



Financial Results 2008

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Table of contents



2008 Performance	- 3 -
EDP Share Performance	- 4 -
Consolidated Financial Statements	- 5 -
EBITDA Overview	- 6 -
Capital Expenditures	- 7 -
Cash Flow	- 8 -
Financial Debt and Provisions for Social Benefits	- 9 -
Profit & Loss Items below EBITDA	- 10 -
Business Areas	
Iberian Electricity Market	- 12 -
Iberian Generation & Supply	- 13 -
EDP Renováveis	- 16 -
Distribution in Portugal	- 18 -
Distribution in Spain	- 19 -
Regulated Gas	- 20 -
Liberalized Gas	- 21 -
Brazil: Energias do Brasil	- 22 -
Financial Statements & Annex	- 25 -

2008 Performance



Results Summary (€ m)	2008	2007	Δ 08/07
Gross Profit	4.897,2	4.553,9	7,5%
Operating Costs	1.742,2	1.925,6	-9,5%
EBITDA	3.154,9	2.628,3	20,0%
EBIT	1.930,9	1.560,3	23,7%
Net Profit	1.091,9	907,3	20,3%
Net Debt	13.889,5	11.692,2	18,8%

Operating Data	2008	2007	Δ 08/07
Electricity:			
Installed Capacity (MW)	18.419	15.654	17,7%
Generation (GWh)	48.905	48.595	0,6%
Distribution (GWh)	84.188	84.162	0,0%
Retail (GWh)	93.938	88.780	5,8%
Clients (thousand)	9.337	9.912	-5,8%
Gas:			
Distribution (GWh)	23.381	22.791	2,6%
Retail (GWh)	28.957	25.286	14,5%
Clients (thousand)	829	792	4,7%
Employees (Group)	12.245	13.097	-6,5%

Consolidated EBITDA grew 20% (€527m) in 2008, to €3,155m in 2008, mainly driven by: (1) wind operations (+€224m), on larger scale of operations, (2) distribution business (+€314m) on higher revenues from regulated activities in Spain, continuing efficiency improvements and lower non-recurrent costs, (3) resilience from Iberian generation & supply supported by low-risk, stable profile of PPA/CMECs (27% of total EBITDA). Even so, EBITDA growth was penalized by the lower amount of regulatory receivables recovered in Brazil.

Consolidated EBIT grew 24% (+€371m) in 2008, with EBITDA growth being partially compensated by a €175m increase in depreciation and amortization charges. Growth in depreciation and amortization is backed by increasing installed capacity, particularly in wind, and by a €50m cost resulting from accelerated depreciation/impairment of Enerul's (swaped by a controlling stake in hydro plant Lajeado) concession rights.

Net financial costs rose by €397m in 2008, mainly reflecting: (1) Higher net financial interests paid (+34% YoY) following higher average gross debt (+27% YoY) and the group's average cost of debt 5bp lower (at c5.6%); (2) Higher other financials costs mainly resulting from impairment losses (€288m) in respect of both the investment in Ampla (€21m) and the decrease in market value of EDP's stakes in BCP (€200m) and Sonaecom (€67m).

Net profit rose 20% in 2008, to €1,092m, fuelled by capital gains worth €482m, mainly including: (1) €405m resulting from the dilution of EDP's stake in EDP Renováveis, (2) €49m gain booked on the sale of stakes in Turbogás (40%) and Portugal (27%), (3) €17m gain booked on the disposal of a 1,5% minimum interest in REN (1Q08); and (4) a €4.8m gain booked on the exercise of EDP's put option over the 40% owned in Edinfor (1Q08). Net profit adjusted for non-recurrent issues after taxes (capital gains, restructuring costs, Enersul related one-off costs and impairments), rose 7% to €925m.

Net debt in the end of 2008 amounted €13.9bn, up from €11.7bn in 2007, mainly reflecting the increase in regulatory receivables (+€1.2bn), expansion capex 1.5x higher (at €2.8bn) and €759m payment for hydro domain; which was only partially compensated by the strong cash flow generation and the IPO of EDP Renováveis.

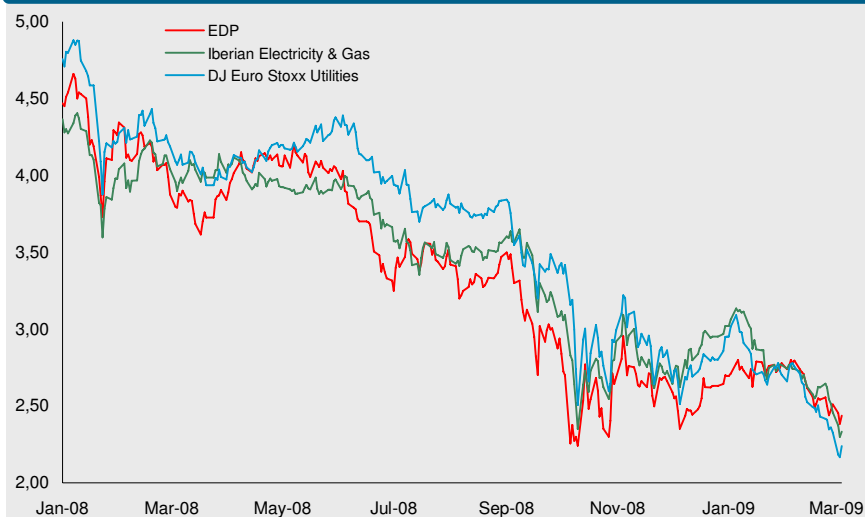
In 2008, EDP's **capex** amounted €3.6bn, 78% of which devoted to expansion projects. On top of an 18% increase in installed capacity in 2008, EDP had 3,330MW of new capacity under construction by the end of 2008, mostly in hydro and wind (51%). In order to cope with upcoming cash needs to re-finance existing debt and to fund ongoing investments, EDP has recently concluded several operations: (1) In Feb-09, €1,000m bond issue, with 5 years maturity; (2) In Feb-09, €145m loan, with 15 years term, approved by EIB; (3) USD265m raised through a new Institutional partnership transaction (19% cashed in Jan-09), by EDP Renováveis (Dec-08); (4) R\$900m credit line approved by BNDES for Energias do Brasil's investments (Dec-08); (5) In Nov-08, a GBP325m bond issue, 15-year fixed rate.

By the end of 2008, EDP booked a **net debt/EBITDA** of 4.4x. Excluding regulatory receivables, net debt/EBITDA stood at 3.8x. Considering total cash and available credit lines, EDP's liquidity position by the end of 2008 amounted €2.3bn.

EDP Share Performance



YTD EDP Stock Performance on Euronext Lisbon



EDP Stock Market Performance

YTD | 52W | 2007

(04-03-2009)

EDP Share Price (Euronext Lisbon - €)

Close	2,44	2,44	2,70
Max	2,88	4,22	4,76
Min	2,38	2,06	2,06
Average	2,67	3,23	3,52

EDP's Liquidity in Euronext Lisbon

Turnover (€ m)	626	7.505	9.864
Average Daily Turnover (€ m)	14	29	38
Traded Volume (million shares)	235	2.325	2.801
Avg. Daily Volume (million shares)	5,2	8,9	10,7

EDP Market Value

Market Capitalisation (€ million)	8.911	-	9.854
Enterprise Value (€ million)	24.982	-	25.926

EDP's Main Events

Jan-02: Horizon closes a USD 600 million transaction with institutional equity investors

Feb-19: EDP acquires 1.050MW of early stage wind projects in the USA

Feb-26: EDP exercises put option over 40% of Edinfor

Mar-31: EDP transfers the right to receive the 2006/2007 tariff deficit in Portugal

Apr-01: Construction and operation of Foz Tua hydro plant awarded to EDP

Apr-08: EDP acquires wind assets from EOLE 76 Group in France

Apr-29: EDP signed credit facility for €925m

May-14: EDP to purchase from Acciona up to 782 MW of wind turbines in 2009-11

Jun-02: EDP Renováveis sets subscription price for its IPO shares at 8 euros per share

Jul-03: Standard & Poor revised outlook on EDP from negative to stable

Jul-17: Construction of Fridão and Alvito hydro plants in Portugal awarded to EDP

Aug-01: EDP awards construction of Soto 5 CCGT

Aug-29: Energias do Brasil agrees the sale of telecom company ESC90

Sep-11: Conclusion of the asset swap operation in Brazil

Oct-17: EDP Renováveis enters the romanian wind market through the acquisition of 736MW to be developed

Oct-22: ANEEL approves a 14.48% tariff increase at Bandeirante's annual tariff readjustment process

Oct-28: EDP issues GBP325m bond 15years fixed rate

Dec-03: BNDES approves R\$ 900 million credit line for investments of Energias do Brasil

Dec-16: ERSE announces its proposal for tariffs in 2009 and parameters in 2009-11

Dec-29: EDP Renováveis establishes new institutional partnership for the investment in 2008 wind projects in USA

Feb-06: Fitch confirms EDP's long term credit rating to 'A-' assigning stable outlook

Feb-10: EDP issues EUR1bn 5 year bond

Consolidated Financial Statements



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

Consolidated Income Statement (€ m)	2008	2007	Δ 08/07
Electricity Sales	12.369,5	9.859,8	25,5%
Gas Sales	1.226,9	-	-
Other Sales	136,5	999,4	-86,3%
Services Provided	161,2	151,7	6,3%
Operating Revenues	13.894,1	11.010,8	26,2%
Electricity	6.627,3	4.748,1	39,6%
Gas	823,2	-	-
Fuel	1.482,5	1.021,2	45,2%
Materials and goods for resale	63,9	687,6	-90,7%
Direct Activity Costs	8.996,9	6.456,9	39,3%
Gross Profit	4.897,2	4.553,9	7,5%
Gross Profit/Revenues	35,2%	41,4%	-6,1 pp
Supplies and services	735,8	684,2	7,5%
Personnel costs	573,7	577,0	-0,6%
Costs with social benefits	161,2	289,4	-44,3%
Concession fees	235,7	216,2	9,0%
Other operating costs (or revenues)	35,9	158,9	-77,4%
Operating costs	1.742,2	1.925,6	-9,5%
EBITDA	3.154,9	2.628,3	20,0%
EBITDA/Revenues	22,7%	23,9%	-1,2 pp
Provisions for risks and contingencies	32,1	42,1	-23,8%
Depreciation and amortisation	1.305,6	1.130,9	15,5%
Comp.of subsidised assets' depreciation	(113,6)	(105,0)	-8,2%
EBIT	1.930,9	1.560,3	23,7%
EBIT/Revenues	13,9%	14,2%	-0,3 pp
Capital gains/(losses)	481,7	262,6	83,5%
Financial income/(expense)	(942,7)	(545,8)	-72,7%
Income/(losses) from group and associated companies	34,7	23,7	46,3%
Pre-tax profit	1.504,6	1.300,8	15,7%
Income taxes	283,8	280,8	1,1%
Discontinued Activities	(8,4)	-	-
Profit for the period	1.212,3	1.019,9	18,9%
Equity holders of EDP	1.091,9	907,3	20,3%
Minority interests	120,5	112,7	6,9%

Assets (€ m)	2008	2007
Property, plant and equipment, net	21.126	18.756
Intangible assets, net	5.842	5.178
Financial Investments, net	524	957
Deferred Tax asset	540	687
Inventories	277	283
Accounts receivable - trade, net	1.759	1.759
Accounts receivable - other, net	4.845	2.993
Financial assets held for trading	83	49
Cash and cash equivalents	714	865
Total assets	35.709	31.527

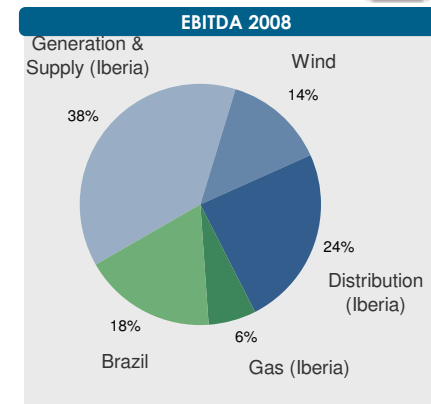
Equity (€ m)	2008	2007
Share capital	3.657	3.657
Treasury stock and share premium	375	436
Reserves and retained earnings	1.241	1.264
Consolidated net profit attributable to equity holders of the parent	1.092	907
Minority Interest	2.182	1.015
Total equity	8.547	7.279

Liabilities (€ m)	2008	2007
Medium/ Long-term debt & borrowings	10.874	10.064
Short-term debt & borrowings	3.812	2.542
Provisions	324	376
Hydrological correction account	238	228
Deferred Tax liability	656	632
Accounts payable - other, net	11.258	10.406
Total liabilities	27.162	24.248
Total equity and liabilities	35.709	31.527

EBITDA Overview: Consolidated EBITDA up 20%



EBITDA (€ m)	2008	2007	% Δ	Abs. Δ	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
IBERIAN MARKET *	2,442,3	2,009,5	21,5%	432,8	545,1	482,3	559,8	422,0	608,5	596,3	611,3	676,5
Generation & Supply	1,207,9	1,225,8	-1,5%	(17,9)	302,5	283,3	311,0	329,0	311,8	303,9	285,4	306,8
Wind	437,9	214,1	104,5%	223,8	55,1	37,5	54,4	66,9	125,5	101,2	79,7	131,4
Distribution	769,8	455,5	69,0%	314,3	173,8	136,2	164,4	(18,9)	182,0	172,1	234,1	181,6
Gas	206,7	188,5	9,6%	18,2	52,5	46,9	44,4	44,7	59,2	53,1	41,9	52,5
Brazil	562,3	586,5	-4,1%	(24,3)	159,2	163,9	124,1	139,4	160,7	137,0	156,3	108,3
Other & Adjustments	(29,6)	(42,1)	29,7%	12,5	(38,2)	(20,0)	(1,7)	18,1	(30,6)	8,6	(11,8)	4,2
Consolidated	3.154,9	2.628,3	20,0%	526,7	704,8	647,7	696,5	579,2	808,7	775,9	785,6	784,8



EDP posted a 20% rise in 2008 **consolidated EBITDA**, to €3,151m. Excluding non-recurrent items, pro-forma EBITDA rose 9.5%, to €3,009m. Main highlights are as follows:

IBERIAN GENERATION AND SUPPLY - EBITDA dropped 1.5% in 2008, to €1,208m, largely supported by the low-risk profile of LT generation (70% of EBITDA). EBITDA from LT contracted EBITDA rose 3.1% (€26m), largely supported by a 4.6% (€46m) increase in recurrent gross profit: (1) +€25m from PPA/CMECs, on higher than contracted availability ratios and additional contracted margin resulting from new Sines coal plant's Desox facilities; (2) +€21m from special regime backed by a 29% surge in volumes produced in Spain (+€10m). In turn, EBITDA from liberalized generation and supply dropped 11% (-€44m), dragged by operations in Spain. Gross profit from generation in Spain dropped 22% (€82m), penalised by lower volumes produced (-9%), higher sourcing costs (fuel and CO2) and a €8m cut in capacity payments. In Portugal, gross profit from liberalized generation surged 78% (+€73m). Our Ribatejo CCGT kept profitability levels well above the Iberian average both in terms of volumes (load factor of 73% vs Spain's average 48% in 2008) and margins (backed by higher average selling prices and better sourcing conditions).

