excluding ancillary services and capacity payments) reached €14/MWh, supported by EDP's successful forward contracting sales and locking-up of spreads in 2008/09. Average realised prices dropped 27% on lower prices contracted with clients (at €51/MWh). Average sourcing costs retreated 6% driven by lower cost from electricity purchases (-21% YoY) and from own generation (-12%). **For 2010, EDP has already sold and forward contracted 24TWh (over 100% of expected output) at prices around €50/MWh and thermal spreads close to €10/MWh. For 2011, EDP has already contracted over 7TWh (over 35% of expected output) at prices and thermal margins in line with 2010.**

Our gas sourcing activity in 2010 is based on a 4.5bcm (annual) portfolio of long term contracts. In 1Q10, our consumption of gas rose 50%, to 15TWh (1.2bcm), driven by: (1) higher volumes sold to clients (+59% YoY), backed by the start-up of operations in Portugal (Apr-09) and the consolidation (as from Dec 31st, 2009) of clients acquired from Gas Natural; (2) 37% increase in consumption at our CCGT/cogeneration plants, prompted by new 863MW of CCGT in operation since 4Q09. Looking forward, we expect Soto 5 (424MW) to start-up tests in 2H10.

Coal sourcing wise, it is worth to note that our sourcing contract of Spanish coal with Hunosa lasts until 2012 and involves 650,000 tonnes/year (with price based on international coal prices). Looking forward, we expect working hours at our coal plants to be supported by RDL on Spanish coal (Soto 3) and by Aboño's use of blast furnace gases, which will maintain its competitive production cost.

(1) Variable cost: includes fuel cost, CO_2 cost net of free allowances, hedging costs (gains); (2) Average selling price: includes selling price (net of TPA tariff) and hedging gains (losses); Excludes capacity payments, ancillary services and others

Liberalised Electricity Generation in the Iberian Market

Income Statement (€ m)	1Q10	1Q09	Δ%	Δ Abs.
Gross Profit	**181.7**	**166.7**	**9.0%**	**+15**
Portugal	66.0	57.5	15%	+8
Spain	113.9	108.6	4.8%	+5
Adjustments	1.8	0.5	244%	+1
Supplies and services	14.8	14.9	-0%	-0
Personnel costs	9.0	10.9	-18%	-2
Costs with social benefits	0.4	1.3	-68%	-1
Other operating costs (net)	6.8	7.0	-2.1%	-0
Operating Costs	**31.0**	**34.0**	**-9%**	**-3**
EBITDA	**150.6**	**132.7**	**14%**	**+18**
Provisions	0.4	2.7	-85%	-2
Net deprec. and amortisation	48.3	50.6	-4%	-2
EBIT	**101.9**	**79.4**	**28%**	**+23**
Employees (#)	**783**	**813**	**-3.7%**	**-30**

Key Operating Data	1Q10	1Q09	Δ%	Δ Abs.
Generation Output (GWh)	**3,955**	**4,594**	**-14%**	**-638**
CCGT	1,959	1,476	33%	+483
Coal	737	2,390	-69%	-1,654
Hydro	957	581	65%	+376
Nuclear	303	147	107%	+156
Generation Costs (€/MWh) (1)	**28.0**	**31.7**	**-12%**	**-3.7**
CCGT	47.7	45.5	4.9%	+2.2
Coal	22.3	32.7	-32%	-10.4
Hydro	-	-	-	-
Nuclear	3.4	3.0	13%	+0.4
Load Factors (%)				
CCGT	28%	28%	-	-1p.p.
Coal	23%	76%	-	-52p.p.
Hydro	49%	30%	-	19p.p.
Nuclear	90%	44%	-	47p.p.
CO_2 Emissions (mn tones)				
Total emissions (2)	1.8	3.3	-46%	-2
Free allowances (2) (3)	2.5	2.4	0.8%	+0

Capex (€ m)	1Q10	1Q09	Δ%	Δ Abs.
Expansion	**35.9**	**286.4**	**-87%**	**-251**
CCGT	15.8	32.0	-50%	-16
Hydro	20.0	254.5	-92%	-234
Maintenance	**18.2**	**3.9**	**365%**	**+14**
Recurrent	17.9	4.1	332%	+14
Non recurrent (environmental)	0.3	(0.2)	-	+1
Total	**54.0**	**290.3**	**-81%**	**-236**

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

The performance of our merchant electricity generation fleet in 1Q10 was marked by: (1) lower average generation cost (-12% YoY) supported by a cheaper generation mix, on higher hydro (+65%) and nuclear (+107%) output, and by lower coal cost (backed by lower CO_2 emission deficit); and (2) lower volume of production (-14%), as electricity purchases in the pool proved to be a cheaper source of electricity to meet growing needs of our supply activities.

CCGTs: **Output** increased 33% YoY in 1Q10, fuelled by flat load factors and a 36% increase in installed capacity. Notwithstanding the extremely rainy and windy weather conditions in 1Q10 and the start-up of Lares 1 and 2 in 4Q09 (863MW in Portugal), load factors at our CCGTs were flat at 28% and were almost in line with the Iberian average. **Average production costs** advanced 5% in 1Q10 driven by higher gas costs.

Coal: **Output** dropped 69% in 1Q10, penalised by a longer than expected outage at Aboño 2, sharp contraction of thermal demand and by coal's worse position in merit order (vs gas) vis a vis 1Q09. In spite of 52pp YoY reduction in coal load factors posted in 1Q10, our coal plants kept above the Spanish average load factors in 1Q10 (23% vs 17%), thanks to its superior efficiency and to the use of blast furnace gases at Aboño plant. Coal **average production cost** declined 32% in 1Q10, driven by higher contribution from blast furnace gases at Aboño plant (cheaper fuel source) and by lower CO_2 deficit in the period.

In 1Q10 our thermal power plants have sharply increased the volumes sold in the markets of ancillary services (1.1TWh vs -0.2TWh in 1Q09), making use of its flexibility in a scenario of sharp increase in wind resources and benefiting from local restrictions.

Total emissions of CO_2 fell 47% in 1Q10, following a sharp reduction in coal output. Thus, total emissions fell short of free allowances attributable to the period.

Hydro & Nuclear: Hydro output rose 65% YoY in 1Q10, reflecting extreme rainy weather in the period. Also, nuclear output grew by 107%, recovering from low output level in 1Q09, due to Trillo's 7-week outage for maintenance works.

Operating costs declined 9% (-€3m) YoY in 1Q10, mainly reflecting the end of CO_2 clawback (-€7m in 1Q09). Adjusted for this item, operating costs increased slightly reflecting tight cost control and the impact from maintenance works at Trillo and new projects on stream.

Capex in liberalized generation declined by €236m YoY to €54m in 1Q10, 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 €36m, namely: (1) €20m spent in the execution of hydro plants Picote II, Bemposta II, Alqueva II, Venda Nova III (all repowerings) and Baixo Sabor, Ribeiradio (new plants), due in 2011/15, (2) €16m spent in new CCGT capacity, namely in Soto5 (424MW, due to start commercial operations in 1Q11). Maintenance capex rose to €18m impacted by pluri-annual maintenance 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 1Q10	1Q09	Δ%	Δ Abs.
Gross Profit	**14.6**	**14.6**	**-0.2%**	**-0**
Supplies and services	12.6	11.1	13%	+1
Personnel costs	3.4	2.8	23%	+1
Costs with social benefits	0.1	0.1	25%	+0
Other operating costs (net)	0.5	(3.4)	-	+4
Operating Costs	**16.6**	**10.6**	**57%**	**+6**
EBITDA	**(2.0)**	**4.1**	**-**	**-6**
Provisions	(0.1)	0.8	-	-1
Net depreciation and amortization	1.0	0.7	50%	+0
EBIT	**(2.9)**	**2.6**	**-**	**-6**

Income Statement (€ m)	Gas Supply 1Q10	1Q09	Δ%	Δ Abs.
Gross Profit	**20.6**	**35.8**	**-43%**	**-15**
Supplies and services	5.6	4.9	13%	+1
Personnel costs	0.9	1.0	-11%	-0
Costs with social benefits	0.0	0.0	-12%	-0
Other operating costs (net)	1.1	3.4	-67%	-2
Operating Costs	**7.6**	**9.3**	**-18%**	**-2**
EBITDA	**13.0**	**26.5**	**-51%**	**-14**
Provisions	0.0	0.1	-	-0
Depreciation and amortization	0.1	0.1	0.6%	+0
EBIT	**12.8**	**26.3**	**-51%**	**-13**

Key Data	1Q10	1Q09	Δ%	Δ Abs.
Electricity in Portugal				
Volume sold (GWh)	2,031	421	382%	+1,610
Market share (%)	54%	98%	-	-44 p.p.
Avg. selling price (€/MWh)	53.2	73.0	-27%	-20
Number clients (th.)	273	212	29%	+61
Electricity in Spain				
Volume sold (GWh) (1)	5,077	3,145	61%	+1,931
Market share (%)	12%	11%	-	1 p.p.
Avg. selling price (€/MWh) (1)	52.5	68.4	-23%	-16
Number clients (th.)	548	126	335%	+422
Gas in Spain & Portugal				
Spain - Volume sold (GWh)	8,567	6,013	42%	2,554
Spain - Market share (%)	10.6%	8.3%	-	2 p.p.
Portugal - Volume sold (GWh)	998	-	-	-
Portugal - Market share (2) (%)	23%	0%	-	-
Avg. gross profit (€/MWh)	0.6	3.0	-79%	-2
Number clients (th.)	825	630	31%	+195
Capex (Electricity & Gas, Iberia) (€ m)	**0.7**	**1.9**	**-61%**	**-1**
Employees (#) (Electricity & Gas, Iberia)	**289**	**233**	**24%**	**+56**

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 1Q10, **volumes supplied** by EDP to clients in the free market surged to 2.0TWh from 0.4TWh in 1Q09. As a result of growth opportunities introduced by 2009/2010 tariffs defined by ERSE, free market expanded significantly, representing 31% of total consumption in 1Q10 (vs 4% in 1Q09) and reaching 49% of total annualised consumption by Mar-10 (vs 14% in Mar-09). Moreover, competition intensified and EDP's share in volume supplied in the free market declined to 54% in 1Q10 (vs 98% in 1Q09). Notwithstanding all this, regulated system was still responsible for 40% of total industrial consumption and 92% of total residential consumption in 1Q10. By segment, medium voltage (mainly industrial clients) continued to be EDP's main growth driver, prompted by the switch of large clients to the free market. **Average selling price** in retail declined 27% reflecting the higher weight of industrial clients and current market conditions.