WIND - The contribution from EDP Renováveis rose 105% (€224m) YoY, to €438m. In Europe, EBITDA rose 61%, propelled by: (1) capacity additions (+39%, +701MW), (2) 19% rise in average tariffs, on higher pool prices in Spain (9M08) and hedging policy followed in 4Q08 (0.4TWh @€73.8/MWh), and (3) high load factors. The group's US subsidiary, Horizon, consolidated as from Jul-07, booked an EBITDA of €139m (\$205m) in 2008.

IBERIAN DISTRIBUTION - EBITDA rose 69% (+€314m) in 2008, boosted by Portugal operations (90% of EBITDA). In Portugal, EBITDA rose 79% (€303m) boosted by several non-recurrent issues: (1) HR restructuring costs totaling €38m in 2008 and €127m in 2007, (2) tariff deviations of €195m in 2008 vs -€75m in 2007. Tariff deviations in Portugal totaled €981m in 2008 as a result of several deviations from ERSE's assumptions in 2008 tariffs calculation: (i) lower growth in electricity entered in the distribution grid (up 1.2% YoY), (ii) higher volume of electricity supplied by the last resource electricity supplier (+9% YoY) and (iii) higher procurement costs in 2008 (€76.5/MWh vs €50/MWh ERSE's estimate). In Spain, EBITDA rose 14% (+€10m) in 2008 (+4.3% in recurrent terms), to €82m, mainly driven by a 9.8% (+€14m) increase in gross profit.

IBERIAN GAS - Distribution and transmission regulated activities (82% EBITDA) posted a 17% (+€25m) rise in EBITDA, to €170m, driven by operations in Spain (EBITDA +37% or +€41m YoY), on: (1) recurrent gross profit 12% (+€19m) higher, fuelled by a 5.3% (+€7m) rise in regulated revenues and by higher services rendered (+€26m) and (2) non-recurrent items of €14m. In Portugal, EBITDA declined 45% (-€16m), mainly reflecting lower gross profit (-20%, -€10m) stemming from the new concession contract, in place since Jul-08. The new concession contract envisages a longer period but unchanged NPV, whereby revenues shall be lower in the first years, increasing later on. In Spain's liberalized gas activities (18% EBITDA), EBITDA declined 14% (-€6m), penalized by the increase of gas sourcing costs.

BRAZIL - The contribution of Energias do Brasil to consolidated EBITDA was 4.1% (-€24m) lower in 2008, little helped by a 0.3% appreciation of the Real against the Euro (11% depreciation in 4Q08 YoY). In local terms, EBITDA declined 4.4% to R\$1,491m, penalised by distribution, on lower amount of regulatory receivables recovered in 2008 and adverse tariff revisions for the new regulatory periods. Note that in Sep-08, Energias do Brasil completed the swap of 100% of the distribution company Enersul for a controlling stake in Investco, owner of Lajeado hydro plant. EBITDA in generation increased by 27% YoY fuelled by an increase in installed capacity (+653MW on full consolidation of Lajeado) and a one-off increase in electricity sales by Peixe Angical in 1Q08. In distribution, EBITDA dropped 17% driven by: i) de-consolidation of Enersul from Sep-08 onwards, ii) reviews in Bandeirante and Escelsa tariff revisions occurred in 2007, iii) lower amount of recovery of previous years regulatory receivables which was partially offset by iv) demand growth.

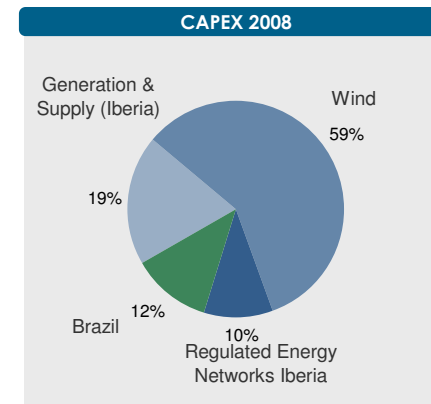
* Including "Other & Adjustments" in the Iberian Market and Excluding Horizon (USA) and Neo's business activity in France

Capital Expenditures



Capex (€ m)	2008	2007	% Δ
Generation & Supply Iberia	691,9	745,0	-7%
Wind	2.090,9	1.388,6	51%
Regulated Energy Networks Iberia	360,8	335,1	7,7%
Brazil	428,9	209,3	105%
Other	45,7	22,1	106%
EDP Group	3.618,2	2.700,2	34%
Expansion Capex	2.838,6	1.935,7	47%
Maintenance Capex	779,6	764,5	2%

1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
29,6	122,2	223,5	369,7	116,8	202,8	170,7	201,6
91,7	100,5	402,8	793,6	369,6	390,2	489,1	841,9
56,2	69,5	78,1	131,2	58,9	73,9	88,8	139,2
31,6	48,2	69,7	59,9	57,0	72,6	53,2	246,2
1,0	3,2	13,3	4,6	4,3	(1,2)	24,3	18,4
210,1	343,6	787,5	1359,0	606,6	738,2	826,1	1447,3
106,1	164,4	548,1	1.117,2	465,6	555,7	602,1	1.186,8
104,0	179,3	239,4	241,8	141,0	182,5	195,7	260,4



Generation Projects Installed in 2008 (€m)	MW ⁽¹⁾	Capex '08
Wind	1.370	1.390,2
CCGT	836	50,5
Total	2.206	1.440,7

Consolidated capex rose 34% YoY (€918m), essentially driven by a 47% YoY increase (€903) of expansion capex, (which represented 78% of total). The main growth driver of expansion capex was wind power, with a 51% (€702m) YoY increase. Note that 83% of EDP's 2008 capex was allocated to operations with low risk of return. In 2008 EDP installed 2,206 MW of new generation capacity, representing a 14% rise from capacity installed in Dez-07 (excluding changes in consolidation perimeter). Moreover, by Dec-08 EDP had 3,330 MW of new generation capacity under construction, with a total amount of €1,836m already invested. Maintenance capex grew 2% YoY reflecting the expansion of generation installed capacity, the increase of the extension of electricity and gas networks and higher efficiency at expenditure level.

Gen. Projects Under Development (€m)	MW	Capex '08	Acc. Capex
Under Construction			
Hydro Portugal	864	83,6	103,9
Wind	769	700,9	1.056,5
CCGT Iberia	1.286	257,2	435,4
Coal Brazil	360	178,7	178,7
Hydro Brazil	52	61,3	61,3
Total	3.330	1.281,7	1.835,9
Hydro Concession Payments		53,1	248,1
Total		1.334,8	2.084,0

In **wind power**, the total capex of €2,091m was split by a (1) €1,390m related to the 1,370MW installed in 2008 and on some residual payments related to capacity installed in late 2007 and (2) €701m related to wind projects that were still under construction by Dec-08 (769MW) and projects still under development but already with capex committed (namely upfront payments to manufacturers on wind turbines ordered).

In **CCGT's** the €308m capex represented 45% of our 2008 capex in generation in Iberia and was split by (1) €51m related to conclusion works at our Castejon 3 and Soto 4 plants in Spain which started operations in Jan-08 and Sep-08 respectively and (2) €257m related to the 1.3GW new capacity under development by Dec-08, namely our Lares 1 and 2 plants in Portugal (862MW), due to come on stream in 3Q09 and the upfront payment on the awarding of the construction of Soto5 in Spain (424MW) which is expected to come on stream by 2011.

In **hydro** generation in Portugal, the €137m capex was split by (1) €84m related to initial construction works for 4 hydro plants (3 repowerings, 1 new dam, totalling 864MW), which are expected to start operations in 2011/2013 and (2) €53m upfront payment for the concession to build and operate Foz Tua hydro plant (255MW), still in development stage.

In **Brazil** the total capex of €428m was split by (1) €240m in expansion of generation capacity, the bulk of which (€178m) was related to the start of construction works of Pecém PPA coal plant (720MW, 50% owned by Energias do Brasil) due to start operations in Dec-2011 and (2) €189m maintenance capex in electricity distribution grid.

⁽¹⁾ EBITDA MW

Cash Flow



Consolidated Cash Flow (€ m)	2008	2007
Net profit before minorities	1.212,3	1.019,9
Net depreciation and amortization	1.192,0	1.025,9
Net provisions	179,7	291,5
Non cash financial results	61,4	(2,4)
Taxes	88,2	170,2
Other adjustments	(583,0)	(506,1)
FFO (Funds From Operations)	2.150,7	1.999,0
Net financial interest	721,8	597,5
Net Income from Associates and other Investments	(34,7)	(23,7)
Change in operating working capital	(1.093,3)	(302,6)
Hydro correction	-	20,5
Regulatory Receivables	(1.172,5)	(67,9)
Operating Cash Flow	1.744,5	2.270,2
Expansion Capex	(2.838,6)	(1.935,7)
Maintenance Capex	(779,6)	(764,5)
Change in working capital related to property and equipment suppliers	(626,4)	119,2
Payment of Hydro Domain	(759,0)	-
Net Operating Cash Flow	(2.500,1)	(310,9)
Net financial (investments)/Divestments	1.363,0	(1.867,2)
Net financial interest paid	(732,2)	(577,5)
Dividends received from Associates and other Investments	35,0	79,0
Dividends paid	(454,9)	(401,4)
Anticipated proceeds from institutional partnership in US wind farms	320,0	775,4
Other non-operating changes	(228,0)	(106,6)
Decrease/(Increase) in Net Debt	(2.197,3)	(2.409,1)

Major Net Financial Investments (€ m)	2008	2007
MAJOR FINANCIAL INVESTMENTS	425,2	2.351,1
Consolidation Perimeter EDP Renováveis	90,3	58,2
BCP	42,0	116,3
Naturgas (9.39%)	-	122,0
Biomass	21,7	-
Gas distribution minorities stakes	-	45,0
Horizon (100%)	-	1.937,5
Energias do Brasil	190,4	-
Mini-Hydro	-	72,1
Gas distribution assets	16,3	-
Cogeneration assets Spain	49,5	-
Other	15,1	-
MAJOR FINANCIAL DIVESTMENTS	1.788,2	484,0
IPO EDP Renováveis	1.539,0	-
Turbogás/Portugen (40%/27%)	126,6	-
ONI (100%)	-	96,9
REN	28,0	282,8
Desa (20%)	-	97,1
Consolidation Perimeter EDP Renováveis	7,7	-
Edinfor (40%)	56,8	-
Other	30,1	7,2
Major Net Financial Investments	1.363,0	(1.867,2)

EDP's consolidated FFO grew 7.6% YoY to €2,151m, reflecting the expansion of activity and efficiency improvements. Nevertheless, EDP's consolidated operating cash flow fell 23% in 2008 to €1,745m, penalized by the €1,172m tariff deficits and deviations in 2008, mainly concentrated in Portugal and Spain in 2008 (vs. €68m impact in 2007), stemming from higher than expected electricity procurement costs and from the reduction of the amounts of regulatory receivables being recovered through tariffs in Brazil (€216m in 2007 vs. €37m in 2008). Excluding these impacts, operating cash flow would have increased by 25% YoY.

Expansion capex rose 47% to €2,839m in 2008. Moreover, in Apr-08, EDP paid €759m for the right to operate the hydro plants, on average, after 2017.

Financial divestments mainly include the cash proceeds of the EDP Renováveis IPO in Jun-08 (€1.5bn) and the disposal of Turbogás and Portugen, in May-08 (€140m). Regarding financial investments in 2008, the bulk was devoted to expansion of EDP activity, namely through the acquisition of EOLE 76, in France (Apr-08), and the acquisition by Energias do Brasil of treasury stock, due to minorities buyout regulatory rules following the Enersul/Lajeado asset swap. Following the acquisition of 13.1m own shares from Enersul's minorities, at R\$23.82/share, Energias do Brasil raised its treasury stock position to 15.8 million own shares (9.94% of share capital) in 2008. In 2007, the major financial investment was the acquisition of Horizon in USA which represented a €1,937m financial investment.

The increase of net financial interest paid reflects the increase in average net debt level. Note that 2007 and 2008 cash flow levels include the annual dividend payments made in Apr-07 and May-08. In 2008, our US wind subsidiary, which started to be consolidated in Jul-07, received from institutional equity partners €320m.

Overall, net debt in 2008 increased €2.2bn, mainly driven by the €1.2bn increase of regulatory receivables. Excluding abovementioned 2008 increase in regulatory receivables, net debt would have increased by just €1bn. Note that the cash proceeds from EDP Renováveis IPO contributed significantly to support the increase of expansion capex and the payment for the extension of the concession domain of our hydro plants in Portugal.

Financial Debt and other liabilities



Nominal Financial Debt by Company (€ m)	2008	YE2007	EDP %
EDP S.A. and EDP Finance BV	12.417,5	10.393,3	100%
EDP Produção	190,2	19,1	100%
HC Energia	448,7	433,1	97%
EDP Renováveis	558,1	560,1	78%
Portgás	111,4	106,3	72%
Energias do Brasil	935,5	1.058,7	65%
Other	(0,0)	0,0	-

Nominal Financial Debt	14.661,5	12.570,6
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Accrued Interest on Debt	142,2	100,6
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Nominal Financial Debt + Accrued Interest	14.803,7	12.671,1
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Fair Value of Hedged Debt	(117,3)	(65,1)
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Total Financial Debt	14.686,3	12.606,0
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Cash and cash equivalents	713,6	864,7
EDP S.A., EDP Finance BV and Other	290,1	179,1
HC Energia and Subsidiaries	23,8	25,1
EDP Renováveis	229,7	388,5
Portgás	-	0,0
Energias do Brasil	170,0	272,0
Financial assets held for trading	83,2	49,0

EDP Consolidated Net Debt	13.889,5	11.692,2
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Regulatory Receivables (€ m)	2008	2007	Δ 08/07
Portugal ⁽¹⁾	1.145,4	354,1	223,4%
Spain ⁽¹⁾	415,0	207,0	100,4%
Brazil ⁽¹⁾	56,4	56,2	0,5%
Annual Deviation - Mkt vs. CMEC	274,6	101,6	170,3%
Total	1.891,4	718,9	163,1%

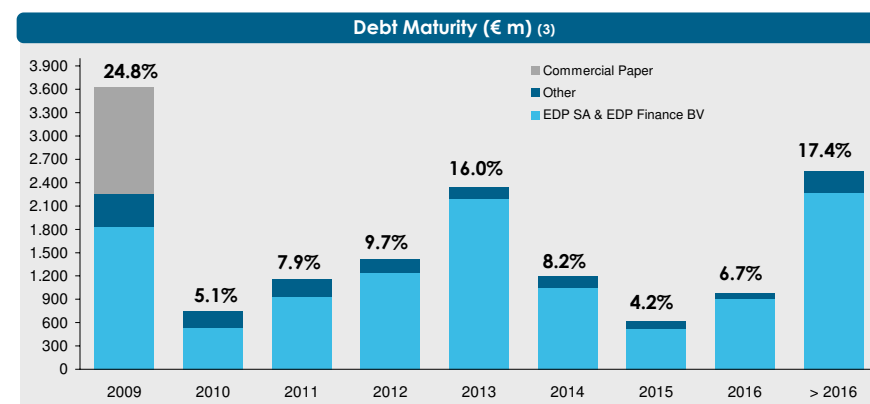
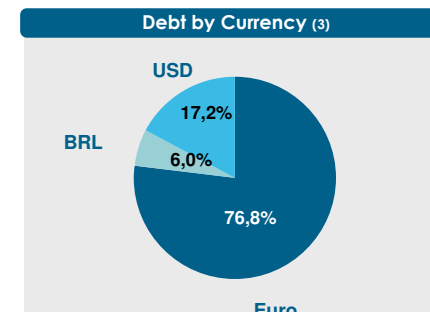
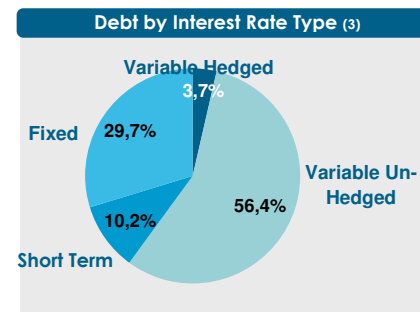
Prov. for Social Benefits & I. P. Liability (€ m)	2008	2007	Δ 08/07
Pensions ⁽²⁾	1.082,9	934,1	15,9%
Medical Care	751,0	781,2	-3,9%
Adjusted Institutional Partnership Liability ⁽⁴⁾	851,8	695,4	22,5%
Total	2.685,7	2.410,8	11,4%

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

Debt Ratios	2008	YE2007
Net Debt / EBITDA	4,4x	4,4x
Net Debt / EBITDA adjusted by Reg. Receivables	3,8x	4,2x

⁽¹⁾ Tariff deviations to be recovered in the following years through tariffs

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



In Feb-09, EDP issued a €1bn bond maturing in Feb-14 and in Oct-08, EDP issued a GBP325m bond maturing in Jan-24, which was swapped to euros in the amount of €410m. The issues strengthened EDP's liquidity position ahead of refinancings coming due in 2009 and improve its financial flexibility by extending the average term of its debt portfolio.