Spain Electricity Supply – In 1Q10, electricity **volumes supplied** to our liberalised clients in Spain rose 61% reflecting a sharp expansion in the client base (+335%), prompted by the switching of residential clients (with lower per capita consumption) from regulated system and by the agreement reached with CIDE[3] in Jul-09. Market share rose 1p.p. to 12% reflecting EDP's ability to keep a share in the supply market the double of its share in generation. **Average selling prices** declined 23% YoY, reflecting the adjustment of contracted prices to 2009 and current market conditions.

In respect to electricity supply both in Portugal and Spain, it is noteworthy that gross profit was penalised by higher than expected increase of costs with ancillary services.

Spain & Portugal gas Supply – In Spain, volumes supplied surged 42% propelled by a strong recovery in the industrial segment and by the contribution of portfolio acquired from Gas Natural on Dec 31, 2009 (c600GWh, nearly half of which in last resource supply). In Portugal, where operations started only in Apr-09, volumes supplied in 1Q10 reached c1TWh, representing a market share of 23% (based on the annualised consumption with sales to cogeneration plants included). **Average unit gross margin** in Iberia decreased to €0.6/MWh (from €3.0/MWh in 1Q09 and €0.8/MWh in 4Q09), reflecting the adjustment of selling prices to the fall in sourcing costs over the last year (almost in line with the movement of CMP) and fiercer competition.

The growth in operating costs in both electricity and supply activities mainly reflected the impact of increasing activity.

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, reaping benefits from the expansion of free market in both countries. In line with this, EDP has already sold and forward contracted electricity sales representing an over 10% increase from volumes sold in 2009.

(1) Includes electricity sold by Naturgas; (2) Based on annualised consumption; (3) 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)		
	1Q10	1Q09	Δ %	1Q10	1Q09	Δ %	1Q10	1Q09	Δ %
Gross Profit	**155.0**	**109.7**	**41%**	**87.0**	**79.1**	**10%**	**219.2**	**171.8**	**28%**
Supplies and services	19.6	14.7	33%	27.0	23.4	16%	42.5	34.8	22%
Personnel costs	5.3	2.8	86%	8.0	7.1	14%	13.3	9.4	41%
Other operating costs (net)	0.5	1.7	-68%	(29.6)	(37.2)	-20%	(21.1)	(26.8)	-21%
Operating Costs	**25.4**	**19.3**	**32%**	**5.5**	**(6.7)**	**-**	**34.7**	**17.4**	**99%**
EBITDA	**129.6**	**90.4**	**43%**	**81.5**	**85.8**	**-5%**	**184.5**	**154.4**	**20%**
Provisions	(0.0)	(0.1)	-85%	-	-	-	(0.0)	(0.1)	-85%
Net deprec. and amortisation	45.3	33.3	36%	66.3	46.8	42%	94.0	69.9	34%
EBIT	**84.3**	**57.2**	**47%**	**15.1**	**39.0**	**-61%**	**90.6**	**84.6**	**7.1%**
Capital gains/(losses)	-	0.3	-	-	-	-	-	0.3	-
Financial results	(42.4)	(41.5)	2.0%	(23.4)	(12.5)	87%	(29.9)	(21.2)	41%
Results from associates	2.0	0.7	-	-	(0.1)	-	2.0	0.6	-
Pre-tax profit	**44.0**	**16.7**	**163%**	**(8.2)**	**26.4**	**-**	**62.7**	**64.3**	**-2.5%**
Income taxes	10.0	6.3	58%	-	-	-	17.5	14.6	20%
Discontinued activities	-	-	-	-	-	-	-	-	-
Profit for the period	34.0	10.4	228%	(8.2)	26.4	-	45.2	49.8	-9.2%
Equity Holders of EDPR	**31.2**	**10.3**	**204%**	**(8.2)**	**26.4**	**-**	**42.6**	**49.8**	**-15%**
Minority interests	2.8	0.1	-	-	-	-	2.6	(0.1)	-
Employees (#)	**385.0**	**313.0**	**23%**	**316.0**	**279.0**	**13%**	**759.0**	**627.0**	**21%**

EDP Renováveis	1Q10	1Q09	Δ %
Share price at end of period (€/share)	5.79	6.15	-5.9%
Number of shares issued (million)	872.3	872.3	-
Stake owned by EDP (%)	77.5%	77.5%	-
USD/EUR - End of period rate	1.35	1.33	1.3%
USD/EUR - Average of period rate	1.38	1.28	7.7%

EDPR Key Balance Sheet Figures (€ m)	1Q10	1Q09	Δ %
Bank loans and other	130.3	270.2	-52%
Loans with EDP Group companies	2,448.6	1,280.4	-
Net Financial Debt	**2,579.0**	**1,550.6**	**-**
Financial Debt	**3,095.8**	**1,888.1**	**83%**
Minority Interests	**122.2**	**89.4**	**37%**
Adj. Inst. Partnership Liability (2)	**916.2**	**924.2**	**-0.9%**
Equity Book Value	**5,264.6**	**5,165.3**	**1.9%**

EDPR Financial Results (€ m)	1Q10	1Q09	Δ %
Net interest costs	(31.3)	(12.5)	-151%
Institutional partnership costs (non-cash)	(15.9)	(14.4)	-11%
Capitalised costs	14.8	10.3	44%
Other	2.5	(4.6)	-
Financial Results	**(29.9)**	**(21.2)**	**-41%**

EDPR Operating Costs (€ m)	1Q10	1Q09	Δ %
Opex / Avg MW (€ 000) (2)	41.9	39.4	6.3%
Opex / MWh (€) (2)	15.9	15.4	3.2%

EDP Renováveis (EDPR) owns, manages and develops all the wind power assets of EDP Group. EDPR has operations in 10 countries with the major markets being USA (c43% of EBITDA in 1Q10, operations in 9 states) and Spain (32% of EBITDA in 1Q10).

In 1Q10, EDPR's EBITDA grew 20% to €185m reflecting a 23% YoY increase of its installed capacity (to 5,567MW) a 28% increase on wind power output and a decrease of the average load factor from 35% in the 1Q09 to 33% in the 1Q10. The average selling price/MWh was flat. Net depreciation and amortisation rose 34% from €70m in 1Q09 to €94m in 1Q10 reflecting the increase in installed capacity.

The USD depreciated 8% against the Euro in the period having a negative impact of €1m at EBIT level. As of Mar-10, approximately 45% 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 to €3.1bn in Mar-10, in order to fund the construction of new installed capacity, being 81% 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 2.5x in 1Q09 to 3.5x in 1Q10 reflecting the company's high growth pace of installed capacity.

Liabilities referred as institutional partnerships, which reflects the "tax equity agreements" in the US, slightly decreased from €924m in Mar-09 to €916m in Mar-10 reflecting: i) the normal appropriation by our institutional partners of the tax credits from PTCs and MACRs, ii) the impact by forex translation, and iii) the institutional partnerships closed throughout 2009.

1Q10 financial costs increased 41% to €30m, as result of (1) a rise in net interest costs by 151%, on the back of a 66% increase in net debt and its cost, that went up from 4.6% in 1Q09 to 4.9%, in 1Q10 and (2) an increase in the capitalization of financial costs at EDP Renováveis related to new debt allocation criteria in USA.

(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 Mar-10	Mar-09	∆ %	∆ 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	**696**	**676**	**595**	**553**	**7.6%**	**42**
Old Remuneration	595	575	595	553	7.6%	42
New Remuneration	101	101	-	-	-	-
France	**235**	**235**	**235**	**185**	**27%**	**50**
Poland	**120**	**116**	**120**	**-**	**-**	**120**
Belgium (PPA)	**57**	**40**	**57**	**47**	**21%**	**10**
USA	**2,859**	**2,642**	**2,624**	**2,022**	**30%**	**602**
PPA	1,825	1,769	1,750	1,549	13%	201
Hedged	264	138	138	138	0%	-
Merchant	770	735	735	335	120%	401
Brazil	**14**	**8**	**14**	**14**	**-**	**-**
Total	**6,259**	**5,511**	**5,567**	**4,513**	**23%**	**1,055**

Gross MW	Under Constr.	Pipeline Tier 1	Tier 2	Tier 3	Prosp.	Total
Spain	**308**	**320**	**485**	**1,821**	**2,340**	**5,274**
Portugal	**113**	**268**	**18**	**9**	**200**	**608**
Rest of Europe	**265**	**124**	**660**	**2,174**	**2,095**	**5,317**
France	24	67	70	304	652	1,116
Poland	-	-	456	406	604	1,466
Romania	228	57	26	30	500	841
Other (2)	13	-	108	1,435	339	1,894
USA	**398**	**652**	**5,982**	**7,960**	**4,604**	**19,596**
Brazil	**70**	**-**	**234**	**75**	**843**	**1,222**
Total	**1,153**	**1,363**	**7,379**	**12,039**	**10,082**	**32,017**

Capex (€ m)	1Q10	1Q09	∆ %	∆ Abs.
Spain	47	132	-65%	-86
Portugal	2	19	-89%	-17
Rest of Europe	118	78	-	+39
Europe	**166**	**230**	**-28%**	**-63**
USA - Gross capex	199	174	15%	+26
USA - Cash grant received	-	-	-	-
USA - Net Capex	**199**	**174**	**15%**	**+26**
Other	**16**	**-**	**-**	**+16**
Total	**382**	**403**	**-5.3%**	**-21**

Works in Progress (€ m)	1Q10	1Q09	∆ %	∆ Abs.
Under Constr. and Development MW	**1,396**	**1,303**	**7%**	**+93**

Installed capacity of EDPR increased by 1,055MW between Mar-09 and Mar-10 representing a 23% YoY increase. As a consequence, EDPR currently manages a portfolio of 5,567 MW of capacity (or 6,259 MW of gross capacity). In 1Q10 EDPR total additions amounted to 77MW (62MW in Spain and 15MW in France).

Capacity under construction by Mar-10 was 1,153MW from which: (1) 1,040MW of capacity which will be fully consolidated at EBITDA level split by 38% in USA, 30% in Spain and 22% in Romania and (2) 113MW in Portugal corresponding to our 40% attributable capacity in Eneop consortium consolidated by EDPR via equity method.

Capex in 1Q10 amounted to €382m, reflecting the projects installed in 1Q10 and 1,040MW of projects under construction by Mar-10. Capital expenditures that reflects final works with capacity already installed in the 4Q09 and capacity installed in the 1Q10 amounted to €55m. It is important to highlight that total work in progress related to capacity under construction/development amounted to €1.4bn by Mar-10, reflecting the capex already incurred with these projects. 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 and options to order additional capacity up to 600MW, exercisable in 2010 and 2011 with flexibility in deliveries to North America, South America and Europe and also flexibility to choose commercial available wind turbine models and classes for each project with a given notice. Regarding operating and maintenance service this contract provides a 2 year agreement, extendable to 5 or 10 years, with subsequent Technical Assistance Agreement (depending on the project).

Regarding the market environment for new wind power installations in USA, the lower energy prices have turned PPA approvals more challenging by PUCs (Public Utility Commissions) while the lower electricity demand is postponing utilities' short-term needs on new PPAs with renewable operators. Besides this unfavorable market environment EDPR was able to close 20 year PPA with Tenessee Valley Authority. Moreover, the current uncertainty on the approval by the US Congress of a Federal RES, is not putting homogeneous pressure on utilities to close PPAs or to purchase renewable credits. Taking into consideration the current regulatory and market environment in USA, EDPR should adjust downwards its previous annual growth pace of around 1.4GW new installations per year and reduce it by around 500MW in 2010-2011. 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 3 new geographies: UK, Italy and Canada. 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. EDPR is also present in Canada since 1Q10 developing greenfield 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	1Q10	1Q09	Δ %	Δ Abs.
Installed Capacity	**5,567**	**4,513**	**23%**	**+1,055**
Avg. Wind Load Factor	**33%**	**35%**	**-**	**(2 pp)**
Europe	**34%**	**28%**	**-**	**6 pp**
Portugal	36%	27%	-	9 pp
Spain	34%	29%	-	5 pp
Rest of Europe	30%	26%	-	4 pp
USA	**31%**	**40%**	**-**	**(9 pp)**
Brazil	**22%**	**28%**	**-**	**(6 pp)**
Electricity Output (GWh)	**3,639**	**2,845**	**28%**	**+794**
Europe	**1,856**	**1,163**	**60%**	**+694**
Portugal	448	281	60%	+167
Spain	1,219	798	53%	+421
Rest of Europe	190	84	126%	+106
USA	**1,777**	**1,675**	**6.1%**	**+102**
Brazil	**6**	**8**	**-19%**	**-2**

Wind Tariffs	1Q10	1Q09	Δ %	Δ Abs.
Average Unit Tariffs	**60.2**	**60.4**	**-0.3%**	**-0**
Europe (€/MWh)	**83.0**	**93.9**	**-12%**	**-11**
Portugal	99.4	99.1	0.3%	+0
Spain	76.4	92.5	-17%	-16
Avg. Achieved Pool Price	*23.2*	*40.8*	-43%	-18
Rest of Europe	90.4	88.4	2.3%	+2
USA (USD/MWh)	**49.2**	**46.6**	**5.6%**	**+3**
PPA/Hedged Capacity	53.8	48.5	10.8%	+5
Merchant Capacity	38.0	29.2	30%	+9
Brazil (BRL/MWh)	**234.9**	**252.6**	**-7%**	**-18**

Gross Profit	1Q10	1Q09	Δ %	Δ Abs.
Gross Profit (€ m)	**219.2**	**171.8**	**28%**	**+47**
Europe	**155.0**	**109.7**	**41%**	**+45**
Portugal	45.0	28.2	59%	+17
Spain	84.3	65.9	28%	+18
Rest of Europe	16.6	7.3	127%	+9
Other & Adjustments	9.1	8.3	10%	+1
USA	**62.9**	**61.6**	**2.1%**	**+1**
Others	**1.3**	**0.5**	**162%**	**+1**
USA Adjusted Gross Profit (€ m)	**86.2**	**87.8**	**-1.9%**	**-2**
Gross Profit	62.9	61.6	2.1%	+1
PTC Revenues & Other	23.3	26.2	-11%	-3

Wind power output rose 28% YoY in 1Q10. In **Europe,** wind output increased 60% YoY on the back of a 23% YoY increase of installed capacity and average load factor growing 6pp YoY to 34%. In **USA**, electricity output went up just by 6% YoY following a 30% YoY increase of installed capacity but with load factors falling from 40% in 1Q09 to 31% in 1Q10 strongly penalized by low wind resource.

Average selling price in USA went up by 6% YoY in 1Q10 to USD49.2/MWh. Average price of our long-term selling contracts (PPAs) rose 11% to USD53.8 MWh in 1Q10, reflecting higher prices from the last contracts added to our PPAs' portfolio. Note that in 1Q10, our wind power output sold through PPAs amounted to 1,273GWh (-10% YoY,due to lower load factors , representing 72% of our output in USA in 1Q10 vs.84% in1Q09). Average selling price for wind power sold in merchant markets rose 30% YoY to USD38/MWh in 1Q10, presenting a recovery of electricity prices in US through a demand growth due to cold weather conditions in the period. Our wind power sold in merchant markets amounted to 504 GWh (+ 88% supported on new capacity commissioned YoY, representing 28% of our output in USA in 1Q10 vs. 16% in 1Q09). 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 17% YoY in 1Q10 reflecting the 43% YoY decline in the achieved pool price and forward sales at higher prices which had a positive impact of c€7.1/MWh on average selling price in Spain or €9m at gross profit level. Note that 29% of EDPR wind power output in Spain in 1Q10 (354GWh) were protected by the cap & floor system, 38% of output (463 GWh) were sold forward while just 33% of output (402GWh) 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 2010 EDPR has sold forward 1,400GWh (c50% of expected wind power output out of the cap & floor system) fixing a selling price of €78/MWh (€40MWh pool price + €38/MWh fixed premium).

In the rest of Europe, average tariff rose 2% YoY in 1Q10 following a stable tariff at the French market (growing at inflation rate) and also the increased weight of the Belgium market in the overall portfolio, which has a high fixed price set by a PPA contract. In 1Q10, Poland still had a small contribution in terms of productions.

Overall, gross profit went up by +28% (+€47m), with the main contributions coming from Spain (+€18m, +28% YoY) based on a 53% increase of output and a 17% decline of average price, and Portugal (+€17m, +59% YoY), based on an 8% increase in installed capacity, flat average price and 60% increase of output. In USA the 11% decrease YoY of PTC revenues and other is explained by the 8% depreciation of the USD against the EUR and the YoY decline in 1Q10 of total output from wind farms that receive PTC revenues due to abnormally low load factors in the period .

Electricity Distribution and Last Resource Supply in Portugal

Income Statement (€ m)	1Q10	1Q09	Δ %	Δ Abs.
Gross Profit	**347.7**	**347.8**	**-0.0%**	**-0**
Supplies and services	71.6	68.0	5.4%	+4
Personnel costs	43.8	43.7	0.2%	+0
Costs with social benefits	21.4	23.1	-7.0%	-2
Concession fees	59.6	59.9	-0.5%	-0
Other operating costs (net)	(0.7)	(3.0)	78%	+2
Operating Costs	**195.8**	**191.6**	**2.2%**	**+4**
EBITDA	**151.9**	**156.2**	**-2.7%**	**-4**
Provisions	0.4	0.4	-2.7%	-0
Net depreciation and amortisation	63.4	65.3	-2.8%	-2
EBIT	**88.1**	**90.5**	**-2.6%**	**-2**

Gross Profit Performance	1Q10	1Q09	Δ %	Δ Abs.
Gross Profit (€m)	**347.7**	**347.8**	**-0.0%**	**-0**
Regulated gross profit - current period	340.0	339.5	0.1%	+1
Non-regulated gross profit	7.7	8.3	-6.6%	-1
Distribution Grid				
Reg. revenues - current period (€ m)	312.8	309.2	1.2%	+4
Electricity inflows (GWh)	13,733	12,917	6.3%	+815
Clients connected (th)	6,126.1	6,082.4	0.7%	+44
Last Resource Supply				
Reg. revenues - current period (€ m)	27.8	31.0	-10%	-3
Clients supplied (th)	5,828.4	5,869.3	-0.7%	-41
Electricity inflows (GWh)	9,805	12,454	-21%	-2,649
Wholesale procurement price (€/MWh)	45.2	53.9	-16%	-9
Regulatory Receivables (€ m)				
Beginning of Period	**(508.9)**	**1,145.4**	**-**	**-1,654**
Previous periods tariff deviations (1)	127.3	(1,139.1)	-	+1,266
Tariff deviation in the period	80.3	(41.9)	-	+122
Other (2)	(3.3)	(0.9)	-265%	-2
End of Period	**(304.6)**	**(36.4)**	**-736%**	**-268**

Capex & Opex Performance	1Q10	1Q09	Δ %	Δ Abs.
Controllable Operating Costs (3)	**115.4**	**111.7**	**3.4%**	**+4**
Cont. costs/client (€/client)	18.8	18.4	2.6%	+0
Cont. costs/km of network (€/Km)	526.5	517.0	1.8%	+9
Employees (#)	4,421	4,565	-3.2%	-144
Capex (Net of Subsidies) (€m)	**47.2**	**45.5**	**3.8%**	**+2**
Network ('000 Km)	219.3	216.0	1.5%	+3
Equivalent interruption time (min.) (4)	39	36	8%	+3

EBITDA from electricity distribution and last resource supply activities in Portugal decreased 3% YoY to €152m in 1Q10, reflecting a flat **regulated gross profit** (€340m), in line with what was defined by the regulator (ERSE) for 2010, and a 3% increase of controllable operating costs on the back of adverse weather conditions and increased costs with client 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 established an 8.39% rate of return for the regulated activities (vs. 8.55% in 2009), which set 2010 regulated gross profit at €1,300m.