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

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

In Apr-08, EDP signed a revolving credit facility in the amount of €925m maturing in five years, with an initial margin of 45 basis points over Euribor, increased by 10 basis points if utilization rate exceeds 50% of the facility amount.

As at Dec-08, committed liquidity facilities amounted to €3,215m, of which €1,454m were available.

EDP's net debt/EBITDA and net debt/EBITDA adjusted for regulatory receivables in 2008 was 4.4x and 3.8x, respectively.

⁽³⁾ Nominal Value

⁽⁴⁾ Adjusted by the non-current deferred revenue.

Profit & Loss Items below EBITDA



Provisions, Depreciations & Amortizations (€m)	2008	2007	Δ 08/07
EBITDA	3.154,9	2.628,3	20,0%
Provisions for risks and contingencies	32,1	42,1	-23,8%
Depreciation and amortisation	1.305,6	1.130,9	15,5%
Comp. of subsidised assets' depreciation	(113,6)	(105,0)	-
EBIT	1.930,9	1.560,3	23,7%

Financial Results (€ m)	2008	2007	Δ 08/07
Net financial interest	(721,8)	(539,4)	-33,8%
Net foreign exchange differences	(61,4)	11,0	-
Investment income	6,7	41,4	-
Other Financials	(166,2)	(58,8)	-182,5%
Financial results	(942,7)	(545,8)	-72,7%

Income from Equity Method (€ m)	2008	2007	Δ 08/07
Edinfor (40%)	-	(12,4)	-
Setgás (19.8%)	1,5	1,7	-11,1%
CEM (22%)	9,0	8,5	5,6%
Turbogás (40%)	4,3	12,9	-66,9%
DECA II (EEGSA (21%))	12,8	8,6	48,3%
NEO's Associated Companies	4,4	3,0	45,1%
Other	2,6	1,3	-
Income from group & associated companies	34,7	23,7	46,3%

Capital Gains/(Losses) (€ m)	2008	2007	Δ 08/07
IPO of EDP Renováveis	405,3	-	-
Turbogás and Portugal	49,4	-	-
REN	17,0	259,3	-93,4%
Edinfor	4,8	-	-
Other	5,2	3,2	61,9%
EDP Group	481,7	262,6	83,5%

Minority Interests (€ m)	2008	2007	Δ 08/07
EDP Renováveis	20,7	1,5	1280,0%
HC Energia + Naturgas	5,7	6,3	-9,5%
Portgás	2,0	4,3	-53,5%
Energias do Brasil	91,5	97,8	-6,4%
Other	0,6	2,8	-78,6%
EDP Group	120,5	112,7	6,9%

Depreciations and amortizations increased by 15.5% YoY on the back of an increase of EDPR depreciations, following investments undertaken in new capacity, and also due to the accelerated amortization/impairment of Enersul's concession rights (€50m in 2008).

Financial Results:

a) Net financial interests grew by 33.8% YoY, following higher average gross debt (+27.2% YoY). EDP's average cost of debt decreased by a mere 5bp from 5.7% in 2007 to 5.6% in 2008.

b) Other financials include: i) impairment losses of €288m in 2008, to reflect the decrease in market value of EDP's 8% stake in Sonaecom (€67m) and 3.2% stake in BCP (€200m), as well as an impairment loss from Ampla Energia (€21m); and ii) the inclusion of a €74m gain in 2008 related to hedging operations in energy markets from our generation activity (vs. a €9m loss in 2007).

Income from associated companies amounted to €34.7m in 2008, up from €23.7m in 2007: i) 2007 includes a €12m loss regarding Edinfor's contribution vs. no contribution in 2008, following EDP's decision to exercise its put option (1Q08); and ii) 2008 includes a €4.3m contribution from Turbogás, disposed of in May-08, vs. €12.9m in 2007.

Capital gains/(Losses) include: i) a €405m gain stemming from the dilution of EDP's equity stake in EDP Renováveis as a result of the IPO; ii) a €49m gain, resulting from the sale of a 40% stake in Turbogás and a 27% stake in Portugal for a price of €140m, in May-08; iii) a €17m gain booked on the disposal of a 1.5% minimum interest in REN in the 1Q08; and iv) a €4.8m gain booked on the exercise of EDP's put option over the 40% owned in Edinfor for €56.8m, in the 1Q08. Capital gains in 2007 include a €259m gain related to the sale of a 25% stake in REN.

Minority interests increased 7% YoY following the IPO of EDPR. Looking at Brazil, the decrease of minority interests reflects a lower net profit (under IFRS) due to lower non-recurrent items at the level of gross profit and a €50 million non-recurrent depreciation, which was partly compensated by an increase of minorities following the asset swap.



Business Areas

Iberian Electricity Market



Energy Balance (GWh)	Portugal			Spain		
	YE2008	YE2007	Δ 08/07	YE2008	YE2007	Δ 08/07
Hydro	6,435	9,523	-32%	21,428	26,352	-19%
Nuclear	-	-	-	58,973	55,102	7%
Coal	10,424	11,663	-11%	46,275	71,833	-36%
CCGT	12,574	10,491	20%	91,286	68,139	34%
Fuel/Gas/Diesel	801	1,271	-37%	2,378	2,397	-0.8%
Own consumption	-	-	-	(8,339)	(8,753)	-4.7%
(-)Pumping	(639)	(541)	18%	(3,731)	(4,349)	-14%
Conventional Regime	29,594	32,407	-9%	208,270	210,721	-1.2%
Wind	5,699	4,002	42%	31,112	27,171	15%
Other	5,860	6,140	-4.6%	38,143	31,170	22%
Special Regime	11,559	10,142	14%	69,255	58,341	19%
Import / (Export) net	9,438	7,497	26%	(11,040)	(5,750)	92%
Gross demand (before grid losses)	50,591	50,047	1.1%	266,485	263,311	1.2%
Adjusted to temperature and working days			1.1%			0.8%
Regulated System	49,268	44,279	11%	153,553	190,803	-19.5%
Liberalized Market	1,324	5,768	-77%	112,932	72,508	56%

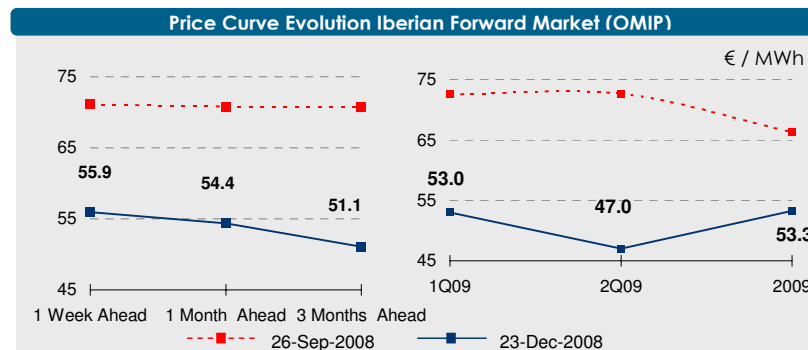
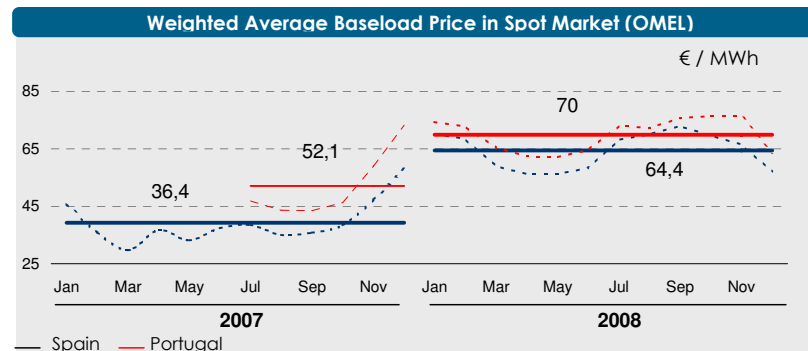
In 2008, electricity demand rose 1.2% YoY hit by weakening demand in 4Q08 (-2.7% YoY). Despite the deterioration in global demand, Portugal's electricity demand (+1% YoY in 4Q08) proved more resilient than Spain's (-3.4%).

Wind output rose 18% YoY in 2008, reflecting higher installed capacity (+18%) better weather conditions in Portugal (4Q08). Hydro output dropped 22% YoY in 2008. Although this represented just 57% of the historical average output, it is worth to mention the 3% YoY increase in output in 4Q08, backed by more favorable weather conditions in Spain. With demand's gloomy performance and rising contribution from wind energy, residual thermal demand retreated 1.2% YoY in 2008 only helped by dry weather, namely in 9M08. In 4Q08 coal became cheaper than gas, as coal prices tumbled 60% since its peak (Jun-08) whilst the fall in Brent (c70% from 2008 peak) was not yet reflected in gas prices. On a quarterly basis, coal prices dropped 42%, while the CMP reference price for Iberian LT gas sourcing contracts were flat QoQ, reflecting its indexation to Brent price's historical moving average and the low volatility of gas infrastructure tolls. On top of this, the cost of CO2 emissions declined 30% QoQ. As a result, output from CCGTs dropped 7.9% YoY in 4Q08 narrowing full-year rise to 32%. 4Q08 CCGTs output was dragged by Portugal's operations (-23% YoY) where load factors declined to 47% in 4Q08 (vs 73% in 9M08). In turn, coal plants's output was 32% lower YoY in 2008, despite higher load factors booked in 4Q08 (60% vs 42% in 3Q08, 32% in 2Q08).

The lower demand for thermal energy (-13% YoY) resulting from higher wind and hydro output in 4Q08 led to a 8.5% QoQ decline in average electricity spot price in Spain. In Portugal, given the interconnection capacity restrictions within 61% of the hours the average pool price was €7.8/MWh higher than in Spain in 4Q08 (+€5.6/MWh in 2008).

Volumes sold to retail in the market fell 77% YoY in Portugal in 2008, after a mere 2.9% increase in tariffs as from Jan-08, based on assumption of 2008 avg pool price of €50/MWh. In Spain, volumes sold to retail in the market rose 56% YoY following the move by clients and suppliers considering the end of the tariff option to medium/high voltage consumers in Spain from Jul-08 onwards (130TWh annual consumption).

Installed Capacity Iberian Market (MW)	Iberian Peninsula		
	YE2008	YE2007	Δ 08/07
Hydro	21,248	21,248	-
Nuclear	7,439	7,439	-
Coal	12,072	12,273	-2%
CCGT	22,878	19,029	20%
Fuel/Gas/Diesel	6,427	8,194	-22%
Wind	18,207	15,467	18%
Other Special Regime	14,573	12,321	18%
Total	102,844	95,972	7%



Main Drivers of Generation Costs	YE2008	YE2007	Δ 08/07
Hydro Coefficient (1.0 = average year)			
Portugal	0.57	0.76	-25%
Spain	0.68	0.64	6%
CO ₂ Allowances (EUA) €/ton ¹	15.8	0.02	n.m.
Coal (API2 CIF ARA) USD/t ¹	86.0	127.8	-33%
Gas (CMP Spain) €/MWh ¹	24.2	21.3	14%
Brent (USD/bbl) ¹	39.5	93.8	-58%
Eur/USD ¹	1.40	1.47	-5%

¹ End of Period

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



Financial Highlights (€ m) ⁽¹⁾ | YE2008 | YE2007 | Δ 08/07

PPA Revenues	-	587.5	
Capacity Charge	-	473.8	
Energy Charge	-	113.7	
PPA/CMEC Revenues	1,612.4	681.1	
Revenues in the market	1,311.9	469.2	
Annual Deviation - Market vs. CMEC Assumptions	161.7	101.6	
PPAs/CMECs Accrued Income	57.1	71.3	
Base CMEC Fee	81.6	39.0	
PPA/CMEC Direct Costs	629.6	284.9	121%
Coal	253.1	184.4	37.3%
Fuel Oil	69.4	91.2	-23.9%
CO2 and Other Costs (Net)	307.1	9.3	n.m.
Gross Profit PPAs/CMECs	982.8	976.8	0.6%
Cogeneration, Waste & Biomass	55.7	46.0	21%
Mini-Hydro	15.3	10.2	50%
Gross Profit Special Regime	71.0	56.3	26%
Gross Profit Other	-	14.1	-
Operating Costs	204.6	223.8	-8.6%
EBITDA	849.3	823.3	3.1%
Depreciation & Provisions	254.1	283.4	-10%
EBIT	595.2	540.0	10.2%

At Financial Results Level:

Hedging Gains (Losses) in Energy Markets	68.7	-45.8	-
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Real/Contracted Availability Factor (Km) | YE2008 | YE2007 | Δ 08/07

Hydro Plants	1.04	1.03	0.7%
Thermal Plants	1.08	1.06	2.0%

Electricity Generation Output (GWh) | YE2008 | YE2007 | Δ 08/07

Hydro Plants	5,916	8,976	-34%
Thermal Plants	7,727	9,319	-17%
Coal	6,926	8,048	-14%
Fueloil	801	1,271	-37%
Gasoil	-	0	-
Total PPAs/CMECs	13,643	18,295	-25%

Cogeneration Portugal	650	744	-13%
Cogeneration + Waste Spain	704	543	30%
Mini-Hydro Portugal	170	134	27%
Biomass Iberia	55	36	52%
Total Special Regime	1,579	1,457	8%

Special Regime Tariffs ⁽¹⁾ (€/MWh) | YE2008 | YE2007 | Δ 08/07

Cogeneration Portugal	101	86	18%
Cogeneration + Waste Spain	118	101	17%
Mini-Hydro Portugal	90	83	8.8%
Biomass Portugal	113	114	-1%
Biomass Spain	103	92	12%

(1) In Spain, average selling price.