Electricity inflow into the grid increased 6.3% YoY to 13.7TWh in 1Q10 (+4.6% adjusted for temperature and working days), reflecting an improvement of industrial demand as well as a colder winter.

Distribution grid regulated revenues totaled €313m in 1Q10, in accordance with what was defined by ERSE. In 1Q10, our electricity distribution company, EDP Distribuição (EDP D), recorded a €15m positive tariff deviation to be returned to the tariffs, mostly as a result of a consumption mix (per voltage) more favorable than ERSE's assumptions.

In 1Q10, volumes supplied by our **last resource supplier**, EDP Serviço Universal (EDP SU), fell 26% YoY to 8.5TWh, essentially due to a switching of clients to liberalized suppliers, namely in the industrial segment, with the market share of EDP SU in electricity supply in Portugal falling from 96% in 1Q09 to 69% in 1Q10 (82% in 2009). Looking at electricity purchases, volumes purchased from special regime producers rose 47% YoY and came 41% above ERSE's assumption. EDP SU wholesale procurement price stood at €45/MWh in 1Q10, which is below ERSE's assumption of €51/MWh, however, total cost of electricity purchase came 13% above ERSE's estimate due to an higher than expected avg. cost of special regime generation (€96/MWh vs. ERSE's assumption of €91/MWh). Overall, due to higher volumes purchased from special regime producers at higher costs, EDP SU recorded a €95m negative tariff deviation, to be recovered from the tariffs mostly during 2011.

All in all, an €80m negative tariff deviation was recognized in 1Q10, which along with the devolution trough the tariffs of €127m of tariff deviations from previous periods, among other, translated into an increase of the amount of **regulatory receivables**, from a tariff surplus of €509m as of Dec-09 to a tariff surplus of €305m in Mar-10. 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.

Controllable operating costs increased 3% YoY: i) higher S&S mostly due to higher O&M expenses, following the adverse weather conditions in the beginning of the year, and an increase in costs with client services; ii) personnel costs increased 1% YoY, when excluding severance payments, indemnities and personnel costs capitalization, reflecting both a decrease of the number of employees and a 1.5% annual avg. salary update for 2010 (note that the 2.8% annual avg. salary update for 2009 was not yet reflected in 1Q09 personnel costs). **Costs with social benefits fell 7% YoY** on the back of lower provisions for pension fund and medical care.

Capex amounted to €47m and was mostly dedicated to network expansion and service quality improvement. As a consequence of adverse weather conditions in 1Q10 in Portugal, equivalent interruption time went up 3min. YoY to 39min. in 1Q10.

(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 and Last Resource Supply in Spain

Income Statement (€ m) (1)	1Q10	1Q09	Δ %	Δ Abs.
Gross Profit	**43.6**	**43.0**	**1.3%**	**+1**
Supplies and services	13.9	15.2	-8.3%	-1
Personnel costs	5.1	5.2	-1.8%	-0
Costs with social benefits	0.7	0.7	-1.7%	-0
Other operating costs (net)	(1.6)	(1.4)	-11%	-0
Operating Costs	**18.2**	**19.7**	**-7.7%**	**-2**
EBITDA	**25.4**	**23.3**	**8.9%**	**+2**
Provisions	-	0.1	-	-0
Net depreciation and amortisation	6.9	6.6	4.5%	+0
EBIT	**18.5**	**16.6**	**11%**	**+2**

Gross Profit Performance	1Q10	1Q09	Δ %	Δ Abs.
Gross Profit	**43.6**	**43.0**	**1.3%**	**+1**
Regulated gross profit	38.6	39.1	-1.3%	-1
Las resource supply	2.6	-	-	+3
Other non-regulated gross profit	2.4	3.9	-38%	-2
Regulated Revenues (€ m)	**38.6**	**39.1**	**-1.3%**	**-1**
Distribution	35.3	35.1	0.5%	+0
Transmission	1.8	2.0	-6.4%	-0
Supply	1.5	2.0	-28%	-1
Distribution				
Electricity distributed (GWh)	2,516	2,374	6.0%	+142
Clients connected (th)	645.8	636.3	1.5%	+9
Regulated/Last Resource Supply (1)				
Clients supplied (th)	412.0	549.1	-25%	-137
Electricity supplied (GWh)	374	1,676	-78%	-1,302
Regulatory Receivables (€ m) (2)				
Beginning of Period	**501.4**	**283.7**	**77%**	**+218**
Previous periods tariff deficits (3)	48.7	65.9	-26%	-17
Tariff deficit in the period	-	(7.3)	-	+7
Other (4)	3.9	(7.7)	-	+12
End of Period	**554.0**	**334.6**	**66%**	**+219**

Capex & Opex Performance	1Q10	1Q09	Δ %	Δ Abs.
Controllable Operating Costs (3)	**19.0**	**20.4**	**-6.6%**	**-1**
Cont. costs/client (€/client)	29.5	32.0	-8.0%	-3
Cont. costs/km of network (€/Km)	867	953	-9.0%	-86
Employees (#)	384	367	4.6%	+17
Capex (net of subsidies) (€ m)	**5.2**	**9.8**	**-48%**	**-5**
Network ('000 Km)	21.9	21.4	2.6%	+1
Equivalent interruption time (min.)	14	93	-85%	-79

EBITDA from our electricity distribution and last resource supply activities in Spain increased 9% YoY to €25m in 1Q10, benefiting from higher gross profit and lower supplies and services on the back of a decrease in O&M, marketing and back-office expenses. **Gross profit** increased 1% YoY to €44m in 1Q10, reflecting stable regulated revenues and a €2.6m contribution from our last resource supply company, which started its activity in Jul-09, with the termination of regulated tariffs and introduction of a last resource tariff for LV clients with contracted power less than or equal to 10kW.

Regulated revenues in 1Q10 totaled €39m, 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. Note that this amount does not include €7m for the transmission activity, which has to be sold to REE before July 3rd, 2010 (Law 17/2007). Also note that subsequent to the liberalization process, electricity supply regulated revenues are now related to some activities that distribution companies 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 1Q09. The revival of capital intensive industries reflected into a 6% increase of electricity consumption from HV and MV segments (mostly industrial), while the LV segment (mostly residential) went up by 5% YoY, as it benefitted from a colder and longer winter.

On the **supply** side, following the liberalization process occurred in Jul-09, volumes supplied to clients under the last resource tariff fell 78% when compared to volumes supplied to clients under the regulated tariff in 1Q09. The decrease in the number of clients reflects the switching of clients to the liberalized market, consequence of both the liberalization process and lower market prices when compared to regulated tariffs.

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. 1Q10 Spanish tariff deficit is estimated at €507m for the system as a whole, out of which €31m (6.08%) were attributed to HC Energia (by the end of Mar-10, this amount was not yet reflected in HC Energia's regulatory receivables; the value is still pending financial settlement). For 2010, the Spanish electricity system tariff deficit was estimated at €3.0bn.

Ending Mar-10, HC Energia's **regulatory receivables** amounted to €554m, regarding essentially: i) €232m from the 2009 tariff deficit (estimated at €172m as of Dec-09); and ii) €324m from the 2006-08 acc. tariff deficit (in Apr-10, another step was taken towards the conclusion of the securitization process as the Spanish government approved the RD that completes the regulatory needs for the securitization of tariff deficits).

Controllable operating costs went down 7% YoY, on the back of a decrease in S&S explained by lower O&M, marketing and back-office expenses. Note that 1Q09 O&M expenses were negatively impacted by the Klaus cyclone that affected the north of Spain in the beginning of 2009. This decrease in controllable costs implied a recovery of efficiency ratios.

Capex decreased 48% YoY to €5m in 1Q10, mostly due to a 57% increase in subsidies and lower investments in new markets and new connections. Equivalent interruption time fell 79 min. YoY as 1Q09 was negatively affected by the Klaus cyclone, which damaged our distribution grid.

(1) Last Resource Supply activity started Jul-09, following the liberalization process. (2) Net of CO2 clawback costs. (3) Includes the recovery/payment of previous periods tariff deficits.
(4) Includes interests/financial updates on tariff deficits. (5) Supplies & services and personnel costs.