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

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

In 2008, **gross profit from LT contracted generation** rose by 1% YoY, penalized by lower non-recurrent gains in 2008: €8m vs €48m in 2007. On a recurrent basis, gross margin rose 4.6% (+€46m) YoY, fuelled by PPA/CMECs (+€25m) and special regime (+€21m).

PPA/CMECs' recurrent gross profit rose 2.7% in 2008, backed by: (1) higher than contracted availability ratios in spite of the negative impact from ongoing repowering works at two hydro plants and from some punctual unexpected outages at Sines; (2) contracted gross profit's CPI-link and (3) additional contracted margin resulting from the new Sines coal plant's Desox facilities (under PPA), which involved a total investment of €196m (50% commissioned in Jun-07 and the remaining in Jun-08). This increase was only partially offset by the termination of PPA at the 165MW Tunes gasoil plant in Dec-07 (€5.9m in 2007).

Looking forward it is noteworthy that the Portuguese government has already approved a €100m denox investment at Sines, to be installed until 2011. These investments are to be remunerated at 8.5% ROA before inflation and taxes and should be fully recovered until Dec-2017.

Gross profit from **special regime** rose 26% in 2008, supported by operations in Spain (+€9.7m, adding 17% growth) and wider consolidation perimeter (+€5.8m, adding 10% growth). In Spain, regulatory changes paved the way for higher volumes (+29%) and gross profit (+44%). In Portugal, gross profit increase was mainly driven by the acquisition of: (1) Pedrogão mini-hydro plant (10MW) consolidated as from Nov-07, (2) VV Rodão biomass plant, consolidated as from Jun-08, and (2) Pebble Hydro (11 mini-hydro plants with a 89MW capacity and expected EBITDA in an average hydro year of €18m), consolidated as from Jul-08. Finally, in Portugal it is noteworthy that output in 2008 was lower YoY due to the outage for major maintenance works at Energin.

In 2008, **EBITDA from LT contracted generation** rose 3.1% (+€26m) YoY, little impacted by non-recurrent net gains: €8m in 2008 vs €5m in 2007. Main non-recurrent items include: (i) €5.8m net negative impact in 1H07 due to fuel procurement costs below international indexes (€5.8m cost in 1H07, €3.8m of which was recovered in 1H08), (ii) a €10.4m in 2008 vs €37.2m in 2007, stemming from procurement costs below international indexes, (iii) HR restructuring cost worth €11.6m in 2008 vs €26.7m in 2007. On a recurrent basis, EBITDA grew 2.7% (€22m) in 2008. Note that, as from 2H07, EDP started to hedge fuel costs risk, stemming from the difference between its cost at the moment of the purchase and the cost at the moment of consumption.

Liberalised Electricity Generation and Supply in the Iberian Market



Financial Highlights (€ m)	YE2008	YE2007	Δ 08/07
Gross Profit - Liberalized Generation and Supply	541.5	577.8	-6%
Generation in the market	466.1	475.3	-2%
Portugal	166.5	93.5	78%
Spain	299.6	381.8	-22%
Supply	75.4	102.5	-26%
Portugal	14.0	20.3	-31%
Spain	61.4	82.2	-25%
Operating costs	182.9	197.4	-7.4%
EBITDA	358.6	402.4	-11%
Depreciation and amortization	186.3	122.2	52%
EBIT	172.3	280.2	-39%
At Financial Results Level:			
Hedging Gains (Losses) in Energy Markets	5.6	36.4	-85%

Market Performance	YE2008	YE2007	Δ 08/07	YE2008	YE2007	Δ 08/07
	Output (GWh)			Variable Cost (€/MWh)		
Generation Output	20,416	20,375	0.2%	41.7	27.3	53%
CCGT	11,311	7,847	44%	58.2	41.9	39%
Coal	6,575	10,124	-35%	28.7	22.2	30%
Hydro	1,331	1,172	13.6%	-	-	-
Nuclear	1,198	1,232	-2.7%	3.3	3.2	4.7%
Electricity Purchases & Other	6,813	3,402	100%	68.4	44.5	54%
Electricity Sources	27,229	23,777	15%	48.4	30.0	61%

	Volume Sold (GWh)			Average Price (€/MWh)		
Grid Losses & Other	556	841	-			
Portugal	947	3,010	-69%	68.5	50.1	37%
Spain	14,041	10,731	31%	63.8	58.6	8.9%
Retail	14,988	13,741	9.1%	64.2	58.6	9.5%
Wholesale Spot Market	11,247	7,969	41%	76.4	52.1	47%
Wholesale Forward Market	437	1,226	-64%	68.7	43.0	60%
Total Volume	27,229	23,777	14.5%	69.4	55.5	25.1%

Load Factor	YE2008	YE2007	Δ 08/07
CCGT	61%	57%	3.4 pp
Coal	51%	76%	-24.6 pp
Hydro	17%	19%	-2.2 pp
Nuclear	88%	90%	-2.7 pp

Number of Supply Clients	YE2008	YE2007	Δ 08/07
Number of Clients (th)	314.3	237.7	32%
Portugal	197.2	148.3	33%
Spain	117.2	89.4	31%

In 2008, **gross profit from liberalised electricity generation and supply** declined 6% (-€36m), dragged by operations in Spain (-€103m).

In **Spain**, **gross profit from generation** dropped 22% (€82m), penalised by lower volumes produced (11%), higher sourcing costs (fuel and CO2) and a €8m cut in capacity payments. Even so, 4Q08 gross profit rose 8.7% vs 3Q08 (+6% YoY) helped by higher output (+31% QoQ and +25% YoY, driven by coal and hydro) and lower electricity purchases in the pool (-40% QoQ, flat YoY), backed by HC's more competitive generation mix in 4Q08.

Volumes: In 4Q08, coal's production cost was lower than gas' thanks to the existing time lag between the decline in brent price and the adjustment in the cost of LT gas contracts in Iberia. As a result, our coal output rose 73% QoQ (-4%YoY) in 4Q08, reflecting load factor of 67% (vs 39% in 3Q08), whilst output from our CCGTs retreated 14% QoQ, on load factor of 39% (vs 58% in 3Q08). Even so, in 2008, coal output declined 35% penalized: (i) in 1Q08 by the outage for large maintenance works of Soto 3 plant and, (ii) in 2Q08 and 3Q08, by the sharp increase of coal marginal cost. In turn, output from our CCGTs rose 113% in 2008 thanks to: (1) start up of operations of Castejon 3 (Jan-08) and Soto 4 (Sep-08) and (ii) higher residual thermal demand, namely in 9M08 (supporting load factors of 46% in 2008). Finally, nuclear output was 3% lower in 2008 due to a programmed outage for maintenance works and hydro output was 3% higher YoY largely impacted by a surge in 4Q08. As a result of pool prices being below HC's marginal generation cost in Spain during a significant part of 2Q08 and 3Q08, our electricity purchases in the Spanish pool doubled in 2008 (peaking in 3Q08), increasing the overall sourcing cost.

Costs: Regarding costs in 2008, it is noteworthy that EDP's low average coal production cost is backed by consumption of coal purchased in 2007 at prices around USD90/ton, (2) concentration of coal output in the most efficient plants, namely in 2Q and 3Q; and (3) lower CO2 costs resulting from lower output, particularly in 2Q and 3Q. Having said this, average generation cost in 4Q08 was penalised by: (1) higher coal output, leading to a tinier contribution from lower-cost blasting furnace gases and, thus, to higher coal and CO2 costs, (2) slightly higher cost of gas QoQ, reflecting peaking brent prices in 2Q08 and 3Q08.

In **Portugal**, **gross profit from liberalized generation** surged 78% in 2008, boosted by twofold increase in 4Q08. This business includes mainly our Ribatejo 1,176MW CCGT, which higher load factor (73% vs Spanish CCGTs' 48%) was prompted by: (1) Portugal's lower reserve margin, (2) low hydro production in 2008, (3) outage of 50% of Sines coal plant for maintenance in 2Q08 and (4) lower gas sourcing cost in 4Q08 (-24% QoQ) resulting from shorter adjustment time to brent's decline. The bulk of our Ribatejo CCGT output in 2008 was sold in the Portuguese pool (with an average price €5.6/MWh higher than in Spanish pool).

In the **supply** business, gross margin declined 26% in 2008. In Spain, despite the termination of final tariff to an equivalent 130TWh annual consumption, prompting for a 31% increase in volumes, gross margin growth was affected by lower margins stemming from increasing competition, tougher sourcing costs and on-off €20m gain booked in 2007. In Portugal, gross profit was penalised by the intra-group disposal of some hydro plants as from late Dec-07 (-€8m). In recurrent terms, the focus on the profitable B2C segments mitigated the impact from a 69% decline in volumes sold following uncompetitive market conditions versus tariffs defined by the regulator.

For 2009 EDP has already contracted around 80% of expected liberalized output in the Iberian market, at prices above €60/MWh, locking spark/dark spreads at a similar level to the ones booked in 2008.

Iberian Electricity Generation and Supply



Income Statement (€ m)	Electricity Generation						Electricity Supply						Generation & Supply		
	Portugal			Spain			Portugal			Spain			Total		
	YE2008	YE2007	Δ 08/07	YE2008	YE2007	Δ 08/07	YE2008	YE2007	Δ 08/07	YE2008	YE2007	Δ 08/07	YE2008	YE2007	Δ 08/07
Gross Profit	1,196.6	1,136.2	5.3%	331.4	403.9	-17.9%	14.0	20.3	-31.0%	61.4	82.2	-25.3%	1,595.4	1,647.0	-3.1%
Supplies and services	109.0	102.9	5.9%	55.6	53.3	4.2%	15.8	18.2	-13.0%	34.0	31.5	7.8%	206.3	204.2	1.1%
Personnel costs	80.5	80.1	0.4%	33.3	33.0	0.9%	4.7	4.6	2.0%	5.1	6.5	-21.4%	123.6	124.3	-0.5%
Costs with social benefits	36.2	48.2	-24.9%	1.7	10.9	-84.5%	0.1	0.2	-24.2%	0.2	0.2	-13.1%	38.2	59.5	-35.8%
Generation plant rentals	4.8	3.9	23.6%	-	-	-	-	0.0	-	-	-	-	4.8	3.9	23.0%
Other operating costs / (revenues)	(15.1)	(9.6)	-56.9%	49.9	49.9	-0.1%	(0.9)	1.2	-	(19.4)	(18.4)	5.5%	14.5	29.4	-50.6%
Operating Costs	215.4	225.6	-4.5%	140.4	147.1	-4.6%	19.8	24.2	-18.3%	19.9	19.9	0.2%	387.5	421.3	-8.0%
EBITDA	981.2	910.6	7.7%	191.0	256.7	-25.6%	(5.8)	(3.9)	47.3%	41.5	62.3	-33.4%	1,207.9	1,225.8	-1.5%
EBITDA / Revenues	32.0%	44.2%	-12.2 pp	18.4%	32.0%	-13.6 pp	-3.5%	-1.1%	-2.4 pp	4.1%	7.4%	-3.3 pp			
Provisions for risks and contingencies	(1.1)	1.5	-	19.0	13.8	37.6%	7.4	15.4	-52.2%	(3.0)	(1.4)	115.2%	22.3	21.6	3.6%
Depreciation and amortization	296.3	259.0	14.4%	122.8	122.1	0.6%	1.1	4.7	-77.7%	2.0	2.3	-14.5%	422.1	388.1	8.8%
Comp. of subsidised assets' depr.	(3.6)	(3.6)	-0.0%	(0.5)	(0.4)	1.7%	-	-	-	-	-	-	(4.0)	(4.0)	0.2%
EBIT	689.6	653.8	5.5%	49.6	121.3	-59.1%	(14.2)	(24.1)	-41.0%	42.5	61.4	-30.8%	767.5	820.2	-6.4%
EBIT / Revenues	22.5%	31.7%	-9.3 pp	4.8%	15.1%	-10.3 pp	-8.6%	-7.0%	-1.6 pp	4.2%	7.3%	-3.1 pp			
Employees	1,591	1,535	3.6%	684	696	-1.7%	77	76	1.3%	90	88	2.3%	2,442	2,442	0.0%

Gross profit in Iberian generation and supply dropped 3.1% in 2008 largely supported by stable profile of LT contracted generation operations, responsible for 66% of gross profit generated in this division. Excluding non-recurrent issues and the impact of CO2 claw back, integrated operating costs dropped 2.3% in 2008. Despite the 1.3% rise in costs stemming from new capacity on stream, operational costs benefited from tight cost control and lower provisioning and marketing expenditures in Portugal supply, resulting from shrinking activity. Non-recurrent costs include: (1) HR restructuring costs of €11.6m in 2008 and €36.2m in 2007, (2) partial reversal (€13m) in 2008 of a provision (€80m) booked by the generation business in Spain in YE07, related to potential deviations between EDP's interpretation of the RD 03/2006 and the final regulatory outcome. The impact from the RD 11/2007 regarding the CO2 clawback amounted €62m in 2008 (vs €42m in 2007).

Capex in generation & supply amounted €692m in 2008. The bulk of this (69%) referred to expansion projects, namely in new cleaner capacity in the liberalized market (94% of expansion capex). In CCGTs, Castejon 3 (€196m total capex, €4.2m invested in 2008) and Soto 4 (€223 total capex, €50m invested in 2008), both in Spain, started operations in Jan-08 and Sep-08, respectively. Also, construction works at Lares 1 and 2 plants in Portugal (862MW, €458m total capex) proceeded, with 80% of total capex already incurred (€188m in 2008) and start up of operations scheduled for Jul-09 and Sep-09. Also, the investment in Soto5 (424MW, due in 2011) totaled €69m in 2008. In hydro, expansion 2008 capex amounted to €137m including: (1) €53m upfront payment for Foz Tua concession (vs €195m for Alqueva in 2007) and (2) €84m capex incurred on execution of Picote II, Bemposta II, Alqueva II (all repowerings) and Baixo Sabor (new plant). Also, investments in new special regime capacity gained pace in 2008 with €29m spent in new cogeneration (24MW in Barreiro, due in 2010) and biomass projects (40MW due in 2009). In terms of maintenance capex it is noteworthy the non-recurrent €58m invested in Sines Desox and Denox new facilities in 2008. Overall, capex incurred on projects currently under construction amounted to €522m until 2008.

In Apr-08 EDP paid €759m for the extension of the hydro concession of the 4,094MW hydro plants currently under PPA/CMEC. EDP will operate these plants in the market after the end of PPA/CMEC regime. Later in July, EDP won the international tender for the concession of the new Fridão and Alvito hydro plants in Portugal (450MW capacity) which implied a payment (Jan-09) of €231.7m for the concession rights and will further involve €666m capex until 2016.

Capex (€m)	YE2008	YE2007	Δ 08/07
Liberalized Generation	510.1	604.0	-94.0
Expansion	448.6	526.5	-77.9
CCGT	311.9	316.4	-4.5
Hydro	136.7	210.0	-73.4
Maintenance	61.5	77.6	-16.1
Recurrent	34.6	30.6	4.0
Non recurrent (environmental)	26.9	47.0	-20.1
PPA/CMEC Generation	105.4	102.2	3.2
Hydro Recurrent	17.2	12.8	4.3
Thermal Recurrent	30.1	27.9	2.1
Non recurrent (environmental)	58.2	61.4	-3.3
Special Regime	34.7	10.0	24.7
Expansion	28.1	9.4	18.7
Maintenance	6.6	0.7	6.0
Supply Portugal & Spain	6.2	3.5	2.7
Other	35.5	25.3	10.3
Total	691.9	745.0	-53.1
Expansion	476.7	535.8	-59.1
Maintenance and other	215.2	209.2	6.0

EDP Renováveis



Installed Capacity (MW)	100%	% Held ⁽¹⁾	EBITDA		
			Dec-08	Dec-07	Δ 08/07
Spain	2,109	1,639	1,692	1,265	+427
RD 436/2004	1,474	1,086	1,101	1,101	-
RD 661/2007	635	553	591	164	+427
Portugal	553	533	553	424	+129
Old Remuneration	553	533	553	424	+129
New Remuneration	0	0	0	0	-
France	185	185	185	87	+98
Old Remuneration	9	9	9	9	-
New Remuneration	176	176	176	78	+98
Belgium	47	33	47	0	+47
PPA	47	33	47	0	+47
Europe	2,894	2,390	2,477	1,776	701
USA	2,158	1,942	1,923	1,254	669
PPA	1,533	1,477	1,459	1,082	+377
Hedged	264	138	138	138	-
Merchant	361	327	327	35	+292
Total	5,052	4,332	4,400	3,030	1,370

CAPEX (€m)	2008	2007	Δ 08/07
Spain	684	428	60%
Portugal	85	174	-51%
Rest of Europe	123	54	129%
Europe	893	656	36%
USA	1,198	733	63%
Total	2,091	1,389	51%

Works in progress (€m)	Under Constr. and Development MW
Total as of Dec- 08	1,060.7

It is important to highlight that total works in progress related to capacity under construction/development amounted to €1,061m as of Dec-08, reflecting the cash-out already incurred with these projects.

EDPR's pipeline increased 4.0 GW vs. Dec-07 to a robust 28.2 GW, enhanced by the acquisition of 1,050 MW in early stages of development in the USA and of another 1,296 MW under development in France (560 MW) and Romania (736 MW) – in different stages of maturity and prime locations – enabling the company to selectively diversify its portfolio of growth options.

Gross MW	Under Constr.	Pipeline			Prospects	Total
		Tier 1	Tier 2	Tier 3		
Spain	477	373	541	1,702	2,250	5,343
Portugal	42	480	-	17	232	771
Rest of Europe	51	388	596	694	1,657	3,385
- France	8	63	80	384	742	1,276
- Belgium	23	-	-	37	25	84
- Poland	20	100	456	262	450	1,288
- Romania	-	225	60	12	440	737
Europe	569	1,242	1,137	2,413	4,139	9,500
USA	199	650	4,813	7,787	5,069	18,518
Brazil	-	-	-	-	216	216
Total	769	1,892	5,950	10,200	9,424	28,234

EDP Renováveis (EDPR) installed 1,413 MW of gross capacity in 2008, which clearly demonstrates the company's credibility to execute its annual targets. As such, EDPR begins the year 2009 managing a portfolio in excess of 5,000 MW of gross capacity, corresponding to a total of 4,400 MW of EBITDA capacity. As of Dec-08, EDPR EBITDA capacity in Europe totalled 2,477 MW, up 701 MW YoY. Note that EDPR added a new geography to its operational capacity – 47 MW installed in Belgium. The company's operating capacity in Europe is now spread over four different countries: Spain (1,692 MW), Portugal (553 MW), France (185 MW) and Belgium (47 MW). In USA, EDPR EBITDA capacity totalled 1,923 MW, up 669 MW YoY.

Currently, EDPR has 769 MW of gross capacity under construction: 569 MW in Europe (including Poland) and 199 MW in USA.

Capex at EDPR amounted to €2,091m in 2008, out of which €893m were invested in Europe and €1,198m in the USA (USD1,768m), reflecting the construction of 1,413 MW of gross capacity, the 769 MW under construction and turbine deposits made during the period.

Capital expenditures along 2008 with projects already in operation amounted to €1,390m (includes some late capex from 2007 projects and capex invested at the end of construction of 1,413 MW). Investments in capacity under construction and development reached €701m, of which €238m related to turbine deposits.

(1) MW not adjusted for the fact that Neo has an 80% stake in Genesa and Desa.

EDP Renováveis



Income Statement (€ m)	EUROPE (NEO)			EUA (Horizon)			EDP Renováveis		
	2008	2007	Δ 08/07	2008	2007	Δ 08/07	2008	2007	Δ 08/07
Gross Profit	388.9	242.9	60%	131.3	31.6	-	520.2	-	-
Supplies and services	55.8	38.8	44%	45.4	9.2	-	106.9	-	-
Personnel costs and soc. benefits	18.7	13.0	44%	18.0	8.4	-	38.1	-	-
Other operating costs/(revenues) (1)	7.6	0.9	775%	-70.6	-10.0	-	-62.7	-	-
Operating Costs	82.1	52.7	56%	-7.2	7.6	-	82.3	-	-
EBITDA	306.8	190.2	61%	138.5	23.9	-	437.9	-	-
EBITDA / Gross Profit	78.9%	78.3%	1p.p.	105.5%	75.8%	-	84.2%	-	-
Provisions for risks and contingencies	-0.8	-	-	-	-	-	-0.8	-	-
Depreciation and amortisation	120.1	91.2	32%	87.7	20.4	-	207.8	-	-
Comp. of subs. assets' depreciation	-0.7	-0.2	-	-	-	-	-0.7	-	-
EBIT	188.2	99.1	90%	50.8	3.5	-	231.6	-	-
EBIT / Gross Profit	48.4%	40.8%	8p.p.	38.7%	11.1%	-	44.5%	-	-
Employees	324	279	16%	276	197	40%	630	-	-
Opex / MW (€ 000) (2)	42.8	38.7	11%	52.7	-	-	44.0	-	-
Opex / MWh (€) (2)	21.1	18.1	16%	18.1	-	-	18.4	-	-

EUROPE Gross Profit (€ m)				USA Adjusted G. Profit (€ m)			
2008	2007	Δ 08/07		2008	2007	Δ 08/07	
Portugal	97.9	72.5	35%	Electricity Revenues & RECs	131.8	31.3	-
Spain	264.9	161.7	64%	Services Rendered & Other	-0.5	0.2	-
France	17.0	9.7	76%	Gross Profit	131.3	31.6	-
Wind	379.8	243.9	56%				
Other & Adjustments	9.1	-1.0	-	PTC Revenues & Other (3)	61.2	12.3	-
Total	388.9	242.9	60%	Adjusted Gross Profit	192.5	43.9	-

Wind Electricity Output (GWh)	2008	2007	Δ 08/07
Portugal	1,028	735	40%
Spain	2,634	2,056	28%
France	238	119	100%
Europe	3,900	2,911	34%
USA (3)	3,907	862	-
Electricity Output (GWh)	7,807	3,773	107%

Avg. Wind Load Factors (%)	2008	2007	Δ 08/07
Portugal	27%	24%	2 pp
Spain	26%	27%	(1 pp)
France	23%	27%	(4 pp)
Europe	26%	26%	(0 pp)
USA	34%	30%	4 pp

Avg. Wind Tariffs (%)	2008	2007	Δ 08/07
Europe Avg. Tariffs (€/MWh)	98.0	82.4	19%
Portugal	93.8	95.8	-2%
Spain	100.7	78.0	29%
Avg. Achieved Pool Price	62.1	37.4	66%
France	70.7	78.6	-10%
USA Avg. Tariffs (USD/MWh))	86.0	-	-
Avg. price (energy + REC)	49.0	-	-
Inst. partnerships revenues (4)	37.0	-	-

Electricity output at EDPR totalled 7.8 TWh in 2008. In Europe, electricity generation increased by 34% to 3.9 TWh in 2008, on the back of the additional capacity that came on stream in 2008 (+701 MW YoY). However, it is important to highlight that 2008 production did not fully benefit from the 4Q08 capacity additions, as the bulk of the capacity was installed in late 4Q08. The European platform achieved a 4Q08 load factor of 28% (vs. 25% in the 4Q07). On a quarterly basis, the average load factor in Europe increased from 20% in the 3Q08 to 28% in the 4Q08, reflecting the seasonality effect of the wind resource throughout the year. Looking at the full year, our wind portfolio in Europe recorded a 26% average load factor in 2008 (flat YoY). In USA, following the strong increase in installed capacity, electricity output totalled 3.9 TWh. Load factors in the period reached 34% (vs. 30% in 2007), reflecting the substantial change in EDPR portfolio vis-à-vis 2007.

EDPR gross profit reached €520m in 2008, on the back of higher electricity output (7.8 TWh in 2008) and attractive selling prices of €98/MWh in Europe (up 19% YoY) and USD86/MWh in US (including PTCs). In Spain, average selling prices benefited from an increase in pool prices. Note that even though pool prices started to show a negative trend in the 4Q08, EDPR benefited from its hedging policy (0.4 TWh in OTC market @ €73.8/MWh). In USA, gross profit adjusted for PTCs and other revenues related to institutional partners reached €192.5m in 2008. For 2009, in Spain, EDPR already hedged 2.0 TWh @€46-50/MWh.

Operating costs at EDPR reached €82.3m in 2008. In Europe, operating costs increased 56% YoY, mainly driven by the business growth, which reflected into: (i) higher O&M expenses related to the entry into operation of new capacity, and (ii) higher personnel costs due to the additional headcount needed to fuel the activity growth. In consequence, average operating costs per MW installed rose 11% YoY to €42.8/MW. In US, average operating costs per MW installed, when adjusted for PTCs and other revenues related to institutional partners, reached €52.7/MW in 2008.

All in all EDPR EBITDA in 2008 totalled €437.9m, which corresponds to an EBITDA margin of 84%.

In Feb-09, the American Recovery and Reinvestment Act was signed, including a number of energy-related tax and policy provisions to benefit the development of wind energy: i) extension of PTC through 2012, ii) option to elect a 20% ITC in lieu of the PTC; and iii) cash grant provided by the Secretary of Treasury in lieu of the ITC.

(1) Includes generation centre rentals; (2) In USA, operational costs exclude PTC revenues and other revenues related to Horizon's Institutional partnerships (3) In 2007 Horizon contributed for wind generation only from Jul-07 to Dec-07

(Horizon was acquired in Jul-07); (4) Institutional partnership revenues, grossed-up for taxes; calculation only includes projects once they are contributing to a tax equity portfolio;

Note: Average exchange rate for 2008 was 1.48 USD/EUR vs. 1.37 USD/EUR in the 2007. Exchange rate as of Dec-08 was 1.39 USD/EUR vs. 1.47 USD/EUR as of Dec-07.

Distribution in Portugal



Electricity Consumers (thousand)	2008	2007	Δ 08/07
Regulated Supply	5,890	5,902	-12
Liberalized Market Supply	198	152	46
Total Electricity Consumers	6,088	6,054	34
Electricity Delivered to the Distribution Grid (GWh)	2008	2007	Δ 08/07
Regulated System	48,796	43,779	11.5%
Liberalised Market	1,306	5,731	-77.2%
Electricity Delivered to the Distribution Grid	50,102	49,510	1.2%
Electricity Sales & Gross Profit (€ m)	2008	2007	Δ 08/07
Electricity Sales & Tariff Deviations and Deficits	6,014.9	4,622.9	30.1%
Purchases	4,562.1	3,414.1	33.6%
Electricity Gross Profit	1,452.7	1,208.7	20.2%
(-) 2006/08 Tariff Deficit Reposition (Jan-Feb)	(2.4)	-	-
(-) 2007 Tariff Deficit Recognition Reposition	85.9	-	-
Adjusted Electricity Gross Profit	1,369.2	1,208.7	13.3%
Tariff Deviation to receive/(return)	0	58.3	-99.8%
Total Allowed Revenues	1,369.3	1,267.1	8.1%
Capex and Quality of Service	2008	2007	Δ 08/07
Equivalent Interruption Time (min)	92	96	-4
Capex - Net of Subsidies (€m)	239	233	6

Electricity inflow into EDP Distribuição (EDPD) distribution grid increased 1.2% YoY, or 0.9% YoY adjusted for temperature and working days. Electricity distributed stood 3.6% below ERSE's forecast used in the calculation of 2008 tariffs, mostly reflecting the slowdown of Portuguese economy. This lower consumption, coupled with a consumption mix (per hour, per voltage ...etc) different from ERSE's assumption, led to a €105m tariff deviation in the distribution grid activity.

The volume of electricity supplied to regulated clients by EDP Serviço Universal (EDP SU) rose 9% YoY to 45.3 TWh in 2008, more than 6% above the regulator's assumption in 2008 tariffs, given the massive switching of clients from the liberalized market to the regulated supplier as a result of the increase in market prices when compared to the 2008 last resource tariff. In 2008, EDP SU electricity procurement cost was €76.5/MWh vs. the regulator's assumption of €50/MWh. As a result of higher procurement costs and volumes supplied, EDP SU had to support a tariff deviation of €872m in 2008.

Integrated gross profit from distribution grid and last resource supply activities rose 20.9% YoY to €1,482.1m in 2008 (down 1% YoY when excluding previous years' tariff adjustments). According to DL 165/2008, of August 21, tariff deviations from years prior to 2008 now benefit from the same regulatory/legal framework as tariff deficits. As such, EDPD and EDP SU's 2008 and 2007 tariff deviations, amounting to €977m and €86m, respectively, were booked as electricity revenues in 2008.

In Dec-08, ERSE announced a 4.9% average increase for 2009 electricity tariffs in Portugal (new regulatory period: 2009-2011) as well as the recognition of an accumulated tariff deficit of €1.27bn by Dec-09 (created in 2007-2008, with interests). DL 165/2008 defines that this tariff deficit, to be

Income Statement (€ m)	2008	2007	Δ 08/07
Gross Profit	1,482.1	1,226.1	20.9%
Supplies and services	284.3	259.9	9.4%
Personnel costs	173.8	181.4	-4.2%
Costs with social benefits	132.1	199.8	-33.9%
Concession fees	227.5	208.7	9.0%
Other operating costs / (revenues)	(23.5)	(9.0)	-162.0%
Operating Costs	794.3	840.8	-5.5%
EBITDA ⁽¹⁾	687.9	385.3	78.5%
EBITDA/Gross profit	46.4%	31.4%	15.0 pp
Provisions for risks and contingencies	(1.5)	(6.8)	78.6%
Depreciation and amortization	340.4	345.4	-1.4%
Compensation of subsidised assets' depreciation	(91.8)	(85.5)	-7.3%
EBIT	440.7	132.2	233.4%
EBIT/Gross Profit	29.7%	10.8%	19.0 pp
Number of Employees	2008	2007	Δ 08/07
Number of Employees	4,675	4,983	-308
Employee/TWh	101	106	-5.3%
Clients / Employee	1,302	1,215	7.2%

supported by EDP is to be recovered, with interests (Euribor + 195bp) ⁽²⁾, through the tariffs applicable to all electricity consumers, as from January 1, 2010, and for a 15 years period. The same DL also allows the tariff deficit to be transferred without recourse to a third party, recognizing the undeniable right to its receipt. Note that when setting 2009 electricity tariffs, ERSE assumed a 3.3% average increase in consumption and an average electricity purchase cost of €70.8/MWh. Despite an expectation of lower consumption for 2009, ERSE assumption in terms of electricity purchase cost is well above what the market has been witnessing in the past few months, which should therefore ease the pressure over the electricity system in what concerns future tariff deficits.