Gas - Regulated Activity

Income Statement (€ m)	Portugal 1Q10	Portugal 1Q09	Portugal % Δ	Spain 1Q10	Spain 1Q09	Spain % Δ	Total 1Q10	Total 1Q09	Total % Δ
Gross Profit	**18.5**	**8.8**	**111%**	**60.9**	**47.0**	**30%**	**79.4**	**55.7**	**43%**
Supplies and services	2.2	2.7	-18%	7.1	6.2	14%	9.3	8.8	4.6%
Personnel costs	1.5	1.1	32%	5.6	4.8	16%	7.1	5.9	19%
Costs with social benefits	0.1	0.0	188%	0.1	0.1	7.7%	0.2	0.1	40%
Other operating costs(net)	0.1	0.8	-	2.6	1.1	139%	2.7	1.9	41%
Operating Costs	**3.9**	**4.7**	**-17%**	**15.3**	**12.1**	**26%**	**19.2**	**16.8**	**14%**
EBITDA	**14.7**	**4.1**	**257%**	**45.6**	**34.8**	**31%**	**60.2**	**38.9**	**55%**
Provisions	0.0	(0.0)	-	-	-	-	0.0	(0.0)	-
Net depreciation and amortisatio	2.8	2.8	1.6%	14.7	8.3	77%	17.5	11.1	58%
EBIT	**11.9**	**1.4**	**772%**	**30.9**	**26.5**	**16%**	**42.7**	**27.9**	**53%**
Capex (net os subsidies) (€ m)	**6.8**	**3.1**	**118%**	**7.0**	**5.0**	**42%**	**13.8**	**8.1**	**71%**
Distribution	6.8	3.1	118%	2.8	3.3	-15%	9.5	6.4	50%
Transmission	-	-	-	4.3	1.7	151%	4.3	1.7	151%
Employees (#)	**97**	**111**	**-13%**	**374**	**279**	**34%**	**471.0**	**390.0**	**21%**

Regulated Activity	1Q10	1Q09	% Δ	Abs. Δ
Number of Supply Points (th)	**1,198.5**	**898.6**	**33%**	**+300**
Portugal	229.2	205.0	12%	+24
Spain	969	694	40%	+276
Gas Distributed (GWh)	**14,380**	**7,899**	**82%**	**+6,481**
Portugal	1,920	1,638	17%	+281
Spain	12,460	6,260	99%	+6,199
Regulated Revenues (€ m)	**73.9**	**48.2**	**53%**	**+25.7**
Portugal	18.5	8.8	111%	+9.8
Spain	55.3	39.4	40%	+15.9
Distribution	49.3	34.6	43%	+14.7
Transmission	6.0	4.8	26%	+1.2
Network (Km)	**12,618**	**9,128**	**38%**	**+3,490**
Portugal - Distribution	3,547	3,233	9.7%	+314
Spain				
Distribution	8,684	5,556	56%	+3,128
Transmission	387	339	14%	+48

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 only from Jan-10 onwards.

EBITDA from gas regulated activities went up 55% YoY to €60m in 1Q10, due to both the first time consolidation of the assets acquired from Gas Natural and higher regulated revenues from our activities in Spain and Portugal.

In **Spain**, gas regulated activities gross profit went up 30% YoY (+€14m). Excluding the first time consolidation of the assets acquired from Gas Natural, which contributed with an additional €15m in 1Q10, gross profit fell 1% YoY, on the back of a €4m decrease in gross profit from other activities not included in regulated revenues, which include upfront connection fees paid by new clients, meter rentals, clients inspections, among other. **Regulated revenues** increased 40% YoY to €55m: i) the assets acquired from Gas Natural contributed with an additional €13m, regarding c3,000Km of distribution network and 258th points of supply; excluding this contribution, ii) gas distribution regulated revenues grew 5% YoY, reflecting an increase of our network's extension, a 3% rise in the number of supply points to 711th, and higher volumes of gas distributed. Gas distributed through high pressure network (mostly industrials) benefited from recovery of the industrial sector and a particularly low 1Q09. The volume of gas distributed through low pressure network (mostly residentials) remained flat at 3.1TWh in 1Q10; iii) gas transmission regulated revenues rose 26% YoY, due to a 14% 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 €10m YoY to €19m in 1Q10, following a 17% increase of the volumes of gas distributed, supported by a higher number of supply points, and the recognition of the assets revaluations not considered in 2009 regulated revenues.

In Jun-09, the Portuguese regulator (ERSE) set the gas tariffs for Portugal for the year going from Jul-09 to Jun-10. The 9% return on assets for gas distribution, which was set at the beginning of this 3 years regulatory period (Jul-08 to Jun-11) translated into a regulated gross profit of €51m, up 47% YoY.

Controllable operating costs[(1)] increased 10% YoY, due to the first time consolidation of the assets acquired from Gas Natural (+€4m). Excluding this effect, controllable operating costs fell €2m YoY, benefitting from lower O&M and marketing expenses.

Capex increased by €6m YoY to €14m in 1Q10, due to: i) a €2.6m investment on the Bergara-Irun transmission pipeline, which should be fully operational by the end of 2010, representing a total capex of €68m; 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)			
	1Q10	1Q09	Δ %	Δ Abs.	1Q10	1Q09	Δ %	Δ Abs.
Gross Profit	**595.8**	**512.4**	**16%**	**83**	**239.1**	**170.9**	**40%**	**68**
Supplies and services	89.4	71.1	26%	18	35.9	23.7	51%	12
Personnel costs	54.9	55.7	-1.4%	-1	22.0	18.6	19%	3
Costs with social benefits	12.3	20.8	-41%	-8	5.0	6.9	-29%	-2
Other operating costs (net)	26.5	29.2	-9.3%	-3	10.6	9.7	9.2%	1
Operating Costs	**183.2**	**176.8**	**3.6%**	**6**	**73.5**	**59.0**	**25%**	**15**
EBITDA	**412.7**	**335.6**	**23%**	**77**	**165.6**	**111.9**	**48%**	**54**
Provisions	4.3	1.5	-	3	1.7	0.5	251%	1
Net depreciation and amortisation	86.1	78.9	9.1%	7	34.6	26.3	31%	8
EBIT	**322.2**	**255.1**	**26%**	**67**	**129.3**	**85.1**	**51.9%**	**44**
Capital gains/(losses)	-	-	-	0	-	-	-	0
Financial results	(7.0)	(51.5)	-87%	45	(2.8)	(17.2)	-84%	14
Results from associates	(0.1)	(0.4)	-	0	(0.0)	(0.1)	-	0
Pre-tax profit	**315.2**	**203.2**	**55%**	**112**	**126.5**	**67.8**	**87%**	**59**
Income taxes	104.8	69.6	51%	35	42.1	23.2	81%	19
Effective tax rate (%)	33%	34%	-1.0 pp	-0	33%	34%	-1.0 pp	-0
Profit for the period	210.4	133.6	57%	77	84.4	44.6	89%	40
Equity Holders of Energias do Brasil	**185.2**	**105.3**	**76%**	**80**	**74.3**	**35.1**	**111%**	**39**
Minority interests	25.2	28.3	-11%	-3	10.1	9.4	7.5%	1
Capex	**98.4**	**119.0**	**-17%**	**-21**	**39.5**	**39.7**	**-0.6%**	**-0**

Energias do Brasil	1Q10	1Q09	Δ %
Share price at end of period (R$/share)	34.20	24.25	41%
Number of ahares Issued (million)	158.8	158.8	0%
Treasury stock (million)	0.3	15.8	-98%
Number of shares owned by EDP (million)	102.9	102.9	0%
Real/Euro - End of period rate	2.40	3.08	28%
Real/Euro - Average of period rate	2.49	3.00	20%
Inflation rate (IGP-M - 12 months)	2.7%	0.0%	-
Interest rate (SELIC)	8.75	12.65	-390 pp
Employees (#)	2,361	2,334	27

Key Balance Sheet Figures (€ m)	1Q10	1Q09	Δ %
Net financial debt	775	828	-6%
Regulatory receivables	-2	55	-
Minority interests	728	552	32%
Equity book value	1,914	1,199	

Rating & Debt Ratios	1Q10	1Q09	Δ %
Net debt / EBITDA	1.2x	1.8x	
			Moody's
Energias do Brasil			**Ba1/Sta**
Last Rating action			08-04-10

In local currency, EDP Energias do Brasil's 1Q10 EBITDA rose 23% YoY driven by (i) a strong recovery of electricity demand, (ii) positive impact from tariff deviations in distribution; (iii) lower quarterly sales in generation and (iv) an increase in energy sold by our supply company Enertrade.

In 1Q10, EDP Energias do Brasil's contribution to consolidated **EBITDA was positively affected by the 20% appreciation of the Real against the Euro** (+€28m impact on EBITDA).

Note that 1Q10 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 1Q10 and (2) R$13m HR restructuring costs related to headcount reduction program in 1Q09.

In Nov-09, EDP Energias do 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.

As a result of this deal which implied gross proceeds of R$442m (€170m), **net financial debt decreased 6% YoY in EUR terms (-27% in BRL terms)** and average maturity in debt is 4.4 years in Mar-10. **Net financial costs in BRL terms decreased 87% YoY** impacted by: (1) the decline in net debt; (2) lower average cost of debt (from 11% in 1Q09 to 7.7% in 1Q10) and (3) R$11m one-off positive impact in the cost unwinding related to a new law that exempts interest costs on overdue tax payments.

As a result of EDP Energias do Brasil's good performance in terms of free cash flow generation, Moody's maintained the rating of the company and Standard & Poor's raised the ratings of the distributors EDP Bandeirante and EDP Escelsa.

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 decreased due to lower 1Q10 results in our generation activity, in which we do not have 100% ownership.

Overall, EDP Energias do Brasil net profit in 1Q10 (under IFRS) rose 76% YoY in BRL.

The Annual General Meeting approved an **annual dividend** of R$296.3m, corresponding to R$1.87 per share to be paid during the 2Q10.