Controllable operating costs (supplies & services and personnel costs) increased 3.8% YoY, on the back of a 9.4% YoY increase in supplies and services, which was driven by higher costs imposed by new legislation (Law 12/2008: namely a change from bi-monthly to monthly invoicing, among other) and by an increase in IT services and back-office costs. Personnel costs decreased 1.9% YoY when excluding severance payments, indemnities and personnel costs capitalization, reflecting the 6.3% decrease of the number of employees in the period. In consequence, the clients/employee efficiency ratio improved 7% YoY.

Costs with social benefits decreased €68m YoY on the back of lower HR Restructuring costs – €38m in 2008, regarding 148 early retirements that signed to leave in the 1Q09, vs. €127.3m in 2007 – which was partly offset by higher provisions for medical care and pension premiums.

In 2008, capex increased 2.6% YoY to €239m, to comply with regulatory requirements and with growth in electricity consumption. In terms of service quality, EIT adjusted for non-recurring impacts (rainstorms, high winds and summer fires), improved 4 min. YoY to 92 min. in 2008.

⁽¹⁾ Normalized EBITDA (i.e. excluding tariff differences and t-2 and t-1 tariff adjustments) is €493m for 2008 and €460m for 2007

⁽²⁾ Defined by Dispatch nº 5579-A/2009

Distribution in Spain



Electricity Consumers (thousand)	2008	2007	Δ 08/07
Regulated Supply	549	565	-2.8%
Liberalized Market Supply	79	51	53.3%
Total Electricity Consumers	628	617	1.9%

Electricity Distribution (GWh)	2008	2007	Δ 08/07
High Voltage	5,762	5,883	-2.1%
Medium Voltage	1,284	1,204	6.6%
Low Voltage	2,633	2,536	3.8%
Electricity Distributed	9,679	9,623	0.6%
o/w Third-Party Access	2,439	1,584	54.0%

Regulated Revenues (€ m)	2008	2007	Δ 08/07
Transmission	6.4	6.2	3.7%
Distribution	130.8	123.7	5.8%
Supply	8.0	7.7	3.3%
Electricity Regulated	145.2	137.6	5.5%

Capex and Quality of Service	2008	2007	Δ 08/07
Equivalent Interruption Time (min)	65	59	6
Capex (net of subsidies) €m	51	30	21

In 2008, electricity distributed in Asturias increased by a mere 0.6% YoY, on the back of a 2.1% YoY decrease in consumption from HV clients. Gross profit from our electricity distribution activity in Spain increased 9.8% YoY to €158.1m in 2008, reflecting a 5.5% increase in regulated revenues recognized in the 2008 tariffs and a €6m increase in services rendered due to the non-recurrent regulatory revenues (€5.3m).

Operating costs increased 6% YoY to €76m in 2008. Excluding from 2007 operating costs the €11m impact related to RD 871/2007 ⁽¹⁾ and a €3.4m non-recurring revenue booked under other operating costs/revenues, operating costs would have decreased 11.7% YoY. Supplies and services reflect an increase in O&M costs, which was more than compensated by lower costs with social benefits – the year 2007 includes a €15.8m actuarial cost related to the expected evolution of employees remuneration, to reflect a change in HC Energia labour agreement.

All in all, EBITDA from our Spanish distribution activity increased 13.7% YoY to €82m in 2008. When excluding the above mentioned non-recurring impacts: (i) €5.3m from services rendered in 2008; (ii) €14.4m from other operating revenues in 2007 and (iii) €15.8m from costs with social benefits in 2007, EBITDA would have increased 4.3% YoY.

Income Statement (€ m)	2008	2007	Δ 08/07
Gross Profit	158.1	143.9	9.8%
Supplies and services	59.9	55.9	7.3%
Personnel costs	20.9	25.7	-18.8%
Costs with social benefits	3.6	16.6	-78.3%
Other operating costs / (revenues)	(8.3)	(26.3)	68.4%
Operating Costs	76.1	71.9	6.0%
EBITDA	81.9	72.1	13.7%
EBITDA / Gross Profit	51.8%	50.1%	1.8 pp
Provisions for risks and contingencies	0.1	(0.4)	-
Depreciation and amortization	29.3	31.9	-8.1%
Compensation of subsidised assets' depreciation	(3.6)	(2.8)	-25.1%
EBIT	56.1	43.4	29.2%
EBIT / Gross Profit	35.5%	30.2%	5.3 pp

Number of Employees	2008	2007	Δ 08/07
Number of Employees	366	389	-23
Employee/TWh	37.8	40.4	-6.5%
Consumers / Employee	1,717	1,585	8.3%

Capex in this division rose €21m YoY to €51m in 2008, on the back of higher investments at our distribution grid (expansion outside Asturias and improvement of service quality).

2008 electricity tariffs in Spain were not enough to cover for electricity procurement costs, which translated into a €252m 2008 tariff deficit for HC Energia.

In Jan-08, electricity tariffs in Spain have been increased by 3.3% and by an additional 5.6% in July, assuming a 61.1€/MWh average wholesale price of electricity for the 2H08. 2008 tariff deficit for Spain amounted to €5.6bn. Spanish utilities and the Spanish government are currently negotiating the best way to avoid similar shortfalls in the future.

2007 tariff deficit for Spain, which amounted to €1.3bn, was securitized in Jun-08. Cash proceeds received by HC Energia in July due to this deal amounted to €79m (with interests). As from 2007, 2006 tariff deficit is being recovered through tariffs, for a 15 years period.

The Spanish government defined a 3.4% average increase in electricity tariffs for the 1Q09, assuming a 1.9% increase in electricity demand and an average cost of electricity of €58.4/MWh for the year 2009 (€63/MWh for the 1Q09). Regulated revenues attributable to HC Energia for year 2009 amount to €155m, up 7% YoY.

(1) RD 03/2006 implied that generation sales and distribution purchases of electricity made simultaneously and within the same group had to be netted of and priced at a provisional €42.35/MWh. Latter on, RD 871/2007 set this provisional price at €49.23/MWh.

Gas - Regulated Activity



Income Statement (€ m)	Portugal			Spain			Total		
	2008	2007	Δ 08/07	2008	2007	Δ 08/07	2008	2007	Δ 08/07
Gross Profit	42.1	52.6	-20.0%	188.4	154.8	21.7%	230.5	207.4	11.2%
Supplies and services	12.8	12.1	5.6%	25.9	26.5	-2.1%	38.7	38.6	0.3%
Personnel costs	4.2	5.3	-19.5%	18.8	17.8	5.4%	23.0	23.1	-0.2%
Costs with social benefits	0.1	0.2	-	0.4	0.4	12.4%	0.5	0.6	-20.5%
Other operating costs / (revenues)	5.7	(0.0)	-	(7.0)	0.5	-	(1.3)	0.4	-
Operating Costs	22.8	17.6	29.6%	38.2	45.1	-15.5%	60.9	62.7	-2.9%
OPEX / Gross Profit	54.1%	33.4%	20.7 pp	20.2%	29.2%	-8.9 pp	26.4%	30.2%	-3.8 pp
EBITDA	19.3	35.0	-44.9%	150.3	109.6	37.1%	169.6	144.7	17.2%
EBITDA / Gross Profit	45.9%	66.6%	-20.7 pp	79.8%	70.8%	8.9 pp	73.6%	69.8%	3.8 pp
Provisions risks and contingencies	(0.0)	0.3	-	0.5	(0.5)	-	0.5	(0.3)	-
Depreciation and amortization	11.8	12.9	-8.8%	35.0	32.5	7.5%	46.8	45.5	2.9%
Comp. of subsidised assets' depr.	(1.4)	(1.4)	-0.2%	(3.2)	(1.6)	98.1%	(4.6)	(3.0)	52.3%
EBIT	9.0	23.3	-61.4%	117.9	79.2	48.9%	126.9	102.5	23.8%
EBIT / Gross Profit	21.3%	44.2%	-22.9 pp	62.6%	51.2%	11.4 pp	55.1%	49.4%	5.6 pp

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

Our gas regulated activity showed a 17.2% YoY growth of EBITDA to €169.6m. The volume of gas distributed in Portugal grew by 5.5% in 2008 with volume growth accelerating to +8.7% YoY in 4Q08 following the new connection of a large industrial client in Sep 08. The volume of gas distributed by Naturgas in Spain rose by 2.2% in 2008, following a 1.3% decline in 4Q08, also driven by a decline in demand from the industrial segment. The number of clients connected increased by 15,000 in 4Q08 and +5.5% YoY in 2008 and there was an increase in the extension of our networks by 7.0% YoY to 9,048 Kms.

In Spain, our gas regulated revenues showed an increase by 5.3% to €150m in 2008:

- **Gas distribution regulated** revenues grew by 10.0% to €130m reflecting 3.7% YoY increase in the number of supply points in our distribution network to 690,000 customers (25,000 additional customers connected), and a 6.9% YoY increase in the extension of our gas distribution network to 5,519 kms. The volume of gas distributed grew 2.2% YoY comparing with a 1.7% decrease of conventional gas demand in the Spanish market.
- **Gas transmission regulated** revenues grew by 2.7% YoY to €16.6m, as a result of an increase in the remuneration of new investments.
- **Regulated supply revenues** fell 56% YoY to €3.6m, reflecting the end of gas supply regulated tariff by Jun-08. From Jul-08 onwards this business line includes only the last resource regulated gas supply activity in the Basque and Asturias regions.

Gross profit in Spain from other activities not included in regulated revenues increased from €12m in 2007 to €38m in 2008, due to new mandatory services to clients such as inspections and meter rentals which were imposed by the legislative change occurred in 2007, and a €14.3m one-off impact from a retroactive change in accounting of the upfront connection fee paid by new clients.

In Portugal, a new concession contract was signed with the Portuguese State (this new concession with a 40 years duration, starting in Jan-08), which versus the situation defined in the old contract imply lower revenues in the first years and higher revenues in the last years maintaining the NPV of the concession. This new reality is in place since Jul-08, when a new regulatory period started, which will last until Jun-11, with the regulated return on assets set at 9%. As a result, in 2008 our gas regulated revenues decreased by 20% YoY to €42.1m, reflecting not only the new concession contract but also including in 2008 a €5m non-recurrent loss on previous years gas losses in our network. The extension of our network in Portugal increased 7.8%, the number of supply points increased 11.8% YoY (clients/Km, up from 64 in 2007 to to 66 in 2008) and the volume of gas distributed grew 5.5% (average consumption per client fell 5.6% YoY).

Operating costs decreased by 2.9% helped by a non-recurrent revenue in other operating costs/revenues. Excluding non-recurrent costs, operating costs show a flat performance.

Capex in 2008 decreased by 1.8% YoY to €70.5m due to receiveble of more subsidies in 2008 (+€16m) and was largely devoted to the expansion of our network (+592 Km YoY in Dec-08). Transmission network in Spain increased following the ongoing construction of the Bergara-Irun pipeline (88 kms extension, €67.5m expected total capex, to be fully operational by 2010YE). The new remuneration model for gas transmission in Spain improved significantly the rates of return of this pipeline, which has a higher investment cost per km than the average cost in the Spanish transmission network due to its location in a mountain region.

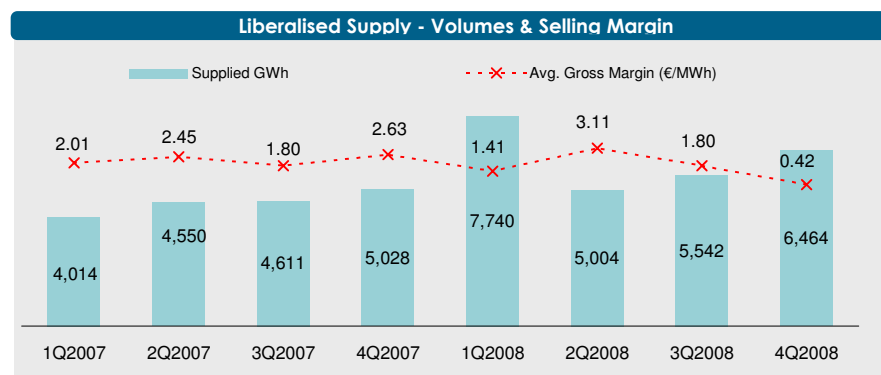
Regulated Activity	2008	2007	% Δ	Abs. Δ
Number of supply points (th)	891.0	844.9	5.5%	+46
Portugal	201.0	179.8	11.8%	+21
Spain	690.0	665.1	3.7%	+25
Final Clients	-	196.6	-	-197
Acess Clients	690.0	468.5	47.3%	+222
Gas Distributed (GWh)	23,381	22,791	2.6%	+590
Portugal	2,693	2,554	5.5%	+139
Spain	20,688	20,237	2.2%	+451
Final Clients	1,514	4,529	-66.6%	-3,015
Acess Clients	19,174	15,708	22.1%	+3,466
Regulated Revenues (€ m)	192.4	195.3	-1.5%	-2.9
Portugal	42.1	52.6	-20.0%	-10.5
Spain	150.3	142.8	5.3%	+7.6
Transmission	16.6	16.2	2.7%	+0.4
Distribution	130.1	118.2	10.0%	+11.9
Regulated Supply	3.6	8.4	-56.4%	-4.7
Network (Km)	9,048	8,456	7.0%	+592
Portugal - Distribution	3,220	2,987	7.8%	+232
Spain - Distribution	5,519	5,161	6.9%	+358
Spain - Transmission	309	307	0.5%	+2
Capex (€m)	70.5	71.8	-1.8%	-1
Gas Distribution Portugal	27.4	24.7	10.9%	+3
Gas Transmission Spain	28.9	21.7	33.5%	+7
Gas Distribution Spain	14.2	25.5	-44.1%	-11

Gas - Liberalized Activity



Income Statement (€ m)	2008	2007	Δ 08/07
Gross Profit	72.1	68.5	5.3%
Supplies and services	18.2	14.4	26.3%
Personnel costs	3.8	2.6	48.7%
Costs with social benefits	0.1	0.1	9.3%
Other operating costs / (revenues)	12.5	7.6	62.9%
Operating Costs	34.5	24.7	39.9%
OPEX / Gross Profit	47.8%	36.0%	11.8 pp
EBITDA	37.6	43.8	-14.2%
EBITDA / Gross Profit	52.2%	64.0%	-11.8 pp
Provisions for risks and contingencies	-0.1	0.1	-
Depreciation and amortization	0.5	1.2	-60.2%
Compensation of subsidised assets' depreciation	-	-	-
EBIT	37.2	42.6	-12.6%
EBIT / Gross Profit	51.6%	62.2%	-10.6 pp

Supply Activity	2008	2007	Δ 08/07
Number of Clients	628.3	415.3	51.3%
Last Resource Supplier	118.9	-	-
Liberalized	509.4	415.3	22.7%
Gas Supplied (GWh)	24,750	18,203	36.0%
Last Resource Supplier	452	-	-
Liberalized	24,298	18,203	33.5%
Industrial	18,313	14,043	30.4%
Residencial/Commercial	5,985	4,160	43.9%
Avg. Gross Margin (€/MWh)	1.56	2.23	-30.0%



Our gas liberalised activity includes gas supply business (through Naturgas and HC Energia in Spain and EDP Gás.Com in Portugal) and wholesale gas sourcing activities. EBITDA from gas liberalized activity decreased by 14.2% YoY, to €37.6m.