Brazil: Electricity Distribution

Income Statement (R$ m)	1Q10	1Q09	Δ %	Δ Abs.
Gross Profit	**400.6**	**304.3**	**32%**	**+96**
Supplies and services	68.6	55.7	23%	+13
Personnel costs	39.7	40.8	-2.8%	-1
Costs with social benefits	11.5	14.9	-23%	-3
Other operating costs (net)	28.7	18.6	54%	+10
Operating Costs	**148.5**	**130.0**	**14%**	**+18**
EBITDA	**252.2**	**174.3**	**45%**	**+78**
Provisions	3.7	2.1	76%	+2
Net deprec. and amortisation	45.4	41.2	10%	+4
EBIT	**203.1**	**130.9**	**55%**	**+72**

Gross Profit Performance	1Q10	1Q09	Δ %	Δ Abs.
IFRS Gross Profit	**401**	**304**	**32%**	**+96**
Tariff Deviation (1)	(27)	38	-	-65
Deviat. from previous year (2)	(30)	(30)	-1.3%	+0
Others	2	7	-71%	-5
Brazilian GAAP Gross Profit	**346**	**319**	**8.3%**	**+27**
Regulatory Receivables (R$ m)	**(6)**	**164**	**-**	**-170**
Clients Connected (th)	**2,679.9**	**2,612.8**	**2.6%**	**+67**
Bandeirante	1,474.2	1,457.7	1.1%	+16
Escelsa	1,205.8	1,155.1	4.4%	+51
Electricity Distributed (GWh)	**5,959**	**4,964**	**20%**	**+995**
Bandeirante	3,547	3,165	12%	+382
Escelsa	2,413	1,799	34%	+613
From which:				
To clients in Free Market (GWh)	2,216	1,592	39%	+624
Electricity Sold (GWh)	**3,744**	**3,372**	**11%**	**+371**
Bandeirante	**2,220**	**2,034**	**9.1%**	**+186**
Resid., Commerc. & Other	1,471	1,399	5.2%	+73
Industrial	749	635	18%	+113
Escelsa	**1,524**	**1,338**	**14%**	**+185**
Resid., Commerc. & Other	1,272	1,114	14%	+158
Industrial	252	224	12%	+28

Capex & Opex Performance	1Q10	1Q09	Δ %	Δ Abs.
Controllable Operating Costs (3)	**108.3**	**96.5**	**12%**	**+12**
Cont. costs/client (R$/client)	40.4	36.9	9.4%	+3
Cont. costs/km (R$/Km)	4.1	3.5	16%	+1
Employees (#)	2,003	2,016	-0.6%	-13
Capex (net of subsidies) (R$m)	**50.0**	**51.7**	**-3.3%**	**-2**
Network ('000 Km)	26.4	27.3	-3.3%	-1

In electricity distribution in Brazil, the **EBITDA in 1Q10 was up 45% YoY to BRL252m.** Excluding tariff deviations, EBITDA rose 4% YoY to BRL197m. Gross profit in 1Q10 surged 32% YoY mainly reflecting:

(1) Strong recovery of electricity volumes sold and distributed in 1Q10: Volume of electricity sold increased by 11% YoY in 1Q10 (+9% in EDP Bandeirante and +14% in EDP Escelsa). In the residential & commercial segment, volume sold in 1Q10 rose 9% YoY 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 16% in 1Q10 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 39% YoY in 1Q10, reflecting a strong recovery of demand namely from the mining and steel sectors and a weak 1Q09 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).

(3) Positive impact from tariff deviations at gross profit level was higher in 1Q10 than in 1Q09. 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 1Q10 amounted to R$30m (in line with 1Q09). On the other hand, a new positive tariff deviation of R$27m was created in 1Q10 (vs. negative tariff deviation of R$38m in 1Q09). This positive tariff deviation was created due to: (1) appreciation of BRL against USD, 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$164m pending collection in Mar-09 to R$6m in Mar-10 which are owed to consumers and will be paid back by EDP Brasil in the next tariff revision.

Personnel costs decreased 3% YoY as a result of staff reduction and efficiency programs implemented. Suplies and services increased due to: (1) adverse weather conditions (storms and floods) in 1Q10, 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 1Q10 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			
	1Q10	1Q09	Δ %	Δ Abs.
Gross Profit	**182.6**	**198.2**	**-7.9%**	**-16**
Supplies and services	12.4	8.4	47%	+4
Personnel costs	9.0	9.7	-7.7%	-1
Costs with social benefits	0.6	1.0	-42%	-0
Other operating costs (net)	2.8	3.3	-15%	-0
Operating Costs	**24.7**	**22.4**	**10%**	**+2**
EBITDA	**157.9**	**175.9**	**-10%**	**-18**
Provisions	(0.5)	(0.6)	-11%	+0
Net depreciation and amortisation	37.1	34.2	8.5%	+3
EBIT	**121.3**	**142.3**	**-15%**	**-21**

Generation	1Q10	1Q09	Δ %	Δ Abs.
Gross Profit (R$ m)	**182.6**	**198.2**	**-7.9%**	**-16**
Lajeado	72.7	83.9	-13%	-11
Peixe Angical	63.2	70.8	-11%	-8
Energest (15 hydro plants)	46.7	43.5	7.4%	+3
Installed Capacity - Hydro (MW)	**1,734**	**1,697**	**2.2%**	**+38**
Lajeado	903	903	-	-
Peixe Angical	452	452	-	-
Energest (15 hydro plants)	380	342	11%	+38
Electricity Sold (GWh)	**1,781**	**1,890**	**-5.7%**	**-108**
Lajeado	711	795	-11%	-84
Peixe Angical	538	553	-3%	-16
Energest (15 hydro plants)	533	542	-2%	-9
Average Selling Price (R$/MWh)	**119.1**	**116.3**	**2.4%**	**+3**
Lajeado	103.5	103.0	0.4%	+0
Peixe Angical	149.7	146.7	2.0%	+3
Energest (15 hydro plants)	109.2	104.8	4.2%	+4
Capex (R$ million)	**50.0**	**51.7**	**-3.3%**	**-2**
Maintenance	6.2	4.6	36%	+2
Expansion	43.8	47.2	-7.1%	-3
Pécem	35.8	13.7	162%	+22
Other	8.0	33.5	-76%	-25
Employees (#)	**263**	**247**	**6%**	**+16**

Supply	1Q10	1Q09	Δ %	Δ Abs.
Gross profit (R$ m)	11.0	9.9	11%	+1
Operating costs (R$ m)	(3.9)	6.6	-	-11
EBITDA (R$ m)	14.9	3.3	356%	+12
				-
Electricity sales (GWh)	2,086	1,727	21%	+359
Number of clients (#)	128	86	49%	+42

GENERATION:

EBITDA in our electricity generation activities in Brazil decreased 10% driven by a 8% decline in gross profit. Note that the 1Q10 EBITDA is penalised by a low volume of energy sold, a negative impact that should be reverted over the rest of 2010.

Installed capacity increased by 2% as a result of the start up of Santa Fé (+29MW in 2Q09) mini hydro and the repowering of Suiça (+2.9MW in 4Q09) and Rio Bonito (+3.8MW in 4Q09 and +1.9MW in 1Q10).

Electricity volume sold decreased 6% YoY in 1Q10 impacted by our quarterly allocation of PPA's yearly contracted volumes, which imply an allocation of more volume in the second half of the year, when spot prices are expected to increase.

Average selling price rose 2% YoY in 1Q10. 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 10% YoY reflecting an abnormal concentration of supplies and services in 1Q10, which should be diluted over 2010.

Capex decreased by 3% YoY to R$50m. Expansion capex represents 88% of total capex from which 82% refers to the construction of Pécem coal plant (62% of progress achieved). The start-up is scheduled to the end of 2011 and the accumulated capex amounted to R$777m by Mar-10. Until the start-up of Pecém coal plant, we expect to invest around R$650m. The "other expansion capex" decreased by R$25M mainly driven by the end of construction of Santa Fé, the repowering of Suiça and Rio Bonito. In 1Q10 other expansion capex is related to the repowering of Mascarenhas (17.5MW), which conclusion is expected for 2012.

EDP Energias do Brasil holds a 50% stake in **Pecém coal plant,** in partnership with MPX Mineração e Energia (proportional consolidation). 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, which is already contracted.

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 1Q10, EBITDA in supply increased by R$12m YoY** due to: (1) 21% increase of electricity sold and a 49% increase in the number of clients; (2) a one-off gain in 1Q10 due to an agreement with a costumer on a contract termination (R$6m) and (3) end in 3Q09 of the accounting of provision associated to the supply contract with Ampla (R$4m in 1Q09).

Income Statements

Income Statement by Business Area

1Q10 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	Wind Power	Brazil	Other & Adjustments	EDP Group
Gross Profit	**264.4**	**216.8**	**470.7**	**219.2**	**239.1**	**(7.8)**	**1,402.3**
Supplies and services	23.8	33.0	94.8	42.5	35.9	(35.6)	194.2
Personnel costs	19.2	13.3	56.0	12.9	22.0	27.2	150.5
Costs with social benefits	5.8	0.5	22.3	0.4	5.0	(1.2)	32.8
Concession rents	1.3	-	59.6	1.9	-	(0.1)	62.7
Other operating costs (net)	0.5	8.4	0.5	(23.1)	10.6	25.8	22.5
Operating costs	**50.6**	**55.3**	**233.2**	**34.7**	**73.5**	**16.1**	**462.7**
EBITDA	**213.8**	**161.6**	**237.6**	**184.5**	**165.6**	**(23.9)**	**939.6**
Provisions	(0.3)	0.3	0.4	(0.0)	1.7	8.0	10.1
Net depreciation and amortisation (1)	57.8	49.5	87.9	94.0	34.6	17.2	340.9
EBIT	**156.4**	**111.8**	**149.3**	**90.6**	**129.3**	**(49.0)**	**588.6**

1Q09 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	Wind Power	Brazil	Other & Adjustments	EDP Group
Gross Profit	**259.0**	**217.2**	**446.5**	**171.8**	**170.9**	**(4.5)**	**1,260.8**
Supplies and services	19.3	31.0	92.0	34.8	23.7	(35.2)	165.5
Personnel costs	18.6	14.7	54.8	10.1	18.6	24.5	141.3
Costs with social benefits	4.7	1.4	23.9	(0.6)	6.9	(0.8)	35.4
Concession rents	0.8	0.3	59.9	1.3	-	(0.4)	61.8
Other operating costs (net)	(0.8)	6.7	(2.5)	(28.1)	9.7	22.6	7.6
Operating costs	**42.6**	**53.9**	**228.1**	**17.4**	**59.0**	**10.7**	**411.7**
EBITDA	**216.4**	**163.2**	**218.4**	**154.4**	**111.9**	**(15.2)**	**849.1**
Provisions	(0.4)	3.6	0.5	(0.1)	0.5	0.6	4.7
Net depreciation and amortisation (1)	63.0	51.4	83.0	69.9	26.3	18.7	312.3
EBIT	**153.7**	**108.3**	**135.0**	**84.6**	**85.1**	**(34.5)**	**532.1**