Our gas sourcing activity is currently based on an existing 4.5bcm/year portfolio of long term contracts which include 4 contracts currently at cruise speed in terms of deliveries (1bcm/year with Trinidad & Tobago, currently swapped with Gas Natural, 0.5bcm/year with ENI, 1.2bcm/year with Galp and 0.5bcm/year with Gas Natural) and a contract of 1.3bcm/year with Sonatrach, signed in 2007, with deliveries started in Apr-08, which is expected to reach cruise speed by 2010. This portfolio of gas sourcing contracts is managed on an integrated way taking into consideration the fuel needs of our current 2,405 MW CCGT fleet, the 800 MW CCGT capacity currently under construction and other gas supply to final clients in Spain and Portugal. The 36% YoY increase in the volume of gas supplied to clients in 2008 is related with an integrated management of the existing contracts and the delivery of the first gas volumes by Sonatrach in April 2008. During 2008, we had to satisfy our gas demand through gas purchases in the spot market of 0.3 bcm.

The volume of gas sold to clients in the retail liberalized market grew by 36% YoY vs. a 1.7% YoY decrease of conventional gas demand in the Spanish gas liberalized market. This growth rate clearly above market average was similar both in the industrial segment, with the closing of new contracts with some large clients, and in the residential segment, following a 51.3% increase in the number of clients (+213,000 clients YoY). Note that gas supply tariffs ended in Spain by Jun-08, leading to the switching to the liberalized market (+132,000 1H08 vs. 2H08) of all the clients that were still in the system.

Average gross margin per MWh sold in gas supply decreased by 30% YoY, due to an increase in the average purchase cost in line with the movement of CMP and the increase of oil price during the 3Q08 with negative impact in 4Q08 gas sourcing cost. It is expected that the strong decrease in oil prices recorded in 4Q08 will have a positive impact in average gross margin over the next quarters.

The increase of operating costs is related to the reinforcement of commercial platform in Spain, namely through higher marketing and commercial team costs and higher provisions for doubtful clients.

Brazil: Energias do Brasil



	R\$ million												€ million		
Income Statement	Distribution			Generation			Supply			Consolidated			Consolidated		
	2008	2007	Δ 08/07	2008	2007	Δ 08/07	2008	2007	Δ 08/07	2008	2007	Δ 08/07	2008	2007	Δ 08/07
Gross Profit	1,515.2	1,999.2	-24.2%	664.5	516.0	28.8%	77.8	73.6	5.7%	2,257.4	2,587.0	-12.7%	851.3	973.0	-12.5%
Supplies and services	308.6	353.7	-12.8%	42.4	30.8	37.9%	5.2	5.5	-4.8%	383.8	408.6	-6.1%	144.7	153.7	-5.8%
Personnel costs and soc. benefits	231.7	259.1	-10.6%	28.4	26.5	7.2%	5.6	7.7	-27.5%	282.1	316.2	-10.8%	106.4	118.9	-10.6%
Other operating costs/(revenues)	58.5	276.3	-78.8%	25.8	12.1	112.7%	15.8	13.4	-	100.6	302.7	-66.8%	37.9	113.9	-66.7%
Operating Costs	598.8	889.1	-32.6%	96.6	69.4	39.2%	26.6	26.5	0.1%	766.4	1,027.5	-25.4%	289.0	386.5	-25.2%
EBITDA	916.4	1,110.1	-17.4%	567.9	446.5	27.2%	51.2	47.0	8.9%	1,490.9	1,559.5	-4.4%	562.3	586.5	-4.1%
EBITDA / Gross Profit	60.5%	55.5%	5.0p.p.	85.5%	86.5%	-1.1p.p.	65.8%	63.9%	1.9p.p.	66.0%	60.3%	6p.p.	66.0%	60.3%	6p.p.
Prov. for risks and contingencies	18.5	43.4	-57.4%	0.2	-0.1	-	-	-	-	22.3	43.3	-48.6%	8.4	16.3	-48.4%
Depreciation and amortization	234.1	228.8	2.3%	102.9	81.7	26%	0.3	0.3	-5.2%	483.2	325.9	48.2%	182.2	122.6	48.6%
Comp. of subsid. assets' depreciat	(22.6)	(24.5)	7.8%	-	-	-	-	-	-	(22.6)	(24.5)	7.8%	(8.5)	(9.2)	7.5%
EBIT	686.4	862.3	-20.4%	464.7	364.9	27.3%	50.9	46.7	9.0%	1,008.0	1,214.7	-17.0%	380.2	456.9	-16.8%
EBIT / Gross Profit	45.3%	43.1%	2.2p.p.	69.9%	70.7%	-0.8p.p.	65.5%	63.5%	2.0p.p.	44.7%	47.0%	-2p.p.	44.7%	47.0%	-2p.p.
Capex	446	447	-0%	690	108	540%	0	1	-39%	1,137	556	104%	429	209	105%
Employees	2,033	2,734	-701	236	231	+5	14	15	-1	2,342	3,036	-694			

EDP's activities in Brazil, through Energias do Brasil (owned 71.9% by EDP), were negatively affected by the reduction of the amount of regulatory receivables recovered in 2008 and the adverse tariff revisions for the new regulatory periods. In 2008, Energias do Brasil's contribution to consolidated EBITDA benefited from 0.3% appreciation of the Real against the Euro, with an average BRL/Euro rate of 2.66 in 2007 evolving to 2.65 in 2008 (+€2m impact on EBITDA).

The completion of the asset swap involving the exchange of Enersul's share capital for a controlling stake in Investco (holder of Lajeado hydro plant concession) which occurred on Sep-08, implied the de-consolidation of Enersul and the full consolidation of Lajeado hydro plant from Aug-08 onwards.

In 2008, Energias do Brasil's **EBITDA** retreated 4.4% to R\$1,491m. EBITDA in generation increased by 27% YoY impacted by an increase in installed capacity and a one-off increase in electricity sales by Peixe Angical in 1Q08, taking advantage of higher prices in the residual electricity market. **In distribution**, EBITDA decreased by 17.4% driven essentially by: i) de-consolidation of Enersul from Sep-08 onwards, ii) reviews in Bandeirante and Escelsa tariff revisions occurred in 2007, iii) lower amount of recovery of previous years regulatory receivables which was partially offset by iv) demand growth. EBITDA of **liberalized supply** increased by 8.9% YoY, following an increase in volume sold and average selling price.

Operating costs of Energias do Brasil decreased by 25.4% YoY. Excluding Enersul and Lajeado from consolidation perimeter, operating costs decreased by 14.5% YoY:

- a) supplies and services' retreated 6.1% YoY and, excluding Enersul and Lajeado from consolidation perimeter, rose 1% below inflation (9.8% IGPM 12 months);
- b) "Other operating costs" declined 67% supported by: i) one-off provision in 3Q07 due to reduction of Enersul RAB and ii) a decrease in provisions for doubtful clients in distribution. Excluding the one-off cost booked in 2007, "Other operating costs" would have decreased by 35%.

Regarding the number of employees, the close of the asset swap implied a decrease in the distribution business. In generation, all of Lajeado's workforce was already considered in the total number of generation employees in 2007.

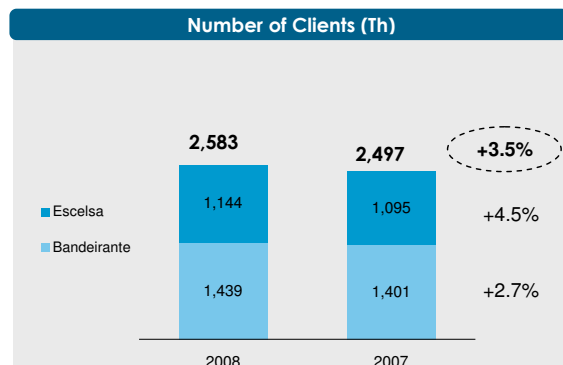
Capex increased 104% YoY, to R\$1,137m in 2008, mostly related to the construction of Pecém coal plant (+360MW/50%) and the construction of the new Santa Fé hydro power plants (+29MW), which will start operation in 2009. Capex in distribution activity relates to the extension and improvement in the distribution network of the concession areas of Bandeirante and Escelsa mainly due to Universalization program. Excluding Enersul, total capex increased 138% YoY, from R\$447m to R\$1,044m.

On Dec-08, BNDES approved R\$ 900 million revolving credit facility for investments of Energias do Brasil Group. The funds approved are available for utilization for five years, with a total maturity of up to ten years for each withdrawal. Energias do Brasil will use these resources to finance the investment projects of the group's distribution companies (Bandeirante and Escelsa), as well as the construction and repowering of small hydro power plants.

Brazil: Distribution



Distribution Activity		Bandeirante			Escelsa			Enersul*			Distribution		
		2008	2007	Δ 08/07	2008	2007	Δ 08/07	2008	2007	Δ 08/07	2008	2007	Δ 08/07
GWh	Final Clients	8,471	8,050	5.2%	5,172	4,950	4.5%	1,888	2,833	-33.3%	15,531	15,833	-1.9%
	Third-party access	5,083	5,218	-2.6%	3,480	3,539	-1.6%	314	440	-28.8%	8,877	9,197	-3.5%
	Electricity Distributed	13,554	13,268	2.2%	8,652	8,488	1.9%	2,202	3,273	-32.7%	24,408	25,029	-2.5%
Losses/EIT	Capex (R\$ million)	134.8	153.7	-12.3%	218.7	177.2	23.4%	92.8	116.6	-20.4%			
	Equiv. Interrupt. Time (Hours)	11.3	9.6	17.8%	10.6	11.6	-8.2%	-	13.1	-			
	Technical Losses	5.21%	5.14%	0.07 pp	8.71%	7.85%	0.86 pp	-	14.05%	-	6.61%	7.40%	-0.79 pp
R\$ million	Commercial Losses	5.49%	5.65%	-0.16 pp	5.23%	5.97%	-0.74 pp	-	8.20%	-	5.39%	6.09%	-0.71 pp
	Total Electricity Losses	10.71%	10.80%	-0.09 pp	13.93%	13.82%	0.12 pp	0.00%	22.25%	-	11.99%	13.49%	-1.50 pp
	IFRS Gross Profit	632	914	-30.8%	580	582	-0.2%	302	504	-40.0%	1,515	1,999	-24.2%
R\$ million	Rationing Losses and Parcela A	99	(29)	-	(7)	(49)	85.6%	(55)	(25)	-118.3%	38	(102)	-
	Adjustments of Tariff Revisions	-	(18)	-	-	-	-	-	(156)	-	-	(174)	-
	Tariff dev. in recuperation	(94)	(127)	26.0%	(72)	(81)	10.9%	(32)	(28)	-14.9%	(198)	(236)	16.0%
R\$ million	Tariff dev. to be recovered	28	(26)	-	33	27	21.4%	30	(7)	-	91	(6)	-
	Others	30	24	26.5%	(38)	24	-	24	(42)	-	17	6	176.5%
	Brazilian GAAP Gross Profit	696	739	-5.7%	496	503	-1.3%	270	246	9.8%	1,462	1,487	-1.7%
R\$ million	Regulatory Receivables	61	55	11.6%	88	165	-46.5%	-	-71	-	150	149	0.2%



Last Tariff Revisions and Readjustments			
	Bandeirante Out/08 Readj.	Escelsa Aug-08 Readj.	Enersul Apr-08 Revision
Part A	9.01%	3.96%	4.10%
Part B	2.88%	3.52%	-9.65%
Readjust. Index	11.89%	7.48%	-5.55%
Past Costs	2.24%	1.13%	-2.08%
Other	0.35%	3.56%	0.45%
Financial Items	2.59%	4.69%	-1.63%
Total Index	14.48%	12.17%	-7.18%

Notes:
Part A: Non-controllable costs, which is a pass-through to the tariff
Part B: Controllable costs, depreciation and return on invested capital, which are updated to inflation (IGP-M) and adjusted by an X factor.
Readjustment Index: Gives the total increase to be applied to electricity base revenues
Financial Items: Recovery (or return) of past costs (or revenues) for a period of 12 months

PERFORMANCE OF DISTRIBUTION GROSS PROFIT:

Distribution gross profit in 2008 decreased 24.2%. Considering only Bandeirante and Escelsa (Band+Esc), gross profit fell by 18.9% following (1) a 2.1% YoY growth in the volume of electricity distributed (2) negative impact from new regulatory periods (3) YoY decrease in cash-in through tariffs of regulatory receivables accumulated in previous years, and (4) higher than expected energy costs vs. the ones assumed in tariffs' calculation which will be recover in the next annual tariff revisions. On a normalized base, gross profit decrease by 1.7% YoY.

1. Recurrent growth of electricity distribution gross profit: volume of electricity distributed in Band+Esc increased by 2.1% in 2008 following a 3% decline of the volume distributed in 4Q08, driven by a lower activity in the exporting industrial sector, namely in the Escelsa concession area. Considering only electricity volumes supplied directly by Band+Esc to final clients, and excluding electricity distributed in our concession areas to large industrial consumers, which are supplied directly in the free wholesale market (third-party access), electricity supplied by Band+Esc rose by 4.9% YoY in 2008 and by 3.2% in 4Q08. The number of clients connected rose 3.5% YoY.

2. New regulatory periods: The start of new regulatory periods for our distribution companies Bandeirante (from Oct-07 until Sep-11) and Escelsa (from Aug-07 until Jul-10), for which the regulator set a RoRAB of 15% before taxes (previously RoRAB was 17%), had a negative impact on the recurrent gross profit of these companies. Remind that these companies have annual tariff readjustments to reflect the annual evolution of assumptions such as CPI and energy costs. The positive impact from the recent tariff readjustments of Bandeirante (Oct-08) and Escelsa (Aug-08) will have a larger impact on gross profit during 2009.

3. Recovery through tariffs of regulatory receivables accumulated in the past: The regulatory receivables which the system owed us due to lower than expected gross profit in past periods and that our distribution activity is recovering through tariffs decreased 76% YoY from R\$567m to R\$139m (79% YoY from R\$339m to R\$72m from Band+Esc). In 2008, our distribution activity (Band+Esc) had total regulatory receivables of R\$150m, which should be recovered over the next quarters, meaning that Energias do Brasil distribution gross profit is expected to continue to be positively impacted by the cash-in through tariffs of these receivables.

4. Negative tariff deviation: Distribution gross profit in 2008 includes a R\$91m (R\$60m from Band+Esc) negative tariff deviation from energy procurement costs higher than the ones set in the regulator's assumptions for tariff calculation. This non recurrent negative impact will be recovered by EDP through higher tariffs in the next annual tariff adjustment.