(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	-	-	-
Gas Sales	316.3	199.8	177.9	250.6	324.0	-	-	-
Other Sales	12.6	20.4	18.7	73.4	18.4	-	-	-
Services Provided	37.9	44.9	62.8	48.9	55.1	-	-	-
Operating Revenues	**3,233.3**	**2,656.5**	**2,965.9**	**3,342.5**	**3,494.3**	**-**	**-**	**-**
Electricity	1,464.8	1,045.2	1,343.9	1,486.6	1,688.5	-	-	-
Gas	218.3	128.0	98.5	196.4	221.4	-	-	-
Fuel	272.3	273.4	287.3	222.7	172.4	-	-	-
Materials and goods for resale	17.1	16.8	11.1	10.5	9.7	-	-	-
Direct Activity Costs	**1,972.5**	**1,463.5**	**1,740.8**	**1,916.1**	**2,092.0**	**-**	**-**	**-**
Gross Profit	**1,260.8**	**1,193.0**	**1,225.1**	**1,426.4**	**1,402.3**	**-**	**-**	**-**
Supplies and services	165.5	187.9	176.3	238.4	194.2	-	-	-
Personnel costs	141.3	142.5	124.5	131.7	150.5	-	-	-
Costs with social benefits	35.4	30.6	44.1	48.2	32.8	-	-	-
Concession fees	61.8	62.5	61.9	62.4	62.7	-	-	-
Other operating costs (net)	7.6	8.0	1.8	9.8	22.5	-	-	-
Operating costs	**411.7**	**431.5**	**408.5**	**490.6**	**462.7**	**-**	**-**	**-**
EBITDA	**849.1**	**761.4**	**816.6**	**935.8**	**939.6**	**-**	**-**	**-**
Provisions	4.7	14.1	15.2	40.7	10.1	-	-	-
Net depreciation and amortisation (1)	312.3	300.1	308.5	397.7	340.9	-	-	-
EBIT	**532.1**	**447.2**	**492.8**	**497.4**	**588.6**	**-**	**-**	**-**
Capital gains/(losses)	12.9	15.0	2.8	29.1	5.8	-	-	-
Financial Results	(165.5)	(121.7)	(92.1)	(107.4)	(118.1)	-	-	-
Results from associated companies	4.6	9.1	7.2	4.3	6.9	-	-	-
Pre-tax profit	**384.1**	**349.6**	**410.6**	**423.4**	**483.2**	**-**	**-**	**-**
Income taxes	88.0	105.5	115.6	90.6	129.0	-	-	-
Discontinued Activities	-	-	-	-	-	-	-	-
Net Profit for the period	296.1	244.1	295.0	332.7	354.2	-	-	-
Net Profit Attributable to EDP	**265.3**	**214.1**	**268.6**	**275.8**	**309.2**	**-**	**-**	**-**
Minority interests	30.8	30.0	26.4	57.0	45.0	-	-	-

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

Income Statement by Business Area

1Q10 (€ m)	Generation Iberia	Supply Iberia	EDP Renováveis	Distribution Iberia	Gas Iberia	Energias do Brasil	Other & Adjustments	EDP Group
Operating Revenues	**947.8**	**595.7**	**218.9**	**1,454.8**	**410.1**	**481.5**	**(614.5)**	**3,494.3**
Direct Activity Costs	**501.7**	**581.1**	**(0.3)**	**1,063.5**	**310.3**	**242.4**	**(606.8)**	**2,092.0**
Gross Profit	**446.1**	**14.6**	**219.2**	**391.3**	**99.8**	**239.1**	**(7.8)**	**1,402.3**
Supplies and services	38.6	12.6	42.5	85.5	14.6	35.9	(35.6)	194.2
Personnel costs	28.2	3.4	12.9	48.9	7.9	22.1	27.1	150.5
Costs with social benefits	6.2	0.1	0.4	22.1	0.2	5.0	(1.2)	32.8
Other operating costs (net)	8.7	0.5	(21.1)	57.4	3.5	10.6	25.7	85.2
Operating costs	**81.6**	**16.6**	**34.7**	**214.0**	**26.3**	**73.5**	**16.1**	**462.7**
EBITDA	**364.5**	**(2.0)**	**184.5**	**177.3**	**73.5**	**165.6**	**(23.9)**	**939.6**
Provisions for risks and contigencies	0.1	(0.1)	(0.0)	0.4	0.0	1.7	8.0	10.1
Net depreciation and amortisation (1)	106.1	1.0	94.0	70.4	17.6	34.6	17.2	340.9
EBIT	**258.3**	**(2.9)**	**90.6**	**106.6**	**55.9**	**129.3**	**(49.0)**	**588.6**

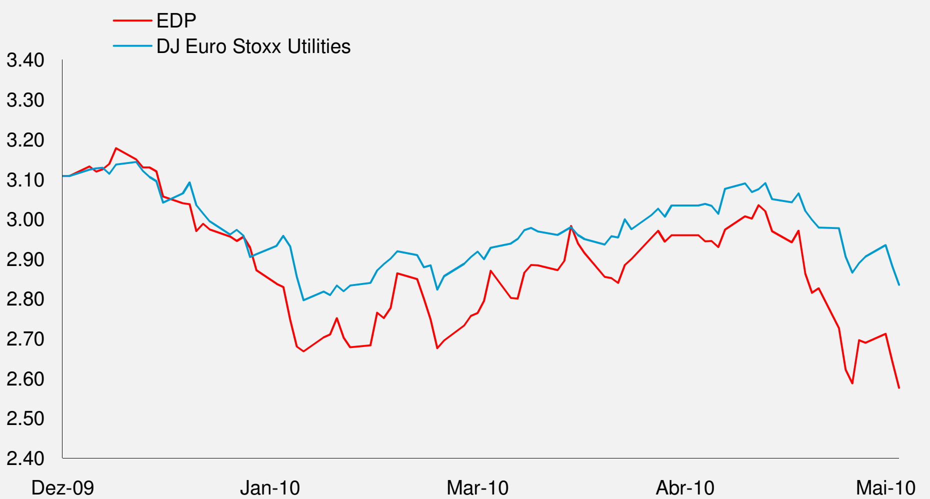
1Q09 (€ m)	Generation Iberia	Supply Iberia	EDP Renováveis	Distribution Iberia	Gas Iberia	Energias do Brasil	Other & Adjustments	EDP Group
Operating Revenues	**811.0**	**334.3**	**173.4**	**1,499.7**	**371.6**	**371.7**	**(328.3)**	**3,233.3**
Direct Activity Costs	**385.3**	**319.6**	**1.6**	**1,108.9**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

(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'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

EDP Stock Market Performance	YTD	52W (05-05-2010)	2009
EDP Share Price (Euronext Lisbon - €)			
Close	2.58	2.58	3.11
Max	3.19	3.22	3.22
Min	2.47	2.47	2.34
Average	2.84	2.92	2.88
EDP's Liquidity in Euronext Lisbon			
Turnover (€ m)	2,440	6,115	5,027
Average Daily Turnover (€ m)	27	23	19
Traded Volume (million shares)	859	2,093	1,743
Avg. Daily Volume (million shares)	9.6	8.0	6.7
EDP Market Value			
Market Capitalisation (€ m)	9,419	-	11,365
Enterprise Value (€ m)	26,853	-	28,059

Source: Bloomberg

EDP - Installed capacity & electricity generation

Installed Capacity - MW (1)	1Q10	1Q09	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**	**434**	**38**	**9%**
Small-Hydro	160	160	-	
Cogeneration+Waste	275	257	18	
Biomass	38	18	21	
Liberalised Electricity Generation	**6,023**	**5,096**	**927**	**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	**3,276**	**2,405**	**871**	**36%**
Ribatejo (3 groups)	1,176	1,176	-	
Lares (2 groups)	863	-	863	
Castejón (2 group)	811	811	0	
Soto IV (1 group)	426	418	8	
Nuclear	**156**	**156**	**-**	
Trillo	156	156	-	
Gasoil	**221**	**165**	**56**	
Tunes + Barreiro	221	165	56	
Wind (More detail on page 16)	**5,567**	**4,512**	**1,055**	**23%**
Europe	2,930	2,477	453	
USA	2,624	2,022	602	
Brazil	14	14	-	
Brazil (Ex-Wind)	**1,734**	**1,697**	**38**	**2.2%**
Hydro	**1,734**	**1,697**	**38**	**2.2%**
Lajeado	903	903	-	
Peixe Angical	452	452	-	
Energest	380	342	38	
TOTAL	**20,728**	**18,727**	**2,002**	**11%**

Electricity Generation (GWh)	1Q10	1Q09	Δ GWh	Δ 10/09
PPA/CMEC	**6,081**	**5,263**	**818**	**16%**
Hydro	**5,325**	**2,845**	**2,480**	**87%**
Run off the river	3,403	1,870	1,533	
Reservoir	1,922	975	947	
Coal	**754**	**2,207**	**-1,453**	**-66%**
Sines	754	2,207	-1,453	
Fuel oil	**2**	**211**	**-209**	**-99%**
Setúbal	-2	186	-187	
Carregado	4	1	3	
Barreiro	-	25	-25	
Special Regime (Ex-Wind)	**747**	**599**	**148**	**25%**
Small-Hydro	278	169	109	
Cogeneration+Waste	424	415	9	
Biomass	45	15	30	
Liberalised Electricity Generation	**3,956**	**4,594**	**-638**	**-14%**
Hydro	**957**	**581**	**376**	**65%**
Portugal	581	216	365	
Spain	376	365	11	
Coal	**737**	**2,390**	**-1,654**	**-69%**
Aboño I	432	587	-155	
Aboño II	89	915	-826	
Soto Ribera II	179	322	-143	
Soto Ribera III	37	566	-529	
CCGT	**1,959**	**1,476**	**483**	**33%**
Ribatejo (3 groups)	789	1,287	-497	
Lares (2 groups)	312	-	312	
Castejón (2 group)	565	102	463	
Soto IV (1 group)	293	87	205	
Nuclear	**303**	**147**	**156**	**107%**
Trillo	303	147	156	
Gasoil	**0**	**-**	**0**	
Tunes + Barreiro	0	-	0	
Wind	**3,639**	**2,845**	**794**	**28%**
Europe	1,856	1,163	694	
USA	1,777	1,675	102	
Brazil	6	8		
Brazil (Ex-Wind)	**2,145**	**2,116**	**29**	**1.3%**
Hydro	**2,145**	**2,116**	**29**	**1.3%**
Lajeado	1,074	1,067	7	
Peixe Angical	626	612	14	
Energest	446	438	8	
TOTAL	**16,567**	**15,417**	**1,150**	**7%**