* Enersul figures until August-2008

Brazil: Generation and Supply



Generation

Hydro Installed Capacity (MW)	2008	2007	Δ 08/07
Lajeado	903	250	+653
Peixe Angical	452	452	-
Energest (13 Hydro plants)	342	342	-0
Total	1,697	1,044	+653
Electricity Generated (GWh)	2008	2007	Δ 08/07
Lajeado	1,795	982	82.8%
Peixe Angical	2,250	2,203	2.1%
Energest (13 Hydro plants)	1,428	1,518	-5.9%
Total	5,473	4,704	16.4%
Electricity Sold (GWh)	2008	2007	Δ 08/07
Lajeado	1,923	1,225	57.0%
Peixe Angical	2,380	2,374	0.3%
Energest (13 Hydro plants)	2,107	1,970	7.0%
Total	6,411	5,568	15.1%
Gross Profit (R\$ million)	2008	2007	Δ 08/07
Lajeado	173.8	94.1	84.6%
Peixe Angical	297.9	268.4	11.0%
Energest (13 Hydro plants)	192.8	153.4	25.6%
Total	665	516	28.8%
Average Selling Price (R\$/MWh)	2008	2007	Δ 08/07
Lajeado	96.9	85.9	12.7%
Peixe Angical	137.4	128.0	7.3%
Energest (13 Hydro plants)	105.0	81.0	29.6%
Total	114.6	102.1	12.2%
Capex (R\$ million)	2008	2007	Δ 08/07
Lajeado	8.8	4.6	89.5%
Peixe Angical	12.3	49.4	-75.1%
Energest (13 Hydro plants)	32.3	53.8	-39.9%
New Capacity	636.4	0.0	-
Total	689.7	107.8	539.8%

Trading and Supply

Financial and Operating Data	2008	2007	Δ 08/07
Number of clients	64	78	-17.9%
Electricity Sales (GWh)	7,282	7,188	1.3%
Gross Profit / GWh	10.7	10.2	4.4%

GENERATION CAPACITY IN OPERATION:

All Energias do Brasil's installed capacity is under long term contracts (PPAs) with prices adjusted to inflation and an average maturity of 15 years. In 2008, Energias do Brasil's installed capacity increased from 1,044 MW to 1,697 MW as a result of the conclusion of asset swap operation which allow Energias do Brasil a full consolidation of Lajeado/Investco (903 MW) in the proportion of its % (73% vs. previously at 27.65%).

The generation volumes sold increased by 15.1% is explained by an increase in installed capacity of the group and higher energy availability in the Group's power plants. The figures from Lajeado's electricity generated and sold considers our participation in the company (73% in 2008, 27.65% in 2007).

Average selling price increased by 12.2% due to additional contract of Lajeado with Grupo Rede (above other contracts of Lajeado), the readjustment of some contracts and the start of new contracts with higher prices in Energest (fourth engine of Mascarenhas hydro plant (50MW) and adjustment of contacted prices to inflation.

Overall, gross profit grew by 29% due to an increase in volumes, an increase in the average selling price and a seasonal increase of energy sales in the 1Q08 by Peixe Angical which allowed it to take advantage of higher prices in the residual electricity market in 1Q08 (+R\$14m).

GENERATION CAPACITY UNDER DEVELOPMENT:

In 2008, the capex incurred in Pecém coal plant amounted R\$474m. The construction of Pecém started in Jul-08, project in which it holds a 50% stake in partnership with MPX Mineração e Energia. The conditions contracted in the electricity auction promoted by the Brazilian regulatory authorities include the availability of an installed capacity of 615 MW for a 15-year term starting in January 2012 and a gross margin of R\$417.4m per year (amount at 2007 nominal prices to be updated at inflation) with the full pass through of fuel costs. According to the engineering and procurement signed with suppliers, the new plant will represent a USD1.2bn capex. The project is to be financed with 75% of long term debt with the Brazilian development bank BNDES and in the market.

Regarding new hydro capacity, the total investment amounted R\$162m in 2008. Santa Fé hydro plant will have an installed capacity of 29 MW (assured energy of 16 MW) and should start-up in Jul-09. Additionally, ANEEL ratified a 17.5 MW and a 5 MW power upgrade in the Mascarenhas and Rio Bonito Hydro Plant. The additional capacity should be fully operational by the end of 2009. The ratification process for the 2.3 MW power upgrade to Suíça Hydro Plant is currently in progress, and should be operational in 2009. Assured energy from both power upgrades (11.7 average MW) has been contracted in the liberalised market at R\$ 130/MWh.

In June 2008, EDPRB (EDP Renováveis 55%; Energias do Brasil 45%) acquired 100% of CENAEEL for R\$ 51.3 million (Enterprise Value). CENAEEL has 2 wind farms currently in operation with an installed capacity of 13.8MW. The energy is contracted through Proinfa (9 MW) and a bilateral agreement (4.8 MW). Following the approval of this operation in Feb-09, the transaction was completed in February and CENAEEL should be fully consolidated as from Feb 09.

Our trading and supply activity is carried out by Enertrade in the free market through services of energy sourcing to large industrial clients without incurring in energy market risk. In 2008, we showed a stable performance with the maintenance of relevant volumes and margins.



Income Statements

Income Statement by Business Area



2008 (€ m)	Generation Iberia	Supply Iberia	EDP Renováveis	Distribution Iberia	Gas Iberia	Energias do Brasil	Other & Adjustments	EDP Group
Electricity Sales	3,798.6	1,127.0	514.0	6,129.3	0.4	1,820.6	(1,020.4)	12,369.5
Gas Sales	0.1	(2.7)	-	-	1,239.6	-	(10.2)	1,226.9
Other Sales	259.0	0.0	12.7	4.0	0.2	-	(139.5)	136.5
Services Provided	38.0	48.5	5.7	79.9	40.0	24.3	(75.1)	161.2
Operating Revenues	4,095.8	1,172.8	532.4	6,213.2	1,280.2	1,844.9	(1,245.3)	13,894.1
Electricity	1,086.4	1,083.0	1.0	4,562.1	0.5	979.9	(1,085.6)	6,627.3
Gas	-	2.4	-	-	980.4	-	(159.7)	823.2
Fuel	1,468.5	5.9	-	-	0.0	-	8.0	1,482.5
Materials and goods for resale	20.9	6.1	11.3	10.9	1.3	13.6	(0.1)	63.9
Direct Activity Costs	2,575.8	1,097.4	12.2	4,573.0	982.2	993.6	(1,237.4)	8,996.9
Gross Profit	1,519.9	75.4	520.2	1,640.2	298.0	851.3	(7.9)	4,897.2
Gross Profit/Revenues	37.1%	6.4%	97.7%	26.4%	23.3%	46.1%	0.6%	35.2%
Supplies and services	156.5	49.8	106.9	344.3	52.5	144.7	(119.0)	735.8
Personnel costs	113.8	9.8	37.0	194.7	26.5	96.0	95.9	573.7
Costs with social benefits	37.9	0.3	1.1	135.7	0.6	10.3	(24.7)	161.2
Concession fees	4.8	-	4.3	227.5	-	-	(1.0)	235.7
Other operating costs (or revenues)	34.8	(20.3)	(67.1)	(31.8)	11.8	37.9	70.5	35.9
Operating costs	347.8	39.7	82.3	870.4	91.3	289.0	21.7	1,742.2
EBITDA	1,172.2	35.7	437.9	769.8	206.7	562.3	(29.6)	3,154.9
EBITDA/Revenues	28.6%	3.0%	82.2%	12.4%	16.1%	30.5%	2.4%	22.7%
Provisions for risks and contingencies	18.0	4.4	(0.8)	(1.3)	0.4	8.4	3.1	32.1
Depreciation and amortisation	419.1	3.1	207.8	369.7	47.2	182.2	76.6	1,305.6
Comp. of subsidised assets' depreciation	(4.0)	-	(0.7)	(95.3)	(4.6)	(8.5)	(0.4)	(113.6)
EBIT	739.2	28.3	231.6	496.8	163.6	380.2	(108.7)	1,930.9
EBIT/Revenues	18.0%	2.4%	43.5%	8.0%	12.8%	20.6%	8.7%	13.9%

Income Statement by Business Area



2007 (€ m)	Generation Iberia	Supply Iberia	NEO - Renewables	HWE - Horizon	Distribution Iberia	Gas Iberia	Energias do Brasil	Other & Adjustments	EDP Group
Electricity Sales	2,784.2	1,135.0	240.1	31.3	4,734.6	(0.1)	1,844.2	(909.6)	9,859.8
Gas Sales	0.2	-	-	-	-	928.2	-	(8.0)	920.4
Other Sales	53.1	0.1	18.7	-	5.6	0.8	-	0.6	79.0
Services Provided	21.6	46.2	3.6	1.0	57.3	65.2	10.8	(54.0)	151.7
Operating Revenues	2,859.1	1,181.3	262.5	32.3	4,797.4	994.2	1,855.0	(971.0)	11,010.8
Electricity	366.5	1,057.8	0.2	0.7	3,414.1	0.0	870.9	(962.3)	4,748.1
Gas	-	4.8	-	-	-	718.8	-	(138.4)	585.2
Fuel	914.5	12.7	-	-	-	0.4	-	119.3	1,046.8
Materials and goods for resale	32.9	3.5	19.4	-	13.7	0.1	11.0	(3.5)	77.1
Direct Activity Costs	1,313.9	1,078.8	19.6	0.7	3,427.8	719.4	882.0	(984.9)	6,457.3
Gross Profit	1,545.1	102.5	242.9	31.6	1,369.6	274.8	973.0	13.9	4,553.5
Gross Profit/Revenues	54.0%	8.7%	92.5%	97.7%	28.5%	27.6%	52.5%	-1.4%	41.4%
Supplies and services	154.4	49.7	38.8	9.2	316.1	52.1	153.7	(89.8)	684.2
Personnel costs	113.1	11.1	12.9	8.2	207.1	25.6	102.0	96.8	577.0
Costs with social benefits	59.1	0.4	0.1	0.2	233.8	0.7	16.9	(21.8)	289.4
Concession fees	3.9	0.0	3.5	-	208.7	-	-	-	216.2
Other operating costs (or revenues)	46.6	(17.2)	(2.6)	(10.0)	(51.6)	8.0	113.9	71.5	158.5
Operating costs	377.2	44.1	52.7	7.6	914.1	86.4	386.5	56.6	1,925.2
EBITDA	1,168.0	58.4	190.2	23.9	455.5	188.5	586.5	(42.7)	2,628.3
EBITDA/Revenues	40.9%	4.9%	72.4%	74.1%	9.5%	19.0%	31.6%	4.4%	23.9%
Provisions for risks and contingencies	7.5	14.0	0.0	-	(17.1)	(0.2)	16.3	21.6	42.1
Depreciation and amortisation	381.0	7.1	91.2	20.4	377.2	46.6	122.6	84.8	1,130.9
Comp. of subsidised assets' depreciation	(4.0)	-	(0.2)	-	(88.3)	(3.0)	(9.2)	(0.3)	(105.0)
EBIT	783.5	37.3	99.1	3.5	183.8	145.0	456.9	(148.8)	1,560.3
EBIT/Revenues	27.4%	3.2%	37.8%	10.9%	3.8%	14.6%	24.6%	15.3%	14.2%



Annex

EDP installed capacity & electricity generation



Installed Capacity - MW ⁽¹⁾	2008	2007	Δ MW
Europe	14,799	13,356	1,443
LT Contracted Generation (PPAs/CMECs)	6,987	7,164	-177
Hydro	4,094	4,094	-
Run off the river	1,860	1,860	-
Reservoir	2,234	2,234	-
Coal	1,180	1,192	-12
Sines	1,180	1,192	-12
Fuel oil	1,713	1,878	-165
Setúbal	946	946	-
Carregado	710	710	-
Barreiro	56	56	-
Tunes	-	165	-165
Special Regime	2,881	2,097	783
Small-Hydro	160	79	81
Cogeneration+Waste	226	231	-5
Biomass	18	11	6
Wind	2,477	1,776	701
Portugal	553	424	129
Spain	1,692	1,265	427
France	232	87	145
Liberalised Electricity Generation	4,931	4,095	836
Hydro	910	910	-
Portugal	484	484	-
Spain	426	426	-
Coal	1,460	1,460	-
Aboño I	342	342	-
Aboño II	536	536	-
Soto Ribera I	-	-	-
Soto Ribera II	236	236	-
Soto Ribera III	346	346	-
CCGT	2,405	1,569	836
Ribatejo (3 groups)	1,176	1,176	-
Castejón I (1 group)	393	393	-
Castejón III (1 group)	418	-	418
Soto IV (1 group)	418	-	418
Nuclear	156	156	-
Trillo	156	156	-
Brazil	1,697	1,044	653
Hydro	1,697	1,044	653
USA	1,923	1,254	669
Wind	1,923	1,254	669
TOTAL	18,419	15,654	2,765

Electricity Generation	2008	2007	Δ GWh
Europe	39,525	43,025	-3,499
LT Contracted Generation (PPAs/CMECs)	13,643	18,295	-4,652
Hydro	5,916	8,976	-3,060
Run off the river	3,707	5,856	-2,149
Reservoir	2,207	3,119	-912
Coal	6,926	8,048	-1,122
Sines	6,926	8,048	-1,122
Fuel oil	801	1,271	-470
Setúbal	680	960	-280
Carregado	44	197	-153
Barreiro	76	114	-37
Tunes	-	0	-0
Special Regime	5,467	4,370	1,096
Small-Hydro	172	136	35
Cogeneration+Waste	1,342	1,287	55
Biomass	55	36	19
Wind	3,898	2,911	987
Portugal	1,028	735	293
Spain	2,632	2,056	575
France	238	119	119
Liberalised Electricity Generation	20,416	20,359	57
Hydro	1,331	1,171	160
Portugal	519	385	134
Spain	812	786	27
Coal	6,575	10,124	-3,549
Aboño I	1,767	2,517	-750
Aboño II	3,447	4,147	-699
Soto Ribera I	-	-3	3
Soto Ribera II	490	1,576	-1,086
Soto Ribera III	871	1,887	-1,017
CCGT	11,311	7,832	3,479
Ribatejo (3 groups)	7,481	6,038	1,443
Castejón I (1 group)	1,781	1,795	-13
Castejón III (1 group)	1,463	-	1,463
Soto IV (1 group)	586	-	586
Nuclear	1,198	1,232	-34
Trillo	1,198	1,232	-34
Brazil	5,473	4,704	769
Hydro	5,473	4,704	769
USA	3,906	866	3,040
Wind	3,906	866	3,040
TOTAL	48,905	48,595	310

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

EDP CO2 Emissions



CO2 Emissions	CO2 Emissions (absolute, MtCO2)		Specific (tones/GWh)		Gross Production (GWh)	
	2008	2007	2008	2007	2008	2007
TOTAL PPA's/CMECs	6,985	8,374			8,805	10,367
Coal	6,151	7,180	0.83	0.84	7,439	8,524
Fuel Oil + Natural Gas	833	1,194	0.61	0.65	1,366	1,843
TOTAL LIBERALISED GENERATION	11,831	14,103			18,060	18,761
Coal	7,965	11,261	1.13	1.05	7,052	10,758
CCGT	3,867	2,842	0.35	0.36	11,008	8,003
SPECIAL REGIME	981	945	0.31	0.30	3,190	3,126
TOTAL PRODUCTION THERMAL	19,797	23,422	0.66	0.73	30,055	32,253
CO₂ FREE GENERATION					20,571	19,035
TOTAL PRODUCTION			0.39	0.46	50,626	51,288

(1) MW not adjusted for the fact that Neo has an 80% stake in Genesa and Desa.