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

EDP - Volumes distributed, clients connected and networks

ELECTRICITY

Electricity Distributed (GWh)	1Q10	1Q09	Δ GWh	Δ %
Portugal	**12,241**	**11,897**	**345**	**2.9%**
Very High Voltage	310	373	-63	-17%
High / Medium Voltage	5,065	4,714	351	7.4%
Low Voltage	6,866	6,810	57	0.8%
Spain	**2,516**	**2,374**	**142**	**6.0%**
High / Medium Voltage	1,747	1,643	104	6.3%
Low Voltage	769	731	38	5.2%
Brazil	**5,959**	**4,964**	**995**	**20%**
Free Clients	2,216	1,592	624	39%
Industrial	1,001	860	141	16%
Residential, Comercial & Other	2,743	2,513	230	9.2%
TOTAL	**20,716**	**19,234**	**1,482**	**7.7%**

Clients Connected (th)	1Q10	1Q09	Abs. Δ	Δ %
Portugal	**6,126**	**6,082**	**43.7**	**0.7%**
Very High / High / Medium Voltage	24	23	0.3	1.3%
Special Low Voltage	33	33	0.8	2.3%
Low Voltage	6,069	6,027	42.6	0.7%
Spain	**646**	**636**	**9.5**	**1.5%**
Final	412	549	-137.1	-25%
Access	234	87	146.5	168%
Brazil	**2,680**	**2,613**	**67.1**	**2.6%**
Bandeirante	1,474	1,458	16.4	1.1%
Escelsa	1,206	1,155	50.7	4.4%
TOTAL	**9,452**	**9,331**	**120.3**	**1.3%**

Networks	1Q10	1Q09	Abs. Δ	Δ %
Lenght of the networks (Km)	**324,884**	**317,637**	**7,246**	**2.3%**
Portugal	219,280	216,009	3,271	1.5%
Spain	21,944	21,382	562	2.6%
Brazil	83,660	80,246	3,413.3	4.3%
Losses (% of electricity delivered to the grid)				
Portugal	-10.9%	-7.9%	-3.0 pp	
Spain	-4.2%	-4.1%	-0.1 pp	
Brazil				
Bandeirante	-11.0%	-11.0%	-0.1 pp	
Technical	-5.3%	-5.2%	-0.1 pp	
Comercial	-5.8%	-5.8%	0.0 pp	
Escelsa	-15.2%	-14.9%	-0.3 pp	
Technical	-8.4%	-9.1%	0.7 pp	
Comercial	-6.7%	-5.8%	-1.0 pp	

GAS

Gas Distributed (GWh)	1Q10	1Q09	Δ GWh	Δ %
Portugal	**1,920**	**1,638**	**281**	**17%**
Low Pressure (P ≤ 4 Bar)	915	857	58	7%
Medium Pressure (P > 4 Bar)	993	769	224	29%
LPG	12	12	-0	-3.9%
Spain	**12,460**	**6,260**	**6,199**	**99%**
Low Pressure (P ≤ 4 Bar)	7,565	3,133	4,432	141%
Medium Pressure (P > 4 Bar)	4,895	3,128	1,768	57%
TOTAL	**14,380**	**7,899**	**6,481**	**82%**

Points of Supply (th)	1Q10	1Q09	Abs. Δ	Δ %
Portugal	**229.2**	**205.0**	**24.2**	**12%**
Final	229.0	204.9	24.1	12%
Access	0.1	0.1	0.1	124%
Spain	**969.4**	**693.7**	**275.7**	**40%**
Final	-	-	-	-
Access	969.4	693.7	275.7	40%
TOTAL	**1,198.5**	**898.6**	**299.9**	**33%**

Networks	1Q10	1Q09	Abs. Δ	Δ %
Lenght of the networks (Km)	**12,618**	**9,128**	**3,490**	**38.2%**
Portugal	3,547	3,233	314	10%
Spain	9,071	5,895	3,176	54%
Distribution	8,684	5,556	3,128	56%
Transmission	387	339	48	14%

EDP - Sustainability performance

2010 Main Events

- **Jan: EDP** classified as **"Gold Class SAM 2010"** by SAM in "The Sustainability Yearbook 2010";
- **Jan:** HC Energía joins the **"Redes 2025"** project: R&D iniciative launched by the *Plataforma Tecnológica Española de Redes del Futuro*;
- **Jan**: **EDP** to support 4 projects of social solidarity within the scope of the 1st edition of the program **"EDP Solidária Barragens"**;
- **Feb: InovGrid** receives **"Optimus Innovation Awards"**;
- **Jan/Mar: Energias do Brasil -** hydro power plants of São João (25MW) and Paraíso (21MW) achieve ISO 14001 certification; Lajeado hydro power plant (903MW) obtains ISO 14001 and OHSAS 18001 certifications;
- **Mar:** At the **"Top Portuguese League Table"** study, from Brand Finance, EDP brand received **"Rating" AA**;

EDP Internal Sustainability Index (base 2006)

	1Q10	1Q09	Δ %
Sustainability Index	**133**	**123**	**8.0%**
Environmental	155	135	15%
%Weight	36%	36%	
Economic	120	118	1.7%
%Weight	33%	33%	
Social	121	115	5.7%
%Weight	31%	31%	

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

Economic Metrics

Economic Metrics	1Q10	1Q09	Δ %
Economic Value (€m)(1)			
Directly Generated	3,389	3,085	9.8%
Distributed	2,485	2,286	8.7%
Accumulated	904	799	13%

Social Metrics

Social Metrics	1Q10	1Q09	Δ %
Empoyees (c)	**12,037**	**11,992**	**0.4%**
Training (hours trainee)	**97,277**	**73,753**	**32%**
On-duty Accidents	**11**	**15**	**-27%**
EDP Severity Rate (Tg)	108	149	-27%
EDP Frequency rate (Tf)	2.06	2.79	-26%

Environmental Metrics

Environmental Metrics	1Q10	1Q09	Δ %
Absolute Atmospheric Emissions (kt) (a)			
CO_2	2,637.4	5,644.9	-53%
NOx	3.1	10.8	-71%
SO_2	3.1	7.4	-58%
Particle	0.152	0.444	-66%
Specific Atmospheric Emissions (g/KWh)			
CO_2	156.93	356.94	-56%
NOx	0.18	1.41	-87%
SO_2	0.19	0.97	-81%
Primary Energy Consumption (TJ) (b)	**32,712**	**47,895**	**-32%**
Max. Net Certified Capacity (%)	**66%**	**64%**	**2 pp**
Water Use (10^3 m^3)	**207,877**	**456,237**	**-54%**
Total Waste (t) (e)	**84,834**	**173,346**	**-51%**
Environmental Costs (€ th)	**13,161**	**24,007**	**-45%**
Environmental Fees and Penalties (€ th)	**3.0**	**6.5**	**-54%**

Environmental Metrics - CO_2 Emissions

CO_2 Emissions	Absolute ($ktCO_2$)		Specific (t/MWh)		Generation (d) (GWh)	
	1Q10	1Q09	1Q10	1Q09	1Q10	1Q09
PPA/CMEC	**716**	**2,135**			**756**	**2,789**
Coal	701	1,920	0.93	0.87	754	2,207
Fuel Oil & Natural Gas	15	215	6.82	0.37	2	582
Liberalised	**1,794**	**3,302**			**2,696**	**3,866**
Coal	1,025	2,753	1.39	1.15	737	2,390
CCGT	769	550	0.39	0.37	1,959	1,476
Special Regime	**127**	**208**	**0.13**	**0.34**	**1,010**	**602**
Thermal Generation	**2,637**	**5,645**	**0.59**	**0.78**	**4,462**	**7,258**
CO_2 Free Generation					**12,344**	**8,557**
CO_2 Emissions			**0.16**	**0.36**	**16,806**	**15,815**

(a) Excluding vehicle fleet.
(b) Including vehicle fleet.
(c) Excluding Corporate Bodies.
(d) Includes heat generation (544 GWh: 1Q09 and 541 GWh: 1Q10).
(e) Waste sent to final disposal.

(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)	Mar-10	Dec-09
Intangible assets		
Concession		
Portugal		
Electricity		
Distribution	2,406.2	2,424.5
Generation	121.0	123.0
Gas	268.3	264.0
Brazil		
Electricity		
Distribution and transport	879.5	849.4
Tangible fixed assets	(5,719.9)	(5,684.2)
Receivables for Concessions - IFRIC 12	395.3	370.3
Total impact on Assets	**(1,649.6)**	**(1,653.1)**
Allowances and asset investment - not current	(1,516.5)	(1,519.0)
Allowances and investment assets - current	(133.1)	(134.1)
Total impact on Liabilities	**(1,649.6)**	**(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)	1Q10	1Q09
Amortization of concession rights	76.4	69.2
Depreciation of tangible fixed assets	(101.1)	(92.5)
Compensation for depreciation	24.6	23.3
Other	0.1	-
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.